

September 19, 2019

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

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

Dear Sir / Madam,

At the time of uploading the Annual Report on the BSE Website, We erroneously missed enclosure of annual report to the covering letter uploaded earlier, hence please see attached Annual Report of the "RMG Alloy Steel Limited" for the financial year 2018-19.

Please take the same on your record.

Thanking You.
Yours Faithfully,
For Welspun Specialty Solutions Limited
(Erstwhile RMG Alloy Steel Limited)



Rashmi Mamtura
Company Secretary
F-8658



Welspun Specialty Solutions Limited
(Erstwhile RMG Alloy Steel Limited)

C/8, BKT House, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400013, India
T : +91 22 6613 6000 / 2490 8000 F : +91 22 2490 8020
E-mail : companysecretary_wss@welspun.com Website : www.welspunspecialty.com

Registered Address & Works : Plot No. 1, GIDC Industrial Estate, Vala Road, Dist. Jhagadia, Bharuch, Gujarat - 393110, India
T : +91 70690 05579

Corporate Identification No. L27100GJ1980PLC020358

July 4, 2019

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 for the financial year ended March 31, 2019 together with the notice of the 37th Annual General Meeting of the Company scheduled on Friday, July 26, 2019 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



Rashmi Mamtura
Company Secretary
F-8658



Encl: As above



Corporate Office:

C/8, BKT House, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai 400013
Tel.: +91-22-66136000 / 24908000 Fax : +91-22-2490 8020 www.rmgalloysteel.com

Registered Office & Works: Plot No.1, G.I.D.C. Industrial Estate, Jhagadia - Valia Road, Jhagadia Dist. Bharuch - 393 110.
Gujarat. (INDIA) Tel: +91-2645-619700 Fax: +91-2645-226841

RMG ALLOY STEEL LIMITED

**37TH ANNUAL REPORT
2018 - 2019**

RMG ALLOY STEEL LIMITED

L27100GJ1980PLC020358

COMPANY INFORMATION

| | | | |
|--------------------------------------|--|---|-------------------------|
| BOARD OF DIRECTORS | Mr. Balkrishan Goenka | - | Chairman |
| | Mr. Anuj Burakia | - | Whole Time Director |
| | Mr. Prakash Tatia | - | Director |
| | Mr. Atul Desai | - | Independent Director |
| | Ms. Amita Karia | - | Independent Director |
| | Mr. Myneni Narayana Rao | - | Independent Director |
| KEY MANAGERIAL PERSONNEL | Mr. Anuj Burakia | - | Whole Time Director |
| | Mr. Narendra Kumar Bhandari | - | Chief Financial Officer |
| | Ms. Rashmi Mamtura | - | Company Secretary |
| AUDITORS | M/S. Pathak H.D. & Associates., Nariman Point, Mumbai – 400 021 | | |
| BANKERS | Corporation Bank Yes Bank Ltd | | |
| FACTORY AND REGISTERED OFFICE | Plot No. 1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat-393110 | | |
| LISTING OF SHARES | BSE LTD, MUMBAI Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai- 400 001 | | |
| CORPORATE OFFICE | C/8, BKT House, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013. Tel: 022-66136000/24908000, Fax: 022-24908020 E-mail: allcompanysecretaryofrmgl@welspun.com Website:www.rmgalloysteel.com | | |

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

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DIRECTORS' REPORT

To,
The Members,
RMG Alloy Steel Limited,

Your directors are pleased to present the Thirty Seventh Annual Report together with Audited Financial Statement of the Company for the year ended 31st March 2019.

FINANCIAL RESULTS

(Rs. in Lakh)

| Particulars | 2018-19 | 2017-18 |
|---|---------|---------|
| Sales and other income | 44,016 | 24,477 |
| Profit/(Loss) before interest, depreciation and exceptional items | (3,350) | (607) |
| Interest and Financial charges | 945 | 4,683 |
| Depreciation and Amortization | 668 | 661 |
| Profit/ (Loss) before exceptional items and tax | (4,963) | (5,951) |
| Exceptional items | 2,949 | 500 |
| Profit/(Loss) before tax | (2,014) | (5,451) |

OPERATIONS

Operations of the Company were as under:

| Particulars | 2018-19 | | | 2017-18 | | |
|-------------|--------------------|------------------|--------------------------|--------------------|------------------|--------------------------|
| | Production (Tones) | Sales (Qty M.T.) | Gross Sales (Rs.in Lakh) | Production (Tones) | Sales (Qty M.T.) | Gross Sales (Rs.in Lakh) |
| Steel | 75,280 | 71,458 | 43,715 | 42,757 | 40,862 | 24,164 |

The year witnessed many challenges which adversely affected the business performance.

- Steep hike in graphite electrode prices, a major impact on cost of steel making through EAF route.
- Post festival season, generally automobile demand improves significantly. But this year suddenly due to liquidity crisis in the market, there was a sudden fall in demand for automobiles, a major user of our products, which compelled the automobile manufacturers to defer their steel procurement schedules and there is no improvement in demand till now.

With the continuation of government at the center for the second term and the normal monsoon predictions, we expect revival of demand in the next couple of months.

The Company was granted registration on 22/06/2018 under Industrial & Mines Department (Govt. of Gujarat) resolution No.MIS/10/2015/702426/P dated 11-09-2017 which makes the Company eligible for various reliefs & concessions from Government of Gujarat as per the extant policy in this regard. The management is hopeful, this concession will help to revive the business of the Company.

Except as mentioned in this Report, no material change or commitment has occurred which would have affected the financial position of your Company between the end of the financial year of your Company to which the financial statements relate and the date of the Report.

DIVIDEND AND RESERVES

In view of the loss during the year as well as accumulated losses, your directors could not recommend any dividend for the financial year ended on March 31, 2019 nor could propose to transfer any amount to 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, 2019, 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 31st March 2019 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;

- d) the directors had prepared the annual accounts on a going concern basis;
- e) 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
- f) 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.

DIRECTORS/ KEY MANAGERIAL PERSONNEL (KMP)

a. Board of Directors:

Mr. Hanuman Kanodia (non-executive director) and Mr. Aneel Lasod (non-executive director) resigned with effect from August 6, 2018. Mr. Ashok Jain (independent director) tendered his resignation on account of his pre-occupation w.e.f. August 6, 2018.

Mr. Balkrishan Goenka was appointed as a non-executive director of the Company with effect from August 8, 2018 and subsequently appointed as the Chairman of the Company with effect from August 28, 2018. Mr. Myneni Narayana Rao and Mr. Prakash Tatia were appointed as additional directors effective from August 28, 2018.

During the year Mr. Balkrishan Goenka (Chairman), Mr. Prakash Tatia (non-executive director) and Mr. Myneni Narayana Rao (independent director) were appointed as directors by the members in their Annual General Meeting held on September 24, 2018.

Mr. Prakash Tatia (non-executive director) of the Company, retiring by rotation at the 37th Annual General Meeting and being eligible, has offered himself for reappointment. Board has recommended his reappointment.

Mr. Atul Desai was appointed as an Independent Director for five years from May 27, 2014 till May 26, 2019. Now being eligible for reappointment and meeting the criteria for independence as prescribed under Section 149 of the Act, after consideration of outcome of evaluation done by the Board of Directors in March 2019, the Board has approved reappointment of Mr. Desai for second term of five years subject to approval by members by way of special resolution in the ensuing general meeting.

Eight (8) meetings of Board of Directors were held during the financial year 2018-19, the details of which are given in the Corporate Governance Report.

b. Key Managerial Personnel:

Mr. Nilesh Javker, Company Secretary of the Company resigned, and Ms. Rashmi Mamtura was appointed to fill the vacancy for the position of the Company Secretary of the Company, with effect from August 6, 2018.

Mr. Anuj Burakia (Whole Time Director) was re-appointed for further period of 3 years w.e.f. July 29, 2018 by members in their Annual General Meeting held on September 24, 2018.

c. Declaration by Independent Directors:

Mr. Atul Desai, Mr. Myneni Narayana Rao 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:

The performance evaluation of the Directors was conducted by the entire Board (excluding the director being evaluated) on the basis of a structured questionnaire which was prepared after taking into consideration SEBI's Guidance Note on board evaluation and inputs received from the directors, covering various aspects of the Board's functioning viz. adequacy of the composition of the Board and its Committees, 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 and governance.

For the financial year 2018-19, the annual performance evaluation was carried out by the Independent Directors, Nomination and Remuneration Committee and the Board, which included evaluation of the Board, Independent Directors, Non-independent Directors, Executive Directors, Chairman, Committees of the Board, Quantity, Quality and Timeliness of Information to the Board. All the results were satisfactory to the Board.

DISCLOSURE AS PER SECTION 197(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 cannot be derived as no remuneration was paid to any directors during the year under consideration.**

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- (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: **11.11%.**
- (iv) the number of permanent employees on the rolls of company: **683.**
- (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: **the average increase in remuneration of employees excluding KMP in last financial year was 7.36%. There was no increase in managerial remuneration as compared to the last year.**
- (vi) the remuneration is as per the remuneration policy of the Company.

No commission to directors was payable during the year under review.

PARTICULARS OF EMPLOYEES

The details of employees of the Company drawing remuneration as prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as follows:

| Sr No | Name | Designation | Remuneration Drawn during the year (Rs.) | Nature of Employment | Qualification | Esperience (Years) | Date of commencement of employment | Age | Last employment | % of equity shares | relative |
|-------|--------------------------|-----------------------|--|----------------------|---------------------------|--------------------|------------------------------------|-----|---|--------------------|----------|
| 1. | Sudhakar Asawale | COO & President | 13595568 | Permanent | B Tech Metallurgy | 40.60 | 20 Nov 2017 | 62 | JSW Steel | NIL | NO |
| 2. | Dinesh Pahade | Senior Vice President | 7225000 | Permanent | BE | 26.9 | 01/05/2018 | 56 | Tubacex | NIL | NO |
| 3. | Nitin Bhat | Senior Vice President | 7500000 | Permanent | BE Metallurgy, MBA | 31.06 | 18/Apr/16 | 55 | Kalyani Carpenter Special Steels Ltd | NIL | NO |
| 4. | Shrinivas Durge | Senior Vice President | 6603744 | Permanent | BE-Mechanical | 36.6 | 10/11/2010 | 59 | Ispat Industries | NIL | NO |
| 5. | Naresh Bansal | Senior Vice President | 6500004 | Permanent | B.Com. + CA | 29.1 | 16/04/2018 | 55 | Bansal Naresh & Co. CA. | NIL | NO |
| 6. | Samir Malhotra | Vice President | 6264329 | Permanent | B E Metallurgy, MBA Sales | 24.96 | 24-May-18 | 50 | Arora Iron & Steels Ltd as Head Marketing | NIL | NO |
| 7. | Madhukar Bansal | Vice President | 3524384 | Permanent | BE-Metallurgical | 31.7 | 03/09/2018 | 57 | Rimjhim Ispat Ltd | NIL | NO |
| 8. | Minine Gudinho | Vice President | 4500000 | Permanent | BE-Electrical | 31.1 | 10/04/2018 | 55 | Jindal South West | NIL | NO |
| 9. | Narendra Hinge | Vice President | 3900000 | Permanent | BE-Metallurgical | 27.2 | 03/03/2018 | 53 | Sun flag Iron & Steel co. Ltd | NIL | NO |
| 10. | Balasubramanian Natrajan | President | 1342467 | Permanent | BE - Electrical | 49.4 | 09/01/2019 | 70 | ISMT as Freelancer | NIL | NO |

* Remuneration policy and criteria for making payment to non-executive directors:

Pursuant to Section 178 (3) and provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, Nomination and Remuneration Committee (NRC) at its meeting held on 5th February, 2019 had approved and recommended a revamped 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 had approved the said revised policy as recommended by NRC, at its meeting held on 5th February, 2019.

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 as on March 31, 2019:

| | | |
|----|---------------------|-----------------------------|
| a. | Mr. Atul Desai | Chairman, Independent |
| b. | Mr. M. Narayana Rao | Member, Independent |
| c. | Ms. Amita Karia | Member, Independent |
| d. | Mr. Anuj Burakia | Member, Whole Time Director |

None of the Audit Committee's recommendations were rejected.

EMPLOYEE STOCK OPTIONS

The Company granted stock options during the year under Report, disclosure as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 and Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are as under:

| | |
|---|--|
| (I) A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including - | |
| (a) Name of the ESOP Plan | RMG Alloy Steel Ltd Employee Stock Options (Senior Management Personnel) Scheme 2018 |
| (b) Date of shareholders' approval | 15.05.2018 |
| (c) Total number of options approved under ESOS | 2,000,000 |
| (d) Vesting requirements | The Vesting of ESOPs shall happen at every anniversary of the date of grant in quantum of 35%, 35% and 30% of the total ESOPs granted, over the period of 3 years from the date of grant |
| (e) Exercise price or pricing formula | Nil |
| (f) Maximum term of options granted | Upto the third anniversary from the date of Vesting |
| (g) Source of shares (primary, secondary or combination) | Primary |
| (h) Variation in terms of options | - |
| (II) Method used to account for ESOS - Intrinsic or fair value. | Fair Value |
| (III) Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. | Not Applicable |
| (IV) Option movement during the year | |
| Number of options outstanding at the beginning of the period | 0 |
| Options granted | 1,782,000 |
| Options vested | Nil |
| Options exercised | Nil |
| The total number of shares arising as a result of exercise of option | Nil |
| Options forfeited / lapsed | 530,000 |
| The exercise price | Nil |
| Money realized by exercise of options | Nil |
| Loan repaid by the Trust during the year from exercise price received | Not Applicable |
| Number of options outstanding at the end of the year | 1,252,000 |
| Number of options exercisable at the end of the year | Nil |
| Employee wise details of options granted to:- | |
| <ul style="list-style-type: none"> ● Key managerial personnel Mr. Anuj Burakia | 835,000 |
| <ul style="list-style-type: none"> ● Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year Mr. Chintan Thaker Mr. Sudhakar Asawale | 417,000 530,000 (lapsed) |
| <ul style="list-style-type: none"> ● Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant. | Nil |
| Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earnings Per Share. | (0.88) |

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| | |
|--|---|
| Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock | Exercise Price: Nil Fair Value 25.50 |
| A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: | |
| (i) risk-free interest rate | 7.84% to 8.02%% |
| (ii) expected life | 4 to 6 years |
| (iii) expected volatility | 56.85% |
| (iv) expected dividends | 0% |
| (v) the price of the underlying share in market at the time of option grant. | 25.50 |

DEPOSITS

The Company has not accepted any deposit within the meaning of 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

An extract of the annual return in Form MGT-9 of the Companies (Management and Administration) Rules, 2014 is attached to this Report as **Annexure I** and is also placed on the website of the Company and can be accessed at www.rmgalloysteel.com.

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's policy on Related Party Transactions as approved by the Board is uploaded on the Company's website www.rmgalloysteel.com.

Save and except as disclosed in the financial statements, none of the Directors had any pecuniary relationships or transactions vis-à-vis the Company.

Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please refer Note no. 36 for details of transactions with Welspun Steel Ltd, being an entity belonging to the Promoters Group holding more than 10% of shareholding.

As 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.

RECLASSIFICATION OF PROMOTERS

Reclassification of Saraf Group and Widescreen Holdings Pvt Ltd, constituents of Promoters' Group, as public shareholders was approved by members in their Annual General Meeting held on September 24, 2018 and the same was subsequently approved by the BSE Ltd on May 14, 2019.

PREFERENTIAL ISSUE AND UTILISATION OF FUNDS

During the financial year your company has raised funds to the tune of Rs.405 Crore by way of preferential issue of securities including 238,258,324 equity shares of Rs.6 each, and 69,415,000 warrants having option to subscribe to equal number of equity shares, at the issue price of Rs.12 per share (i.e. including securities premium of Rs.6 per equity share) and Rs.104.50 Crore by way of Redeemable Preference Shares.

| Particulars | Amount (Rs.) |
|--|----------------------|
| Funds Raised: | |
| Preference Shares (net adjusted after partial redemption) | |
| i. April 2018 | 357,920,000 |
| ii. September 2018 | 802,500,000 |
| iii. March 2019 | 242,500,000 |
| Equity Shares & Warrants (May 2018) | 3,692,079,888 |
| Total Funds raised | 5,094,999,888 |
| Utilisation: | |
| Retirement of Long term loan | 3,160,209,327 |
| Capex Till March 2019 | 871,406,445 |
| Used for General Corporate Purpose / Working capital purpose (some part of which would be utilised for Capex going forward) | 1,063,384,116 |
| Total Utilisation | 5,094,999,888 |

AUDITORS AND THEIR REPORTS**● Statutory Auditors:**

Your company's Auditors, M/s. Pathak H.D. & Associates, Chartered Accountants were appointed for the period of five years till the conclusion of 40th Annual General Meeting.

Please refer to Auditors' Observations/Qualifications and in relation thereto the Board of Directors states that comments under Emphasis of Matters read together with notes to accounts are 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:

The Company has made and maintained cost records 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 2018-19 at a remuneration of Rs.35,000/- p.a. 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 2019-20. The Secretarial Audit Report issued by M/s. Mihen Halani & Associates for FY 2018-19 is annexed herewith as **Annexure III** to this Report.

As regards observations of the Secretarial Audit Report, Note 1 in respect of compliance with Regulation 40 of SEBI (LODR) Regulations, 2015, we submit that the Company has decided to send subsequent reminders along with any communication that will be sent to the shareholders, to save on cost involved, considering the financial stress on the Company. In respect of Note 2, the redemption proceeds of preference shares was instantaneously utilized for allotment of equity shares and there was no actual payment to preference shareholders, the Company has informed the stock exchange about allotment of equity shares out of such constructive redemption of preference shares. Whereas Note 3 is self explanatory and requires no comments, in respect of Note 4 we submit that the Company has been scouting for apprentices, but due to remoteness of plant location, adequate suitable candidates did not come forward, nevertheless, the Company continues its efforts to ensure compliance.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186.

The Company has not made any investment nor given any loan or provide any guarantee / security 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.**

- > Re-calibration and overhaul of Arc Furnace regulation system: Power optimisation.
- > Automation of rolling mill Reheating furnace: Significant fuel optimisation.
- > VVF drive system installed in Fume Extraction system: Optimised power consumption.
- > Switch over to Screw Compressor from reciprocating compressor: Optimised power consumption.
- > Replacement of certain high time use conventional lights with LED lights.
- > Redesigning of rolling mill roll passes to reduce the number of passes and hence improved productivity and fuel/power consumption.

B. Technology Absorption:

- > Installation of AOD (Argon Oxygen De-carburisation) technology and commenced making Stainless Steel products keeping downstream plant same.
- > Automation of walking beam reheat furnace of rolling mill for uniform heating, better soaking, lesser scale loss, enhanced reliability, better productivity etc.
- > Conversion of existing Extrusion press from low value carbon steel pipe product to high value SS pipes / tubes products.

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C. Foreign exchange earnings and outgo

- > Foreign exchange earned in terms of actual inflows during the year:
FOB Value of exports Rs.220 Lakhs (Rs.66 Lakhs)
- > Foreign exchange outgo during the year in terms of actual outflows:
Imports on CIF Basis/expenditure in foreign currency Rs.1, 604 lakhs (Rs. 132 Lakhs)

CORPORATE GOVERNANCE

A separate report on Corporate Governance is annexed hereto as a part of this Report as **Annexure IV**. 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 V**. Management Discussion and Analysis Statement is separately given in the Annual Report as **Annexure VII**.

RISK MANAGEMENT POLICY

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

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 relevant 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.

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.

PROHIBITION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has complied with the provisions relating to constitution of Internal Complaint Committee ('ICC') under Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act 2013. The ICC comprises of internal as well as external members.

Disclosure of number of complaints filed, disposed of and pending in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as on the end of the financial year under Report are as under:

- > number of complaints filed during the financial year - Nil
- > number of complaints disposed of during the financial year – Not applicable
- > number of complaints pending as on end of the financial year - Nil

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 executive management and internal auditors continuously monitors 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, 2019, 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. Also refer paragraph under caption "internal control system" in Management Discussion and Analysis.

MISCELLANEOUS

The Board of Directors affirms that the Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Companies Secretaries of India and that such systems are adequate and operating effectively. The Company has complied with the applicable Secretarial Standards.

ACKNOWLEDGEMENT

Your directors take this opportunity to express gratitude for valuable assistance and cooperation extended to the Company by financial institutions, commercial banks, statutory and regulatory authorities, customers, suppliers and other agencies engaged with the Company. 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

Anuj Burakia
Whole Time Director
DIN: 02840211

Prakash Tatia
Director
DIN: 06559106

Place: Mumbai
Date: 15.05.2019

Annexure I

Form No. MGT – 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

[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 226613 6000; Fax:+91 22 2490 8020 Email: allcompanysecretaryofrmgl@welspun.com |
| vi. Whether listed company: | Yes. BSE 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, 1st Floor, Opp. Vasant Oasis, Next to Keys Hotel, Marol Maroshi Road, Andheri (East), Mumbai – 400059 Email vinod.y@bigshareonline.com Tele. No.: +910226263 8200 /22 / 23 Fax No. : +9122–6263 8261 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

- All business activities are of manufacturing 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 |
|---------------------------------|-----------|----------------------------------|------------------|--------------------|
| NIL | | | | |

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IV. SHARE HOLDING PATTERN (equity share capital breakup as percentage of Total Equity)

i. Category wise shareholding as on 31.03.2019

| Sl. No. | Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|----------|--|---|---------------|------------------|-------------------|---|---------------|------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A | Promoters | | | | | | | | | |
| (1) | Indian | | | | | | | | | |
| a) | Individual/HUF:- | 1629 | — | 1629 | 0.00 | 1629 | — | 1629 | 0.00 | 0.00 |
| b) | Central Govt. | — | — | — | — | — | — | — | — | — |
| c) | State Govt(s) | — | — | — | — | — | — | — | — | — |
| d) | Bodies Corp. | 94116875 | — | 94116875 | 86.80 | 193624895 | — | 193624895 | 55.85 | (30.95) |
| e) | Banks/FI | — | — | — | — | — | — | — | — | — |
| f) | Any other... (Trust) | 355 | — | 355 | 0.00 | 355 | — | 355 | 0.00 | 0.00 |
| | Total | 94118859 | — | 94118859 | 86.80 | 193626879 | — | 193626879 | 55.85 | (30.95) |
| | SUB TOTAL:(A) (1) | 94118859 | — | 94118859 | 86.80 | 193626879 | — | 193626879 | 55.85 | (30.95) |
| (2) | Foreign | | | | | | | | | |
| a) | NRI - Individuals | — | — | — | — | — | — | — | — | — |
| b) | Other - Individuals | — | — | — | — | — | — | — | — | — |
| c) | Bodies Corp. | — | — | — | — | — | — | — | — | — |
| d) | Banks/FI | — | — | — | — | — | — | — | — | — |
| e) | Any other... | — | — | — | — | — | — | — | — | — |
| | SUB TOTAL (A) (2) | — | — | — | — | — | — | — | — | — |
| | Total Shareholding of Promoter (A)=(A)(1)+(A)(2) | 94118859 | — | 94118859 | 86.80 | 193626879 | — | 193626879 | 55.85 | (30.95) |
| B | PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) | Institutions | | | | | | | | | |
| a) | Mutual Funds | 50 | 16730 | 16780 | 0.02 | 50 | 16730 | 16780 | 0.00 | (0.02) |
| b) | Banks/FI | 10 | 130 | 140 | 0.00 | 10 | 120 | 130 | 0.00 | 0.00 |
| c) | Central govt | — | — | — | — | — | — | — | — | — |
| d) | State Govt.(s) | — | — | — | — | — | — | — | — | — |
| e) | Venture Capital Funds | — | — | — | — | — | — | — | — | — |
| f) | Insurance Companies | — | — | — | — | — | — | — | — | — |
| g) | FIIS | 21 | 23740 | 23761 | 0.02 | 21 | 23740 | 23761 | 0.01 | (0.01) |
| h) | Foreign Venture Capital Funds | — | — | — | — | — | — | — | — | — |
| i) | Others (specify) | — | — | — | — | — | — | — | — | — |
| | SUB TOTAL (B)(1) | 81 | 40600 | 40681 | 0.04 | 81 | 40590 | 40671 | 0.01 | (0.03) |
| (2) | Non - Institutions | | | | | | | | | |
| a) | Bodies Corp. | | | | | | | | | |
| i) | Indian | 1998843 | 31350 | 2030193 | 1.87 | 16624266 | 31350 | 16655616 | 4.80 | 2.93 |
| ii) | Overseas | — | — | — | — | — | — | — | — | — |
| b) | Individuals | | | | | | | | | |
| i) | Individual shareholders holding nominal share capital upto Rs.2 lakh | 5792280 | 920158 | 6712438 | 6.19 | 9634728 | 906788 | 10541516 | 3.04 | (3.15) |
| ii) | Individuals shareholders holding nominal share capital in excess of Rs. 2 lakh | 3333380 | — | 3333380 | 3.07 | 121590939 | — | 121590939 | 35.07 | 32.00 |
| c) | Others (specify) | | | | | | | | | |
| i) | Clearing Member | 292232 | — | 292232 | 0.27 | 1133690 | — | 1133690 | 0.33 | 0.06 |
| ii) | NRI | 786947 | 30 | 786977 | 0.73 | 2984133 | 30 | 2984163 | 0.86 | 0.13 |
| iii) | Trust | 1000000 | — | 1000000 | 0.92 | — | — | — | — | (0.92) |
| iv) | Unclaimed Suspense Account | 121080 | — | 121080 | 0.11 | 120690 | — | 120690 | 0.03 | (0.08) |
| | SUB TOTAL (B)(2) | 13324762 | 951538 | 14276300 | 13.16 | 152088446 | 938168 | 153026614 | 44.14 | 30.98 |
| | Total Public Shareholding (B)=(B)(1)+(B)(2) | 13324843 | 992138 | 14316981 | 13.20 | 152088527 | 978758 | 153067285 | 44.15 | 30.95 |
| C | Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| | Grand Total (A+B+C) | 107443702 | 992138 | 108435840 | 100 | 345715406 | 978758 | 346694164 | 100 | 0.00 |

RMG ALLOY STEEL LIMITED

ii. Shareholding of Promoters and Change in Promoters' shareholding

| Sl. No | Shareholder's name | Shareholding as on 31.03.2018 | | | Shareholding as on 31.03.2019 | | | % 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 | |
| A | Individuals / HUF (Promoters) | | | | | | | |
| 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 |
| | | 1984.00 | 0.00 | 0.00 | 1984.00 | 0.00 | 0.00 | 0.00 |
| B | Promoter Group Companies | | | | | | | |
| 1 | *Rajendra Finance Pvt. Ltd. | 1,960,520 | 1.81 | 0.00 | 1960520 | 0.57 | 0.00 | (1.24) |
| 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 | 2313600 | 0.67 | 0.00 | (1.46) |
| 4 | *K K Fincorp Limited (Formerly known as Kuber Kamal Industrial Investments Ltd) | 2,313,617 | 2.13 | 0.00 | 2313617 | 0.67 | 0.00 | (1.46) |
| 5 | *Calplus Trading Pvt Ltd | 6,114,390 | 5.64 | 0.00 | 6114390 | 1.76 | 0.00 | (3.88) |
| 6 | *Magnificent Trading Pvt Ltd | 7,012,334 | 6.47 | 0.00 | 7012334 | 2.02 | 0.00 | (4.45) |
| 7 | *Remi Finance and Investment Pvt. Ltd. | 2,460,000 | 2.27 | 0.00 | 2460000 | 0.71 | 0.00 | (1.56) |
| 8 | *Vishwakarma Jobworks Limited | 2,556,545 | 2.36 | 0.00 | 2556545 | 0.74 | 0.00 | (1.62) |
| 9 | *Vayudoot Trading Limited | 1,995,492 | 1.84 | 0.00 | 1995492 | 0.58 | 0.00 | (1.26) |
| 10 | *Widescreen Holdings Pvt. Ltd. | 24,143,333 | 22.27 | 0.00 | 11351353 | 3.27 | 0.00 | (19.00) |
| 11 | Welspun Steel Ltd | 43,247,034 | 39.88 | 0.00 | 155547034 | 44.87 | 66.87 | 4.99 |
| | Grand total | 94,118,859 | 86.80 | 0.00 | 193626879 | 55.85 | 53.72 | (30.95) |

* reclassified as public shareholders pursuant to approval by shareholders in Annual General Meeting held on September 24, 2018 and by BSE Ltd on May 14, 2019.

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

| Sr. No. | Name of the shareholders | No. of Shares at the beginning the year | | Date | Change in Shareholding (No. of Shares) | Shareholding at the end of the year | | | | | |
|-----------|--|---|----------------------------------|-----------|--|-------------------------------------|----------------------------------|-----------|-------|-----------|------|
| | | No. of Shares | % of total shares of the company | | Increase/Decrease in shareholding | No. of Shares | % of total shares of the company | | | | |
| 1 | DILIPKUMAR LAKHI | 0 | 0.00 | 31-Mar-18 | 0 | 0 | 0.00 | | | | |
| | | | | 17-Aug-18 | 86500000 | 86,500,000 | 24.95 | | | | |
| | | | | 30-Mar-19 | 0 | 86,500,000 | 24.95 | | | | |
| 2 | WIDECRAN HOLDINGS PVT LTD | 24,143,333 | 22.27 | 31-Mar-18 | 0 | 24,143,333 | 6.96 | | | | |
| | | | | 19-Apr-18 | -12791980 | 11,351,353 | 3.27 | | | | |
| | | | | 30-Mar-19 | 0 | 11,351,353 | 3.27 | | | | |
| 3 | PANKAJ JAWAHARLAL RAZDAN | 0 | 0 | 31-Mar-18 | 0 | 0 | 0.00 | | | | |
| | | | | 17-Aug-18 | 12500000 | 12,500,000 | 3.61 | | | | |
| | | | | 30-Mar-19 | 0 | 12,500,000 | 3.61 | | | | |
| 4 | WINRO COMMERCIAL (INDIA) LTD | 0 | 0 | 31-Mar-18 | 0 | 0 | 0.00 | | | | |
| | | | | 17-Aug-18 | 7916666 | 7,916,666 | 2.28 | | | | |
| | | | | 30-Mar-19 | 0 | 7,916,666 | 2.28 | | | | |
| 5 | RITESH DESHMUKH | 0 | 0 | 31-Mar-18 | 0 | 0 | 0.00 | | | | |
| | | | | 17-Aug-18 | 2500000 | 2,500,000 | 0.72 | | | | |
| | | | | 30-Mar-19 | 0 | 2,500,000 | 0.72 | | | | |
| 6 | AGELESS CAPITAL AND FINANCE PRIVATE LIMITED | 0 | 0 | 31-Mar-18 | 0 | 0 | 0.00 | | | | |
| | | | | 19-Apr-18 | 380000 | 380,000 | 0.11 | | | | |
| | | | | 4-May-18 | -61506 | 318,494 | 0.09 | | | | |
| | | | | 8-May-18 | -95767 | 222,727 | 0.06 | | | | |
| | | | | 11-May-18 | -37727 | 185,000 | 0.05 | | | | |
| | | | | 20-Jul-18 | 195000 | 380,000 | 0.11 | | | | |
| | | | | 17-Aug-18 | 2083333 | 2,463,333 | 0.71 | | | | |
| | | | | 30-Mar-19 | 0 | 2,463,333 | 0.71 | | | | |
| | | | | 7 | STRESSED ASSETS STABILIZATION FUND | 1,000,000 | 0.92 | 31-Mar-18 | 0 | 1,000,000 | 0.29 |
| | | | | | | | | 27-Jul-18 | -1000 | 999,000 | 0.29 |
| 3-Aug-18 | -40000 | 959,000 | 0.28 | | | | | | | | |
| 7-Aug-18 | -959000 | 0 | 0.00 | | | | | | | | |
| 10-Aug-18 | 750000 | 750,000 | 0.22 | | | | | | | | |
| 17-Aug-18 | -32000 | 718,000 | 0.21 | | | | | | | | |
| 24-Aug-18 | -19074 | 698,926 | 0.20 | | | | | | | | |
| 31-Aug-18 | -84591 | 614,335 | 0.18 | | | | | | | | |
| 7-Sep-18 | -132556 | 481,779 | 0.14 | | | | | | | | |
| 14-Sep-18 | -240000 | 241,779 | 0.07 | | | | | | | | |
| 17-Sep-18 | -50000 | 191,779 | 0.06 | | | | | | | | |
| 18-Sep-18 | -20000 | 171,779 | 0.05 | | | | | | | | |
| 21-Sep-18 | -45000 | 126,779 | 0.04 | | | | | | | | |
| 28-Sep-18 | -16549 | 110,230 | 0.03 | | | | | | | | |
| 5-Oct-18 | -20000 | 90,230 | 0.03 | | | | | | | | |
| 12-Oct-18 | -59877 | 30,353 | 0.01 | | | | | | | | |
| 19-Oct-18 | -25000 | 5,353 | 0.00 | | | | | | | | |
| 2-Nov-18 | -5353 | 0 | 0.00 | | | | | | | | |
| 30-Mar-19 | 0 | 0 | 0.00 | | | | | | | | |
| 8 | SHAUNAK JAGDISH SHAH | 617,314 | 0.57 | 31-Mar-18 | 0 | 617,314 | 0.18 | | | | |
| | | | | 6-Apr-18 | 830 | 618,144 | 0.18 | | | | |
| | | | | 27-Apr-18 | 14700 | 632,844 | 0.18 | | | | |
| | | | | 7-Aug-18 | -632844 | 0 | 0.00 | | | | |
| | | | | 10-Aug-18 | 632844 | 632,844 | 0.18 | | | | |
| | | | | 30-Mar-19 | 0 | 632,844 | 0.18 | | | | |
| 9 | RAJESH KUMAR SOMANI | 500,000 | 0.46 | 31-Mar-18 | 0 | 500,000 | 0.14 | | | | |
| | | | | 19-Apr-18 | 30000 | 530,000 | 0.15 | | | | |
| | | | | 30-Mar-19 | 0 | 530,000 | 0.15 | | | | |
| 10 | HANUMAN FREIGHT AND CARRIERS PRIVATE LIMITED | 500,000 | 0.46 | 31-Mar-18 | 0 | 500,000 | 0.14 | | | | |
| | | | | 7-Aug-18 | -500000 | 0 | 0.00 | | | | |
| | | | | 10-Aug-18 | 500000 | 500,000 | 0.14 | | | | |
| | | | | 30-Mar-19 | 0 | 500,000 | 0.14 | | | | |

Note: Top ten shareholders of the company as on March 31, 2019 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) | — | — | 200,000 | 200,000 | 0.06 |
| 4 | Mr. Hanuman Kanodia# | 500 | 0.00 | — | — | — |
| 5 | Ms. Amita Karia | — | — | — | — | — |
| 6 | Mr. Aneel Lasod # | — | — | — | — | — |
| 7 | Mr. Balkrishan Goenka* | — | — | — | — | — |
| 8 | Mr. Prakash Tatia** | — | — | 383,333 | 383,333 | 0.11 |
| 9 | Mr. Myneni Narayana Rao** | 7789 | 0.00 | — | 7789 | 0.00 |
| KMP | | | | | | |
| 1 | Mr. Narendra Kumar Bhandari | — | — | — | — | — |
| 2 | Mr. Nilesh Javker # | — | — | — | — | — |
| 3 | Ms. Rashmi Mamtura* | 12 | 0.00 | — | 12 | 0.00 |

ceased to be director/ KMP of the Company w.e.f. August 6, 2018

* Appointed as director/ KMP w.e.f. August 6, 2018

** Appointed as director w.e.f. August 28, 2018

V. INDEBTEDNESS

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

Rs in Lacs

| | Secured loans excluding deposits | Unsecured loans | Deposits | Total indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i. Principal Amount | 28,404 | - | - | 28,404 |
| ii. Interest due but not paid | 1,927 | - | - | 1,927 |
| iii. Interest accrued but not due | | 235 | - | 235 |
| Total (I + ii + iii) | 30,331 | 235 | - | 30,566 |
| Change in indebtedness during the financial year. | | | | |
| * Addition | - | - | - | - |
| * Reduction | (25,588) | - | - | (25,588) |
| * Change in Interest due but not paid | (1,927) | 367 | - | (1,560) |
| * Change in Interest accrued but not due | - | (235) | - | (235) |
| Net change | (27,515) | 132 | - | (27,383) |
| Indebtedness at the end of the financial year | | | | |
| i. Principal Amount | 2,816 | - | - | 2,816 |
| ii. Interest due but not paid | | 367 | - | 367 |
| iii. Interest accrued but not due | | - | - | - |
| Total (i+ii+iii) | 2,816 | 367 | - | 3,183 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL.

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

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B. Remuneration to other Directors:

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | Total amount |
|---------|---|---|-------------------|------------------|------------------|----------------|
| | | Amita Karia | Atul Desai | Ashok Jain | M. Narayana Rao | |
| 1 | Independent Directors Fee for attending Board & Committee meetings Commission Others | 128,000 - - | 208,000 - - | 53,000 - - | 71,000 - - | 460,000 |
| | Total (1) | 128,000 | 208,000 | 53,000 | 71,000 | 460,000 |
| Sr. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
| | | Balkrishan Goenka | Hanuman Kanodia | Aneel Lasod | Prakash Tatia | |
| 2 | Other Non-Executive Directors Fee for attending Board & Committee meetings Commission Others | - - - | 20,000 - - | 20,000 - - | - - - | 40,000 |
| | Total (2) | - | 20,000 | 20,000 | - | 40,000 |
| | Total (B) = (1 + 2) | 500,000 | | | | |
| | Total Managerial Remuneration | NIL | | | | |
| | Overall Ceiling as per the Act. | 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. | | | | |

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) upto 06.08.2018 | Rashmi Mamtura (CS) w.e.f. 06.08.2018 | |
| 1 | Gross Salary | | | | |
| a) | Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 6,00,000 | 60,000 | 1,20,000 | 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 | - | - | - | - |
| 5 | Others | - | - | - | - |
| | Total | 6,00,000 | 60,000 | 1,20,000 | 7,80,000 |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NIL

For and on behalf of the Board of Directors

sd/-
Anuj Burakia
Whole Time Director
DIN: 02840211

sd/-
Prakash Tatia
Director
DIN: 06559106

Place: Mumbai
Date: 15.05.2019

Annexure II

Form No. AOC-2

(Pursuant to clause (h) of subsection (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 subsection (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 – 01.04.2018 to 31.03.2019
 - 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.12,645 lakh during the period from 01.04.2018 to 31.03.2019 are at a market price and on Arm's length basis.
 - Sale of finished goods of Rs.964 lakh to Welspun Steel Ltd during the period from 01.04.2018 to 31.03.2019 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 13, 2018 approved the said transactions;
 - f. Amount paid as advances: Nil

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Anuj Burakia
Whole Time Director
DIN: 02840211

Prakash Tatia
Director
DIN: 06559106

Place: Mumbai
Date: 15.05.2019

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Annexure III

FORM MR-3 SECRETARIAL AUDIT REPORT for the Financial Year ended 31st March, 2019

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

To,
The Members,
RMG ALLOY STEEL LIMITED
CIN: L27100GJ1980PLC020358

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **RMG ALLOY STEEL LIMITED** (hereinafter called "the company") Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company'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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 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, 2018/1996 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, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018/2009;
 - d) The Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable during the period under review.**
 - 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; **Not Applicable during the period under review.** and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable during the period under review.**
- vi. We have relied on the representations made by the Company and its officers for systems and mechanism formed by the Company for compliances under other various applicable Acts, Laws, Rules and Regulations to the Company.

We have also examined compliance with the applicable clauses of following:

- (i) the Secretarial Standards issued by The Institute of Company Secretaries of India ("ICSI");
- (ii) The Listing Agreement/SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 entered into by the Company with Stock Exchanges.

To the best of our knowledge and belief, during the period under review, the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

- a) During the year under review, the Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
The committee of the Board is duly constituted. 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.
- b) Adequate notice is given to all directors to schedule the Board Meetings and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and adequate system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the

RMG ALLOY STEEL LIMITED

company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year;

- Pursuant to amendment to regulation 40 of SEBI (LODR) Regulations, 2015 vide circular no LIST/COMP/15/2018-19 dated 5th July, 2018, the company has sent only initial reminders to shareholders holding shares in physical mode.
- The Company has not given disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015 for Redemption of Preference Shares.
- The Company is yet to obtain approval of shareholders for material related party transactions as required under Regulation 23(4) of the SEBI (LODR) Regulations, 2015.
- As per statutory requirement, the company is required to hire 23 apprentices (i.e. 2.5% of present strength of employees and contract workers). While the company has employed only 7 apprentice and is in the process of hiring further 25 apprentice in the ensuing financial year and thereby becoming compliant.

We further report that during the audit period, the following event has taken place in the company;

- The Company has issued and allotted 160,592,000 (Sixteen Crore Five Lakh Ninety Two Thousand) 6.5% Redeemable Preference Shares of Rs. 10/- each at par on preferential basis on 28.04.2018;
- The Company has issued and allotted 238,258,324 (Twenty Three Crore Eighty Two Lakh Fifty Eight Thousand Three Hundred and Twenty Four) Equity Shares of Rs. 6/- each at a premium of Rs. 6 per share and 69,415,000 (Six Crore Ninety Four Lakh Fifteen Thousand) warrants of Rs.6/- each carrying option to subscribe (in the ratio of one equity share for one warrant) to 69,415,000 equity shares of Rs.6/- each fully paid up of the Company on preferential basis on 29.05.2018;
- The Company has issued and allotted 80,250,000 (Eight Crore Two Lakh Fifty Thousand) Redeemable Preference Shares of Rs. 10 each at par on preferential basis on 26.09.2018;
- The Company has issued and allotted 24,250,000 (Two Crore Forty Two Lakh Fifty Thousand) Redeemable Preference Shares of Rs. 10 each at par on preferential basis on 13.03.2019.
- The Company has reclassified the holding of Saraf Group from the promoter category to the public category. However, approval for said reclassification is pending as on the closure of financial year 31.03.2019.

We further report that during the audit period, the company has co-operated with us and have produced before us all the required forms information, clarifications, returns and other documents as required for the purpose of our audit.

For MIHEN HALANI & ASSOCIATES
Practicing Company Secretary

Date: 15.05.2019
Place: Mumbai

Mihen Halani
(Proprietor)
CP No: 12015
FCS No: 9926

Note: This report is to be read with our letter of even date which is annexed as "Annexure A" herewith and forms as integral part of this report.

Annexure A

To,
The Members,
RMG ALLOY STEEL LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MIHEN HALANI & ASSOCIATES
Practicing Company Secretary

Date: 15.05.2019
Place: Mumbai

Mihen Halani
(Proprietor)
CP No: 12015
FCS No: 9926

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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 31st March 2019 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 | 0 | Yes | 8/8 | 7 | 0 | 0 | 8 |
| 2 | Mr. Anuj Burakia | E | 200000 | No | 8/8 | 2 | 1 | 0 | 2 |
| 3 | Mr. M. Narayana Rao | I | 7789 | No | 2/4 | 3 | 0 | 0 | 2 |
| 4 | Mr. Prakash Tatia | NE | 428213 | No | 4/4 | 2 | 0 | 0 | 1 |
| 5 | Mr. Balkrishan Goenka | P, C, NE | 0 | No | 6/6 | 10 | 1 | 2 | 2 |
| 6 | Ms. Amita Karia | I, W | 0 | No | 6/8 | 4 | 0 | 1 | 4 |

@ 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 2018-19, the Board of Directors met Eight times on the following dates: 14.04.2018, 23.05.2018, 06.08.2018, 28.08.2018, 13.11.2018, 20.12.2018, 02.01.2019 and 05.02.2019.

In addition to the above, a meeting of the Independent Directors was held on March 14, 2019 pursuant to Section 149(8) read with Schedule V to the Companies Act, 2013 and Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said meeting was attended by Mr. Atul Desai, Mr. Myneni Narayana Rao and Ms. Amita Karia.

It is confirmed that in the opinion of the board, the independent directors fulfill the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management. Further, there is no relationship between the directors inter-se.

The Board has identified skills/expertise/competence required in the context of its business(es) and sector(s) for the Board to function effectively viz. technical- manufacturing process, marketing and sales, finance, strategy, legal and compliance, research & development and human resource management.

The names of the listed entities where the person is a director and the category of directorship and matrix of the skills/expertise/competence identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board and directors who have such skills

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/ expertise / competence. Details of current members of the Board is given below:

| Name of the Director(s) | Core Skills/expertise/ competence | Names of the listed entities where the person is a director | Category of Directorship | Detailed reasons for the resignation of an independent director who resigns before the expiry of his tenure (as applicable) |
|-------------------------|--|--|--------------------------|---|
| 1 Mr. Balkrishan Goenka | Leading figure in textile and steel industry, Business Management, Strategy, human resources management | Welspun India Limited, Welspun Enterprises Limited and Welspun Corp Limited | Non-Independent | N.A. |
| 2 Mr. Atul Desai | Legal- Litigation, Arbitration | AYM Syntex (Formerly known as Welspun Syntex Limited), JSW Holdings Limited, Welspun Corp Limited, Welspun Investments and Commercials Limited, TCFC Finance Limited | Independent | N.A. |
| 3 Mr. Prakash Tatia | Steel Industry- Marketing & Sales | - | Non-Independent | N.A. |
| 4 Mr. Anuj Burakia | Steel and Steel Pipe Industry and Business Management, Strategy, finance | - | Non-Independent | N.A. |
| 5 Mr. M. Narayana Rao | Renound Metallurgist, alloy steel and Business Management, technical – manufacturing process, research & development | Avantel Limited | Independent | N.A. |
| 6 Ms. Amita Karia | Corporate Laws, Corporate Governance and Compliance | Tree House Education & Accessories Limited | Independent | N.A. |

The independent director who resigned, has confirmed that that there is no other material reason other than those provided in the resignation letter submitted to the Company.

- c. A copy of familiarization policy of the company for independent directors is available on the website of the company 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 (as on March 31, 2019):

The Audit Committee consists of the following 4 Non-Executive Directors as on 31.03.2019.

| | |
|---------------------|---------------------------|
| Mr. Atul Desai | Chairman (Independent) |
| Mr. M. Narayana Rao | Member (Independent) |
| Ms. Amita Karia | Member (Independent) |
| Mr. Anuj Burakia | Member (Non- Independent) |

The Company Secretary of the Company, Ms. Rashmi Mamtura 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, 23.05.2018, 06.08.2018, 13.11.2018 and 05.02.2019. The details of Attendance of Members of Audit Committee are as follows:

| Sr. No. | Name of the Member | Designation | Number of Meetings Attended (01/04/2018 to 31/03/2019) |
|---------|---|-------------|--|
| 1 | Mr. Atul Desai | Chairman | 4/4 |
| 2 | Mr. M. Narayana Rao (w.e.f. 13.11.2018) | Member | 2/2 |
| 3 | Ms. Amita Karia | Member | 3/4 |
| 4 | Mr. Anuj Burakia (w.e.f. 28.08.2018) | Member | 2/2 |
| 5 | Mr. Ashok Jain (upto 06.08.2018) | Member | 1/1 |

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

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4. NOMINATION AND REMUNERATION COMMITTEE

Terms of Reference

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

Composition (as on March 31, 2019) and attendance during the year:

The Committee comprises of 3 independent and 1 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 (01/04/2018 to 31/03/2019) |
|---------|---|------------------------------|--|
| 1 | Mr. Atul Desai | Chairman (w.e.f. 28.08.2018) | 6/6 |
| 2 | Ms. Amita Karia | Member | 5/6 |
| 3 | Mr. B. K. Goenka (w.e.f. 28.08.2018) | Member | 2/2 |
| 4 | Mr. M. Narayana Rao (w.e.f. 13.11.2018) | Member | 2/2 |
| 5 | Mr. Ashok Jain (upto 06.08.2018) | Chairman | 2/2 |

The Company had constituted the Nomination and Remuneration Committee consisting of nonexecutive directors majority of which are independent directors. During the year under review, six meetings of the Committee were held on 14.04.2018, 23.05.2018, 06.08.2018, 28.08.2018, 13.11.2018 and 05.02.2019.

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:

None of recommendations made by the Nomination and Remuneration Committee were rejected by the Board.

The salient features of the Nomination and Remuneration Policy ("policy") are as under:

> Appointment of Directors:

* The Committee identifies the person who qualifies to become directors and who may be appointed in senior management in accordance with the criteria as mentioned in the policy.

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

* 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 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.

* The Non- Executive Directors including independent directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

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.

The Policy is available on your Company's website at: www.rmgalloysteel.com

5. REMUNERATION OF DIRECTORS:

> Remuneration to Whole time Director:

Details pursuant to Schedule V of the Companies Act, 2013 and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

| Sr No. | Particulars | Mr. Anuj Burakia, Whole Time Director |
|--------|------------------|---|
| 1. | Salary | NIL |
| 2. | Commission | NIL |
| 3. | Service Contract | July 29, 2018 to July 28, 2021 |
| 4. | Notice Period | 1 month |
| 5. | Severance Fees | 1 month compensation in lieu of notice period |
| 6. | Stock Options | 835,000* |
| 7. | Exercise Price | Nil |

* Please refer to the section of Directors' Report dealing with RMG Alloy Steel Ltd Employee Stock Options (Senior Management Personnel) Scheme 2018 for further details.

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> Remuneration to Non-Executive Directors:

Payments made to Non-Executive Directors during the period ended March 31, 2019 are as follows:

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | Total amount |
|---------|--|-------------------|----------------|---------------|-----------------|----------------|
| | | Amita Karia | Atul Desai | Ashok Jain | M. Narayana Rao | |
| 1 | Independent Directors | | | | | |
| | Fee for attending Board & Committee meetings | 128,000 | 208,000 | 53,000 | 71,000 | 460,000 |
| | Commission | - | - | - | - | |
| | Others | - | - | - | - | |
| | Total (1) | 128,000 | 208,000 | 53,000 | 71,000 | 460,000 |

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---------|--|-------------------|-----------------|----------------|---------------|---------------|
| | | Balkrishan Goenka | Hanuman Kanodia | Aneel Lasod | Prakash Tatia | |
| 2 | Other Non-Executive Directors | | | | | |
| | Fee for attending Board & Committee meetings | - | 20,000 | 20,000 | - | 40,000 |
| | Commission | - | - | - | - | |
| | Others | - | - | - | - | |
| | Total (2) | - | 20,000 | 20,000 | - | 40,000 |
| | Total (B) = (1 + 2) | | | 500,000 | | |

6. 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.

7. 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:

a) Composition (as on March 31, 2019) and details of attendance of members of the Committee are as follows:

| Sr. No. | Name of the Member | Designation | Number of Meetings Attended (01/04/2018 to 31/03/2019) |
|---------|---|-------------|--|
| 1. | Mr. Atul Desai (Non Executive) | Chairman | 4/4 |
| 2. | Mr. Anuj Burakia (Executive) (w.e.f. 28.08.2018) | Member | 3/3 |
| 3. | Ms. Amita Karia (Non Executive) (w.e.f. 28.08.2018) | Member | 3/3 |
| 4. | Mr. Ashok Jain (Non Executive) (upto 06.08.2018) | Member | 1/1 |

b) Name and designation of compliance officer: Ms. Rashmi Mamtura

c) No. of meetings held:

Four meetings of Stakeholders Relationship Committee were held, viz, 23.05.2018, 28.08.2018, 13.11.2018 and 05.02.2019.

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

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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 | BSE Complaint | 1 |
| 2 | Legal Cases / Court Cases | 1 |
| 3 | Non Receipt Of Demat Rejection Documents | 4 |
| 4 | Non Receipt Of exchange Share Certificate | 1 |
| 5 | SEBI | 2 |
| | Total Complaints Received | 9 |

All the complaints/ requests received during the year under report were resolved within the time limit to the satisfaction of the investors/ shareholders and One complaint was pending as on 31st March 2019.

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

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 |
|------------|--------------------------------|---|----------|--|
| 27/09/2016 | Annual General Meeting | Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat | 12.30 PM | NIL |
| 26/09/2017 | Annual General Meeting | Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat | 12.30 PM | i. Alteration of Article 3 of the Articles of Association regarding authorized share capital of the Company ii. 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 |
| 27.03.2018 | Extra Ordinary General Meeting | Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat | 12.30 PM | i. For issue and allotment of 37,50,00,000 securities to promoters and investors and conversion of 3,00,00,000 12% Redeemable Cumulative Preference Shares of Rs.10 each fully paid up into equity shares 3,00,00,000 Redeemable Preference Shares of Rs.10 each. ii. Approval of RMG Alloy Steel Limited - Employees Stock Option Plan 2018 to create, offer and grant from time to time 1,20,00,000 (One Crore Twenty Lakhs) Options, each Option giving the right but not obligation to the holder to opt for one fully paid-up Equity Share in the Company of face value of Rs 6/- each fully paid up at the exercise price being the price at 20% discount to the closing market price on BSE on the day preceding the date of grant of Option, in one or more tranches, and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the RMG ESOP SCHEME 2018 and in due compliance with the applicable laws and regulations in force |
| 15.05.2018 | Extra Ordinary General Meeting | Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat | 12.30 PM | i. For issue and allotment of 238,258,324 equity shares of Rs.6/- each fully paid up and 69,415,000 warrants carrying option to subscribe (in the ratio of 1:1) at a minimum price of Rs.12/- per equity. ii. Approval of modification of RMG Alloy Steel Limited – Employees Stock Option Plan 2018 in respect of number of options to reduce from 1,20,00,000 (One Crore Twenty Lakhs) options to 1,00,00,000 (One Crore Lakhs) options at a discount of 30%. |

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| | | | | |
|------------|--------------------------------|---|----------|--|
| | | | | iii. Approval of RMG Alloy Steel Limited – Employees Stock Option (Senior Management Personnel) Scheme 2018 to create, offer and grant from time to time 20,00,000 (Twenty Lakhs) Options, each Option giving the right but not obligation to the holder to opt for one fully paid-up Equity Share in the Company of face value of Rs 6/- each fully paid up at Nil exercise price, in one or more tranches, and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the RMG ESOP (SMP) SCHEME 2018 and in due compliance with the applicable laws and regulations in force |
| 24.09.2018 | Annual General Meeting | Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat | 12.30 PM | <p>i. Re-appointment of Mr. Anuj Burakia as Whole Time Director for 3 years w.e.f. July 29, 2018</p> <p>ii. Authority to borrow within a limit of Rs.300 Crore pursuant to Section 180(1)(c) of the Act.</p> <p>iii. Authority to create encumbrance on the assets of the Company, to secure borrowings, within a limit of Rs.300 Crore pursuant to Section 180(1)(a) of the Act.</p> <p>iv. Authority to secured/ unsecured, redeemable, Non-Convertible Debentures (NCDs) on Private Placement basis, in domestic and/or international market, aggregating up to an amount not exceeding Rs. 300 crores (Rupees Three Hundred crores only) within the limit approved pursuant to Section 180(1)(c) of the Act.</p> <p>v. Declassification of Saraf Group viz. Mr. Rajendra Saraf and others as public shareholders pursuant to Regulation 31A of the SEBI (LODR) Regulations.</p> <p>vi. Declassification of Widescreen Holdings Private Limited as public shareholder pursuant to Regulation 31A of the SEBI (LODR) Regulations</p> |
| 31.01.2019 | Extra Ordinary General Meeting | Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat | 12.30 PM | <p>i. For issue and allotment of 24,250,000 Redeemable Preference shares of Rs.10/- each aggregating to Rs.242,500,000/- (Rupees Twenty Four Crore Twenty Five Lakh Only).</p> <p>ii. For issue and allotment of upto 38,974,352 equity shares of Rs.6/- each fully paid up and upto 33,287,177 warrants carrying option to subscribe (in the ratio of one equity share for one warrant) to 33,287,177 equity shares of Rs.6/- each fully paid up of the Company, to the proposed allottees respectively named in the table given below at a price of Rs.23.40/- per equity share.</p> <p>iii. Approval to create, offer, issue and allot such number of equity shares of Rs.6/- fully paid up as may be required to be issued and allotted upon exercise of an option, to convert, as a term attached to the debentures issued or loan raised by the company shares of the company, at such price and on such terms and conditions as may be agreed to by the Board of Directors</p> |

(ii) No special resolution was passed last year through postal ballot.

(iii) No special resolution is proposed to be conducted through postal ballot

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 31.03.2019, unaudited financial results for quarter ended 30.06.2018, 30.09.2018 and 31.12.2018 in their quarterly meetings and the same were normally published in Financial Express (English+Gujarati), 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

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10. GENERAL SHAREHOLDER INFORMATION:

The next Annual General Meeting shall be held at –

- (i) Day and Date Friday, July 26, 2019
 Venue Plot no. 1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat 393110
 Time 9.00 A.M.
- (ii) Financial year from 1st April 2018 to 31st March 2019
- (iii) Record Date Friday, July 19, 2019
- (iv) Dividend payment date: No dividend has been declared for the financial year 2018-19.
- (v) Listing on Stock Exchanges and Stock code

The securities of the Company are listed on the BSE 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 1st April 2018 to 31st March 2019 and performance in comparison to broad based indices such as BSE SENSEX is as follows:

| Month | Market Price | | Sensex | |
|--------|--------------|-------|----------|----------|
| | High | Low | High | Low |
| Apr 18 | 19.24 | 12.93 | 35213.3 | 32972.56 |
| May 18 | 24.3 | 16.95 | 35993.53 | 34302.89 |
| Jun 18 | 27 | 19.95 | 35877.41 | 34784.68 |
| Jul 18 | 22.25 | 17.85 | 37644.59 | 35106.57 |
| Aug 18 | 25.55 | 20 | 38989.65 | 37128.99 |
| Sep 18 | 33.95 | 22.55 | 38934.35 | 35985.63 |
| Oct 18 | 29.15 | 21.5 | 36616.64 | 33291.58 |
| Nov 18 | 27.35 | 22.05 | 36389.22 | 34303.38 |
| Dec 18 | 23.95 | 17.5 | 36554.99 | 34426.29 |
| Jan 19 | 23.2 | 18.3 | 36701.03 | 35375.51 |
| Feb 19 | 21.35 | 16.8 | 37172.18 | 35287.16 |
| Mar 19 | 18.4 | 14 | 38748.54 | 35926.94 |

- (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. Jibu John, DGM (Department General Manager) / Mr. Vinod Yadav, Client Executive

Tel: 91226263 8200/ 22/ 23

Fax: 91226263 8261

Email: vinod.y@bigshareonline.com

- (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. However, upon notification of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 dated June 8, 2018, no shares shall be transferred in physical mode.

- (ix) Distribution of shareholding of equity shares as on March 31, 2019 is as follows:

| Shareholding of nominal value Rs. | | Total Holders | | Amount | |
|--------------------------------------|--------|---------------|-----------------|-------------------|-----------------|
| | | in Nos. | % of Total | in Rs. | % of Total |
| 1 | 5000 | 78153 | 97.3263 | 14413584 | 0.6929 |
| 5001 | 10000 | 806 | 1.0037 | 5347092 | 0.2571 |
| 10001 | 20000 | 460 | 0.5729 | 6465744 | 0.3108 |
| 20001 | 30000 | 265 | 0.3300 | 7213230 | 0.3468 |
| 30001 | 40000 | 81 | 0.1009 | 2832504 | 0.1362 |
| 40001 | 50000 | 44 | 0.0548 | 1951152 | 0.0938 |
| 50001 | 100000 | 186 | 0.2316 | 12717900 | 0.6114 |
| 100001 and above | | 305 | 0.3798 | 2029223778 | 97.5511 |
| Total : | | 80300 | 100.0000 | 2080164984 | 100.0000 |

RMG ALLOY STEEL LIMITED

- (x) Dematerialisation of shares and liquidity: 345,715,406 equity shares constituting 99.72% of the outstanding equity shares are in demat form as on 31.03.2019 and have reasonable liquidity on the BSE Limited.
- (xi) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and impact on equity: 69,415,000 warrants, having option to convert into equal number of equity shares, were outstanding on 31.03.2019 and converted into 69,415,000 on 09.04.2019.
- (xii) Disclosure of commodity price risks and commodity hedging activities.

Detail of commodity price risks and commodity hedging activities as required under Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- Risk management policy of the listed entity with respect to commodities including through hedging: The Company proactively manages price fluctuation risks and in case of input steel, it uses forward booking, inventory management and pre-emptive vendor development practices.
- Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year:
 - a. Total exposure of the listed entity to commodities is Rs.28,065.88 Lacs.
 - b. Exposure of the listed entity to various commodities:

| Commodity Name | Exposure in INR towards the particular commodity | Exposure in Quantity terms towards the particular commodity | % of such exposure hedged through commodity derivatives | | | | Total |
|----------------|--|---|---|----------|----------------------|----------|-------|
| | | | Domestic market | | International market | | |
| | | | OTC | Exchange | OTC | Exchange | |
| | Rs. (Lacs) | (in Tonnes) | | | | | |
| Scrap | 14,211.44 | 50,253 | - | - | - | - | - |
| DRI | 8,666.25 | 37,789 | - | - | - | - | - |
| Ferro Alloys | 5,188.19 | 3,376 | - | - | - | - | - |

- Commodity risks faced by the listed entity during the year and how they have been managed.

Above inputs i.e steel scrap and DRI (our key raw material) are only used for steel making purpose, hence having good, co-relation factor. In other words price movement of these inputs v/s our final steel products moves in same tandem, with some time lag is possible. Accordingly, to good extent, indirect natural hedging takes place. In addition, our final products are produced against the order from buyer / OEM, wherein we have understanding that any increase or decrease in above key inputs will be taken care in the product price on periodical basis, which, presently is 6 month basis.

Also refer to the Management Discussion and Analysis forming part of this Annual 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) Email Id: allcompanysecretaryofrmgl@welspun.com
- (xvi) Website: www.rmgalloysteel.com
- (xvii) Credit Ratings by India Ratings & Research (Fitch Group)
- a. For term loans and fund based working capital limits: IND BBB-
 - b. For non-fund based working capital limits: IND A3

11. OTHER DISCLOSURES

i. Related Party Transactions

- * Transactions with related parties are disclosed in Note No.36 of the 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/RPT%20Policy%20Revised._15.05.2019.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:
- 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 having huge accumulated losses and the non-public shareholders were waiting for the rise in demand by public for shares of the Company, the increase of public shareholding was delayed. thereafter, in April 2018, a constituent of promoters' group viz. Widescreen Holdings Private Limited made offer for sale of 12,791,980 Equity Shares through the Stock Exchange Mechanism through BSE Ltd and successfully offloaded entire quantity of shares offered. Accordingly, the Company has achieved minimum public shareholding at 25% in accordance with the mechanism permitted under SEBI Circular dated 22nd February, 2018.
 - Please refer Annexure II (Secretarial Audit Report) for the details of non compliance during FY 2018-19.

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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-and-Vigil-Mechanism-for-Directors-and-Employees-to-Report-Genuine-Concerns.pdf>

iv. Utilization of funds: this matter has been discussed at length in the Directors' Report.

v. a certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is enclosed herewith as Annexure VI.

vi. Fees paid to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:

| Particulars | Amount (Rs.) |
|---------------------------------------|----------------|
| Paid to Statutory Auditors | |
| Statutory Audit | 7.5 Lakh |
| Income Tax Audit | 1.5 Lakh |
| Certification Fees | 1 Lakh |
| To other entities in the same network | Nil |
| Total | 10 Lakh |

vii. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

* number of complaints filed during the financial year : Nil

* number of complaints disposed of during the financial year : Nil

* number of complaints pending as on end of the financial year : Nil

viii. 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.

ix. 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.

x. 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/4\)%20CODE%20OF%20CONDUCT%20FOR%20THE%20BOARD%20OF%20DIRECTORS%20AND%20SR_FORMAT%20CHANGE.pdf](http://www.rmgalloysteel.com/images/corporate-policy/other-policies/4)%20CODE%20OF%20CONDUCT%20FOR%20THE%20BOARD%20OF%20DIRECTORS%20AND%20SR_FORMAT%20CHANGE.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 2018-19.

Sd/
Anuj Burakia
Whole Time Director"

xi. 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 |
| 121080 | 7418 | 390 | 7 | 390 | 7 | 120690 | 7411 |

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

Annexure V

Certificate of Practicing Company Secretary on Corporate Governance Report

TO
The Members of **RMG Alloy Steel Limited**
CIN: L27100GJ1980PLC020358

We have examined the compliance of conditions of Corporate Governance by **RMG Alloy Steel Limited**, for the year ended on 31st March, 2019, 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 31st March 2019, the Registrar and Transfer Agent of the Company have certified that as at 31st March, 2019, there were no investors' grievances remaining unattended/ pending for satisfaction.

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 MIHEN HALANI & ASSOCIATES
Practicing Company Secretary

Place: Mumbai
Date: 15.05.2019

Sd/-
Mihen Halani
(Proprietor)
CP No: 12015
FCS No: 9926

Annexure VI

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of **RMG Alloy Steel Limited**
CIN: L27100GJ1980PLC020358

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of RMG Alloy Steel Limited having CIN L27100GJ1980PLC020358 and having registered office at Plot No. 1, GIDC Industrial Estate, Valia Road, Jhagadia Dist, Bharuch – 392 001, Gujarat (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For MIHEN HALANI & ASSOCIATES
Practicing Company Secretary

Place: Mumbai
Date: 15.05.2019

Sd/-
Mihen Halani
(Proprietor)
CP No: 12015
FCS No: 9926

Annexure VII

MANAGEMENT AND DISCUSSION ANALYSIS

A. INDIAN INDUSTRY STRUCTURE, SCENARIO & DEVELOPMENT

Overall Steel Sector outlook:

- India achieved record Crude steel production at 106.50 million tons, (up by 4.9 % from C.Y. 2017). It turned net exporter. Moreover, it has surpassed Japan to become the 2nd largest steel producer in the world with 138 million tons of steel making capacity. Since year 2008 India's crude steel production is as given below –

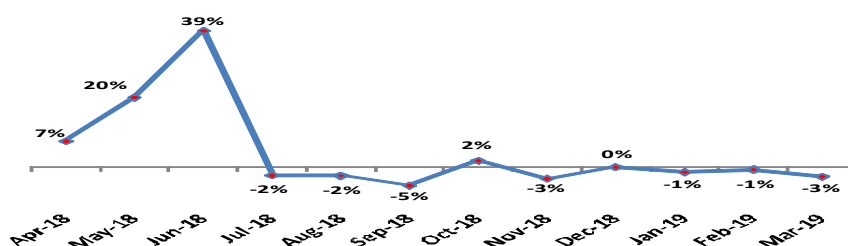
| Calendar Year | Million Ton | Calendar Year | Million Ton |
|---------------|-------------|---------------|-------------|
| 2008 | 58.0 | 2009 | 68.5 |
| 2010 | 69.0 | 2011 | 73.5 |
| 2012 | 77.3 | 2013 | 81.4 |
| 2014 | 87.3 | 2015 | 89.0 |
| 2016 | 95.5 | 2017 | 101.5 |
| 2018 | 106.5 | | |

- The current pace of growth and capacity creation in the country is in line with the latest National Steel Policy (NSP-2017). The NSP envisages creation of 300 million ton capacity by year 2030.

Alloy Steel Sector Outlook -

- Indian Alloy Steel Industry which is an important segment of domestic steel industry, accounts for 9-10% share in domestic steel production and 14-15% in value terms.
- Such strong growth in production was supported by strong growth in consumption. The real consumption of alloy steel (including stainless steel) recorded a growth of 28% in FY 19, thanks to the growth in the Stainless Steel sector in FY 19.
- The Alloy Steel sector remained subdued in H2 of FY 19 due to sluggish demand. The second half of the year saw a slowdown in automobile sector globally. This, in turn, resulted in lower demand from forgers.
- Domestic automobile demand got impacted by high insurance costs, rise in fuel prices and liquidity crunch (on account of the NBFC crisis) causing difficulty in financing.

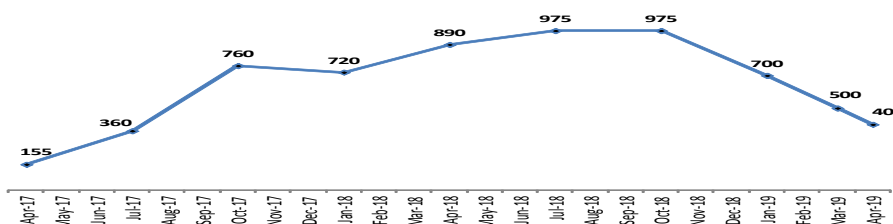
Continuous YoY De-growth in Automobile Production in last 9 months



Source: SIAM

- Despite better sales volume, many alloy steel producers including our company have witnessed only gradual improvement in their financial position. This is largely because of sharp increase in raw material prices (mainly graphite electrode & refractories) and higher interest burden whereas the improvement in the selling price was not in line with raw material price trend, due to lower demand mainly in auto sector (main segment for alloy steel producers).

Electrode Prices (Rs. per kg)



- The global trade war between US and China has also lead to dumping of Chinese finished steel in India.

B. OPPORTUNITIES & THREATS

- India's comparatively low per capita steel consumption and the expected rise in consumption with growing infrastructure construction, automobile and railways sectors have offered scope for growth. Infrastructure, oil and gas and automotives should drive the growth of the industry.
- For alloy steel sector, the major market is automotive industry (85% share) which is also the backbone of the Indian manufacturing sector. Large investments are forthcoming in automobile sector, and soon, India will become auto hub on the global map which will give long term opportunity for sustainable growth of alloy steel industry.
- In fact, in order to cater the domestic demand arising from automotive engineering and defense sector for special alloy steel and high end alloy steel and to promote "Make in India" vision, Government had come out with National Alloy Steel Policy separately. The vision of this policy is to double the alloy steel making capacity in the country from current capacity of 12 million ton to 22 million tons by year 2030. This will provide good opportunity for the existing alloy steel producers at least for next 4-5 years until new capacity is developed.
- With recent global developments, some concerns persist among the steel industry on the changing dynamics globally wherein nations like USA and EU have adopted protective measures to insulate their industry against import. 25% duty has already been imposed by USA on steel imports and the retaliatory measures taken by EU, China etc. the steel industry / government are keenly watching the ongoing various trade pacts and assessing their possible fallouts.
- Easing regulatory hurdles ensuring adequate key raw material at sustainable price, availability of more liquidity are some of the issues which will continue to remain critical for the overall steel sector which includes alloy steel sector as well.
- With the new government coming into power, strong reform measures are expected in the economy, which is expected to improve steel demand.
- In the near term, the auto sector is expected to be subdued as a quick resolution for the NBFC crisis is difficult to achieve, which could affect steel sector adversely.
- However, electrode prices, have corrected in recent months, which should help reduce input costs.
- For your Company, with the capital repair / overhauling completed, plant performance is expected to improve on account of the increase in operational availability.
- Efforts are being taken towards optimization of cost in all areas of production
- Production of Stainless Steel (SS) is expected to stabilize between Q2FY20 and Q3FY20, which will help garner high end customers and optimise production costs.
- Focus on value added products is expected to improve realisation as well as margins, going forward.

C. SEGMENT WISE AND PRODUCT WISE 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. RISKS & CONCERNS

Risk is integral to any business. The Company has evolved a proper governance to identify and access potential risks and also formulate appropriate mitigation plans as under –

- Rising input cost – Identifying alternative sources for procurement of key raw material in cost competitive manner dividing the exposure into various kinds of raw materials which are also interchangeable.
- Labour availability – In order to retain the labour company has taken initiative of providing training on skill development and also introduced performance linked incentive schemes.
- Competition – To minimize the threat of competition the Company is regularly identifying the niche/high value segment and working aggressively with the customer centric approach. Various new approvals have been obtained and more are underway.
- Trade barriers – Wherever the Company finds surging of cheaper imports in the country, the matter will be timely taken through business associations with appropriate authorities in the Government for suitable protection / remedial measures.

F. INTERNAL CONTROL SYSTEM

The internal control system encompasses the policies, processes, tasks, behaviors and other aspects of our company that taken together, facilitate effective and efficient operations.

The Company employs adequate and effective system for internal control that provide for:

- i) Security of the asset

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- 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

Our company is maintaining the good industrial relationship. Company recognizes that human capital is its most important asset and due care is taken by various HR initiatives at company level like employee development, talent pool program etc.

H. DISCUSSION & FINANCIAL PERFORMANCE

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

I. DISCUSSION ON CHANGES IN KEY FINANCIAL RATIOS

| Ratio | 2017-18 | 2018-19 | Remark / Reasons |
|-------------------------------------|---------|---------|--|
| (i) Debtors Turnover | 2.99 | 6.07 | In FY 2019, the company recorded 81.31% growth in top line. In spite of the significant growth, the focus on collections helped to reduce receivables. This helped in improving the debtors turnover. |
| (ii) Inventory Turnover | 3.85 | 3.96 | During FY 2019, there is a marginal improvement in Inventory Turnover ratio as the focus is to optimizing working capital and improve cash flow. |
| (iii) Interest Coverage Ratio | (0.16) | (1.13) | During FY 2019, Interest burden of the company has come down significantly but profitability remains negative though improved from previous year. |
| (iv) Current Ratio | 0.71 | 1.19 | In FY 2018, Current Assets excludes Rs.67.10 cr investment and Rs.240.90 crores fixed deposit kept for pre-payment loan / capex etc and current liabilities excludes Rs.200.75 cr received towards share application money (for long term utilisation). In FY 2019, current liabilities excludes Rs.116.04 crores of Current maturities of Preference Shares and Rs.62.47 crores Advance received against share warrant. During FY 2019, the promoter along with other investors has infused funds, which has been utilized for repayment of borrowings, augmentation of working capital and capex for offering new / improved product range etc. Therefore current ratio improved with infusion. |
| (v) Debt Equity Ratio | (1.17) | (0.32) | Ratio has improved from previous year because of reduction in long term debt from the infused capital. However Networkth still remains negative. |
| (vi) Operating Profit Margin (%) | -2.48% | -7.61% | The company has undertaken capex project for overhauling and revamping of existing plant and machinery for the better utilization of installed capacity of the machinery which resulted in taking the major maintenance and shutting the plant from time to time during 2018-19 and therefore resulted in lower productivity and higher cost of production. |
| (vii) Net Profit Margin (%) | -22.70% | -4.62% | Improved bottom line because of reduction in interest cost led to better Net Profit Margin from previous year. |
| Return on Capital Employed (ROCE) * | -2.55% | -15.13% | The company has undertaken capex project for overhauling and revamping of existing plant and machinery for the better utilization of installed capacity of the machinery which resulted in taking the major maintenance and shutting the plant from time to time during 2018-19 and therefore resulted in lower productivity and higher cost of production. Lower operating profit translated into lower return on capital employed. |

* Since the Company's net worth is negative, Return on Capital Employed is given instead of Return on Net Worth

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Anuj Burakia
Whole Time Director
DIN: 02840211

Prakash Tatia
Director
DIN: 06559106

Place: Mumbai
Date: 15.05.2019

INDEPENDENT AUDITORS’ REPORT

TO THE MEMBERS OF RMG ALLOY STEEL LIMITED

Opinion

We have audited the accompanying Ind AS financial statements of **RMG ALLOY STEEL LIMITED** (“the Company”), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019; and its profit and total Comprehensive Income, Change in Equity and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 30 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.

Basis for opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How our audit addressed the key audit matter |
|--|---|
| <p>Expected credit loss (“ECL”) provision in respect of financial assets carried at amortized cost</p> <p>(refer Note 1 for accounting policy and Note 40 for ECL provision)</p> <p>As detailed in Note 8, the Company has financial assets carried at amortized cost amounting to Rs, 7,832 lacs (gross) as at March 31, 2019. The Company holds ECL provision of Rs. 696 lacs against such assets. As discussed in the said note, ECL provision has been determined in accordance with Ind AS 109 – Financial Instruments.</p> <p>We focused on this area as determining ECL provision requires significant judgements by the management. Key areas of judgement included:</p> <ul style="list-style-type: none"> - Assumptions used in the expected credit loss model such as the financial condition of the counterparty, probability of default, expected future cash flows. - The identification of exposures with a significant deterioration in credit quality. | <p>We carried out following procedures in respect to ECL provision:</p> <ul style="list-style-type: none"> - held discussions with management and obtained understanding of ECL model, its development process and relevant controls. - evaluated the design and tested operating effectiveness of controls in respect of ECL model, which included data used to determine the provision, appropriate approvals and mathematical accuracy. - with the involvement of our experts, we assessed the assumptions and judgement made by management used to calculate ECL provision. - Traced key inputs to the ECL model on a sample basis to assess their accuracy and completeness. Ensured mathematical accuracy of the ECL provision by performing recalculations. <p>We evaluated ECL provision taking into account the requirements of of Ind AS 109 – Financial Instruments.</p> |

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| | |
|---|---|
| <p>Provisions and contingent liabilities in relation to tax positions</p> <p>Refer note no. 35 of the Ind AS financial statement.</p> <p>The company has received various demands and show cause notices from the service tax and sales tax department in respect of various matters.</p> <p>The management have made judgments relating to the likelihood of an obligation arising and whether there is a need to recognize a provision or disclose a contingent liability. We therefore focused on this area as a result of uncertainty and potential material impact.</p> | <p>We have involved our tax experts to gain an understanding of the current status of the tax cases and monitored changes in the disputes by reading external opinions received by the Company if any, where relevant, to establish that the tax provisions had been appropriately adjusted to reflect the latest external developments.</p> <p>For legal, regulatory and tax matters our procedures included the following:</p> <ul style="list-style-type: none"> * testing key controls surrounding litigation, regulatory and tax procedures; * performing substantive procedures on the underlying calculations supporting the provisions recorded; * where relevant, reading external legal opinions obtained by management; * discussing open matters with the litigation, regulatory, general counsel and tax teams; * assessing management's conclusions through understanding precedents set in similar cases; <p>Based on the evidence obtained, while noting the inherent uncertainty with such legal, regulatory and tax matters, we determined the level of provisioning and disclosure of contingent liabilities as at 31 March 2019 to be appropriate.</p> |
| <p>Inventories</p> <p>As of 31st March 2019, the Company total inventory balance amounted to RS. 11,758 lakh, representing 53% of the total current assets of the Ind AS Financial Statement.</p> <p>Refer note no. 6 of the Ind AS financial statement.</p> <p>The Company is exposed to risk of slow-moving and/or obsolete inventory as a result of volatility demand for steel and its steel price. Significant judgement is required for the estimation of the net realisable value and allowance for slow-moving and obsolete inventories. Such estimation is made after taking into consideration factors such as movement in steel price, current and expected future market demand and pricing competition.</p> | <p>As such, we determined that this is a key audit matter.</p> <p>As part of our audit, we attended inventory counts at selected inventory locations to observe the condition of the inventories on sample basis. We evaluated the appropriateness of the basis and processes used by management in determining the net realisable value of inventories. We also evaluated the assumptions and estimates used by management in determining the write down amount through testing of the accuracy of inventories aging report, analysing the aging profile of inventories to identify slow and obsolete inventories as well as reviewing historical and subsequent to financial year end sales patterns. In addition, we reviewed the adequacy of the disclosures on inventories in Note 6 of the financial statements.</p> |
| <p>Capital Work in progress</p> <p>At 31 March 2019 the carrying value of assets under construction was Rs. 8,515 Lakh.</p> <p>Refer note no. 2 of the Ind AS financial statement.</p> <p>Accounting for assets under construction has been identified as a key audit matter due to:</p> <ul style="list-style-type: none"> • the significant judgement involved in assessing when an asset is available for use as intended by management. At this point, revenue and operating costs associated to the asset cease to be capitalised to the statement of financial position and depreciation should commence. <p>Additionally, we considered recent impairment charges recognised in respect of assets under construction which resulted from changes in project plans.</p> | <p>To address this key audit matter we have:</p> <ul style="list-style-type: none"> • Considered the stage of completion of ongoing projects specifically in relation to ascertaining when the assets will be available for use as intended by management. • Assessed project timelines by tracking project progress against forecast spend and management budgets. • Assessed the accounting treatment of testing costs during the testing phase where applicable. • Ensured costs associated with assets which came into production in the year cease to be capitalised and depreciation charges commenced. <p>Based on our evaluation of the asset under construction projects and other procedures performed, we are satisfied that projects overall assets under construction are recoverable.</p> |

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the "Director's Report" including Annexures to Director's Report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, change in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 judgements 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS financial statements may be

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influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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;
 - 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 (Including Other Comprehensive Income), the Cash Flow Statement and the statement of change in equity dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting standards) Rules, 2015, as amended.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019, from being appointed as a director in terms of section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 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 litigations on its financial position in its Ind AS financial statements in note 35 to the Ind AS 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 for the year ended March 31, 2019.
 - iv. During the year the disclosure related to Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8th November, 2016 of the Ministry of Finance is not applicable to the Company.

For Pathak H D & Associates
Chartered Accountants
(Firm's Registration No: 107783W)

Place: Mumbai
Dated: 15th May, 2019

Vishal D. Shah
Partner
Membership No. 119303

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF RMG ALLOY STEEL LIMITED

(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
 - a) The Company is in the process of updating its fixed assets register showing full particulars including quantitative details and situation of fixed assets.
 - b) 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.
 - c) 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, Limited Liability Partnerships or other parties cover 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 complied with the provisions of Section 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities. The Company has not granted any loans to any director or any person in whom director is interested as specified under Section 185 of the Companies Act, 2013 and hence clause (iv) of paragraph of the Order is not applicable to the Company to that extent.
- 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, Custom Duty, Goods and Service Tax (GST), Cess and other material statutory dues have generally been regularly deposited, by the Company during the year with the appropriate authorities in India except in few cases with respect to professional tax and Income Tax (Tax deducted at source) where the delay ranged from 1 days to 40 days. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2019 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 Service Tax, as at 31st March, 2019 which have not been deposited on account of disputes, are as follows:

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

According to the information and explanation given to us and the records of the company examined by us, there are no dues of Income Tax, Sales Tax including Value Added Tax, Goods and Service Tax (GST), duty of Customs, duty of Excise and 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, the Company has not defaulted in repayment of loans or borrowings 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.

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- 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.
- 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 Ind AS 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 made preferential allotment of Equity Shares and Preference shares during the year in accordance with requirement of section 42 of the Companies Act, 2013 ("the Act"). The Company has not made private placement of shares or fully or partly convertible debenture during the year.
- 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 Pathak H D & Associates
Chartered Accountants
(Firm's Registration No: 107783W)

Vishal D. Shah
Partner
Membership No. 119303

Place: Mumbai
Dated: 15th May, 2019

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS 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 with reference to financial statements of **RMG ALLOY STEEL LIMITED** ("the Company") as of 31st March, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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 with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 with reference to financial statements 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, both issued by ICAI. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 Ind AS 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For Pathak H D & Associates
Chartered Accountants
(Firm's Registration No: 107783W)

Place: Mumbai
Dated: 15th May, 2019

Vishal D. Shah
Partner
Membership No. 119303

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BALANCE SHEET as at 31st March, 2019

(Rs. In Lacs)

| Particulars | Notes | As at 31 March 2019 | As at 31 March 2018 |
|--|-------|------------------------|------------------------|
| ASSETS | | | |
| I Non-Current Assets | | | |
| (a) Property, plant and equipment | 2A | 9,966 | 10,542 |
| (b) Capital Work in Progress | 2B | 8,515 | 714 |
| (c) Intangible assets | 3 | 1 | - |
| (d) Income tax assets (net) | 4 | 223 | 192 |
| (e) Other non-current assets | 5 | 323 | 247 |
| Total Non-Current Assets | | 19,028 | 11,695 |
| II Current Assets | | | |
| (a) Inventories | 6 | 11,758 | 6,504 |
| (b) Financial assets | | | |
| (i) Investments | 7 | - | 6,711 |
| (ii) Trade receivables | 8 | 7,136 | 8,002 |
| (iii) Cash and cash equivalents | 9 | 3 | 24,258 |
| (iv) Bank Balance Other than Cash and Cash Equivalent | 10 | 1,062 | 184 |
| (c) Other current assets | 11 | 2,068 | 699 |
| Total Current Assets | | 22,027 | 46,358 |
| TOTAL ASSETS | | 41,055 | 58,053 |
| EQUITY AND LIABILITY | | | |
| III Equity | | | |
| (a) Equity share capital | 12 | 20,802 | 6,506 |
| (b) Other equity | 13 | (44,111) | (56,423) |
| (c) Share Application Money Pending Allotment | 13 | - | 17,335 |
| (d) Money received against share warrant | 13 | 2,082 | - |
| TOTAL EQUITY | | (21,227) | (32,582) |
| IV Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| Borrowings | 14 | 25,814 | 48,535 |
| (b) Provisions | 15 | 181 | 159 |
| Total Non-Current liabilities | | 25,995 | 48,694 |
| V Current Liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16 | 14,903 | 27,779 |
| (ii) Trade payables | 17 | | |
| Total outstanding dues of micro, small and medium enterprise | | 10 | 31 |
| Total outstanding dues of creditors other than micro, small and medium enterprise | | 12,575 | 7,439 |
| (iii) Other financial liabilities | 18 | 7,383 | 6,330 |
| (b) Other current liabilities | 19 | 1,346 | 324 |
| (c) Provisions | 20 | 70 | 38 |
| Total Current Liabilities | | 36,287 | 41,941 |
| TOTAL EQUITY AND LIABILITIES | | 41,055 | 58,053 |
| Significant Accounting Policies & Notes to accounts forming an integral part of financial statements | 1-43 | | |

As per our report of even date attached

For Pathak H D & Associates

Chartered Accountants

Firm Registration No.: 107783W

Vishal D. Shah

Partner

Membership No.119303

Place: Mumbai

Date: 15th May, 2019

For and on behalf of the Board of Directors

Anuj Burakia

Whole time Director

DIN: 02840211

Prakash Tatia

Director

DIN: 06559106

Narendra Kumar Bhandari

Chief Finance Officer

Rashmi Mamtura

Company Secretary

FCS: 8658

RMG ALLOY STEEL LIMITED

STATEMENT OF PROFIT and LOSS for the year ended 31st March, 2019 (Rs. In Lacs)

| Particulars | Notes | For the Year Ended 31 March 2019 | For the Year Ended 31 March 2018 |
|--|-------|-------------------------------------|-------------------------------------|
| I INCOME | | | |
| Revenue from operations | 21 | 43,621 | 24,009 |
| Other income | 22 | 395 | 468 |
| Total Income | | 44,016 | 24,477 |
| II Expenses: | | | |
| Cost of Raw materials consumed | 23 | 29,688 | 14,624 |
| Changes in Inventories of Finished Goods, WIP & stock in trade | 24 | (2,897) | (1,109) |
| Employee benefits expenses | 25 | 2,495 | 1,428 |
| Finance costs | 26 | 945 | 4,683 |
| Depreciation and amortization expense | 27 | 668 | 661 |
| Other expenses | 28 | 18,080 | 10,141 |
| Total expenses | | 48,979 | 30,428 |
| III Profit/(Loss) before Exceptional Item & Tax | | (4,963) | (5,951) |
| Exceptional items | 29 | 2,949 | 500 |
| IV Profit/(Loss) before Tax | | (2,014) | (5,451) |
| V Tax expense | | - | - |
| VI Profit/(Loss) for the year | | (2,014) | (5,451) |
| VII Other Comprehensive Income | | | |
| Items that will be reclassified subsequently to profit or loss | | | |
| Fair value change on derivatives designated as cash flow hedge | | (127) | - |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Re measurement of defined benefit obligation | | (8) | 13 |
| Other Comprehensive Income for the year | | (135) | 13 |
| Total Comprehensive Income for the year | | (2,149) | (5,438) |
| Earning per Equity Share (Face Value of Rs.6 Per Share) : | | | |
| Basic & Diluted (in Rs.) | 31 | (0.88) | (5.84) |
| Significant Accounting Policies & Notes to accounts forming an integral part of financial statements | 1-43 | | |

As per our report of even date attached

For Pathak H D & Associates

Chartered Accountants

Firm Registration No.: 107783W

Vishal D. Shah

Partner

Membership No.119303

Place: Mumbai

Date: 15th May, 2019

For and on behalf of the Board of Directors

Anuj Burakia

Whole time Director

DIN: 02840211

Prakash Tatia

Director

DIN: 06559106

Narendra Kumar Bhandari

Chief Finance Officer

Rashmi Mamtura

Company Secretary

FCS: 8658

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STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital (Refer Note No.: 12)

(Rs. In Lacs)

| Particulars | Balance at the beginning of the year | Changes in equity share capital during the year | Balance at the end of the year |
|------------------------|--------------------------------------|---|--------------------------------|
| As at 31st March, 2018 | 6,506 | - | 6,506 |
| As at 31st March, 2019 | 6,506 | 14,296 | 20,802 |

B. Other Equity (Refer Note No.: 13)

| Particulars | Reserves and Surplus | | | Other Comprehensive Income | | Total |
|---|----------------------|--------------------|-----------------------------------|--------------------------------------|--|-----------------|
| | Retained Earnings | Securities Premium | Share options outstanding account | Effective portion of cash flow hedge | Remeasurements of net defined benefit plan | |
| Balance as at April 1, 2017 | (50,951) | - | - | - | (34) | (50,985) |
| Profit / (Loss) for the year | (5,451) | - | - | - | - | (5,451) |
| Other comprehensive income for the year | - | - | - | - | 13 | 13 |
| Balance as at March 31, 2018 | (56,402) | - | - | - | (21) | (56,423) |
| Profit / (Loss) for the year | (2,014) | - | - | - | - | (2,014) |
| Other comprehensive income for the year | - | - | - | (127) | (8) | (135) |
| Share option expense | - | - | 166 | - | - | 166 |
| Securities premium on share issue | - | 14,295 | - | - | - | 14,295 |
| Balance as at March 31, 2019 | (58,416) | 14,295 | 166 | (127) | (29) | (44,111) |

C. Share Application Money Pending Allotment (Refer Note No.: 13)

| Particulars | Balance at the beginning of the year | Changes during the year | Balance at the end of the year |
|------------------------|--------------------------------------|-------------------------|--------------------------------|
| As at 31st March, 2018 | - | 17,335 | 17,335 |
| As at 31st March, 2019 | 17,335 | -17,335 | - |

D. Money received against share Warrant (Refer Note No.: 13)

| Particulars | Balance at the beginning of the year | Changes during the year | Balance at the end of the year |
|------------------------|--------------------------------------|-------------------------|--------------------------------|
| As at 31st March, 2019 | - | 2,082 | 2,082 |

Pursuant to Shareholders' approval sought at an Extra Ordinary General Meeting held on 15th May, 2018, Company at the meeting of a committee constituted by the Board of directors, held on 29th May, 2018 allotted 69,415,000 warrants carrying option to subscribe to equal number of equity shares of Rs.6 each at issue price of ₹ 12 per warrant.

As per our report of even date attached

For Pathak H D & Associates

Chartered Accountants

Firm Registration No.: 107783W

Vishal D. Shah

Partner

Membership No.119303

Place: Mumbai

Date: 15th May, 2019

For and on behalf of the Board of Directors

Anuj Burakia

Whole time Director

DIN: 02840211

Prakash Tatia

Director

DIN: 06559106

Narendra Kumar Bhandari

Chief Finance Officer

Rashmi Mamtura

Company Secretary

FCS: 8658

STATEMENT OF CASH FLOWS

(Rs. In Lacs)

| Particulars | | Year ended 2018-19 | | Year ended 2017-18 |
|--|---------|-----------------------|---------|-----------------------|
| A) Cash Flow from Operational Activities | | | | |
| Profit/(loss) before exceptional Items and tax as per statement of profit and loss : | | (4,963) | | (5,951) |
| Adjustment for : | | | | |
| Depreciation and amortization expenses | 668 | | 661 | |
| Financial Costs | 945 | | 4,683 | |
| Unrealized exchange difference (Net) | (26) | | (1) | |
| Interest Income | (307) | | (329) | |
| (Profit)/Loss on Sale of Property, Plant and Equipment | 115 | | (2) | |
| (Profit)/Loss on Sale of Investments | (13) | | (126) | |
| Expense on employee stock option scheme | 166 | | - | |
| Provision for Doubtful Debts | 65 | | 135 | |
| Sundry Credit Balances Written Back / Provision no longer required | - | | (1) | |
| Fair value change on derivatives designated as cash flow hedge | (127) | | - | |
| Re-measurements of net defined benefit plan | (8) | | 13 | |
| Exceptional Item | 2,949 | | 500 | |
| | | 4,427 | | 5,533 |
| Operating Cash Profit/(Loss) before Working Capital Changes | | (536) | | (418) |
| Changes in Working Capital : | | | | |
| (Increase)/decrease in trade receivables & other Assets | (1,447) | | (3,699) | |
| (Increase)/decrease in inventories | (5,254) | | (2,167) | |
| Increase/(decrease) in trade & other payables | 4,431 | | 5,766 | |
| Increase/(decrease) in provisions | 55 | | 1 | |
| | | (2,215) | | (99) |
| Cash generated from / (used in) Operations | | (2,751) | | (517) |
| Less. Direct taxes paid(net of refunds) | | (30) | | (17) |
| Net cash flows (used in)/ generated from operating activities after exceptional items | | (2,781) | | (534) |
| B) Cash Flow from Investing Activities | | | | |
| Acquisition of Property, Plant & Equipment (including Work in Progress and Capital Advance) | (8,428) | | (1128) | |
| Sale of Property, Plant and Equipment | 345 | | 3 | |
| Interest Income | 307 | | 329 | |
| Purchase of Investments | (7,890) | | (36221) | |
| Sale of Investments | 14,613 | | 29,637 | |
| Net Cash generated from / (used in) Investing Activities: | | (1,053) | | (7,380) |

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| Particulars | | Year ended 2018-19 | Year ended 2017-18 |
|---|----------|-----------------------|-----------------------|
| C) Cash Flow from Financing Activities | | | |
| Proceeds from long-term borrowings | - | | 685 |
| Repayment of long-term borrowings | (25,610) | | (3,062) |
| Proceeds of short term borrowings (net) | (4,406) | | 18,710 |
| Share Application Money received & pending for allotment | - | | 17,335 |
| Share / Warrant Issue | 10,540 | | 3,000 |
| Interest Paid | (945) | | (4,667) |
| Net Cash generated from / (used in) Financing Activities: | | (20,421) | 32,001 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C) | | (24,255) | 24,087 |
| Cash and cash equivalents at the beginning of the year | | 24,258 | 171 |
| Cash and cash equivalents at the end of year | | 3 | 24,258 |

Notes:

1. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.
2. Additions to property, plant, equipment and intangible assets include movements of capital work-in-progress respectively during the year.
3. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's presentation.

As per our report of even date attached

For Pathak H D & Associates

Chartered Accountants

Firm Registration No.: 107783W

Vishal D. Shah

Partner

Membership No.119303

Place: Mumbai

Date: 15th May, 2019

For and on behalf of the Board of Directors

Anuj Burakia

Whole time Director

DIN: 02840211

Prakash Tatia

Director

DIN: 06559106

Narendra Kumar Bhandari

Chief Finance Officer

Rashmi Mamtura

Company Secretary

FCS: 8658

1. SIGNIFICANT ACCOUNTING POLICIES

I. Company Information

RMG Alloy Steel Limited (“the Company”) is a public limited Company incorporated in India with its registered office in G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat 393110. The Company is listed on the Bombay Stock Exchange (BSE).

The Company is a multi-product manufacturer of Rolled Product, Ingot, Bloom, Seamless Pipe, Mill Scale, Slab Casting and others.

The functional and presentation currency of the Company is the Indian Rupee (“₹”) which is the currency of the primary economic environment in which the Company operates.

The financial statements as at March 31, 2019 present the financial position of the Company.

II. Significant Accounting Policies followed by the Company

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements.

(a) Basis of preparation

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(b) Use of estimates and critical accounting judgements

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

(c) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(d) Intangible assets

Computer software

Intangible Assets are recognized 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 amortization and accumulated impairment losses, if any.

Intangible Assets are being amortised over a period not exceeding 4 years

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(e) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

| | |
|-------------------------|------------|
| Plant & Machinery | 5-30 years |
| Electrical Installation | 10 years |
| Factory Building | 30 years |
| Non-Factory Building | 60 years |
| Office Equipment | 3-5 years |
| Furniture and Fixtures | 10 years |
| Vehicles | 10 years |

Leased Assets

Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the useful life of the building.

Plant & Machinery

The useful lives of plant & machinery have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets.

The residual values are not more than 5% of the original cost of the asset are reviewed, and adjusted if appropriate, at the end of each reporting period.

(f) Impairment of assets

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

(g) Current and non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
 - Held primarily for the purpose of trading,
 - Expected to be realized within twelve months after the reporting period,
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading,

- It is due to be settled within twelve months after the reporting period,
Or
 - There is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period.
- All other liabilities are classified as non-current.

(h) Financial Instruments

a. Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Subsequent measurement

For purpose of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of the profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** the objective of the Company's business model is to hold the financial asset to collect the contractual cash flow (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
- **Cash flow characteristics test:** the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A financial assets that meets the following two conditions is measure at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.
- **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash flow characteristics test** the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements measured at amortised cost for fair value through other comprehensive income a financial asset is measured at fair value through profit or loss if doing so eliminates or a significantly reduces a measurement or recognition inconsistency sometimes referred to as an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

All other financial assets are measured at fair value through profit and loss

Derecognition

A financial asset (or where applicable a part of financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from company's balance sheet) when:

- The rights to receive cash flow from the sets have expired, or
- The company has transferred its rights to receive cash flows from the sets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either
 - o The company has transferred substantially all the risk and rewards to the assets, or
 - o The company has neither transferred not retained substantially all the risk and rewards of the set but has transferred control of the asset.

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When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership. When it has neither transferred nor retained substantially all of the risk and rewards of the assets, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of company's continuing involvement. In that case, the company also recognises an associated liability. The transferred assets the associated liability are measured on the basis that reflects the rights and open that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carry amount of the Asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

b) Financial liabilities:

Initial recognition and Measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables loans and borrowings including bank overdraft.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gain or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR Amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

(i) Fair value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to/ by the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 — other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3 — techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(j) Employee benefits

(i) Defined contribution plans

In accordance with Indian Law, eligible employees receive benefits from Provident Fund and superannuation fund, which is defined contribution plan. The Company makes specified monthly contributions towards provident fund and superannuation fund. The Company has no further obligation under the plan beyond its monthly contributions. Obligation for contributions to the plan is recognised as an employee benefit expense in the Statement of Profit and Loss when incurred.

(ii) Defined benefit plans (Gratuity)

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/(asset) are recognized immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/(asset) is treated as a net expense within employment costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

(iii) Employee leave entitlement

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the period end and charged to the Statement of profit and loss.

(iv) Share Based Payments

Equity settled share based payments to employees are measured at fair value of the equity instruments at grant date.

The fair value determined at the grant date of the equity-settled share based payment is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any is, recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the shared option outstanding account.

No expense is recognised for options that do not ultimately vest because non market performance and/ or service conditions have not been met.

(k) 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 realizable value, except for those which have a longer usable life, which are valued on the basis of their remaining useful life.

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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 realizable value.

(l) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise of cash on hand, demand deposits with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(m) Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

(n) Income tax

Income tax expense comprises of current tax and deferred tax.

● Current tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

● Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable taxable profits will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax related to item recognized outside the statement of profit and loss is recognized outside the statement of profit and loss. Deferred tax items are recognized in correlation underline transaction in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if legally enforceable right exists to setoff current tax assets against current income tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such and liabilities relate to taxes on income levied by the same governing taxation laws.

(o) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

● **Revenue from sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods. Export sales are accounted for on the basis of date of bill of lading. Exports benefits are accounted on accrual basis.

Effective 01st April, 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) – ‘Revenue from contracts with customers’ using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01st April, 2018. Accordingly, the comparative contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant.

● **Interest and other income**

The interest and other income are recognised only when no uncertainty as to measurability or collectability exists. Interest on fixed deposits is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

(p) Borrowings

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities.

(q) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs and interest cost are charged to statement of Profit and Loss.

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(s) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2A Property, Plant & Equipment

Details of Property, Plant and Equipment (PPE) as under:

(Rs. In Lacs)

| Particulars | Lease hold land | Free hold land | Buildings | Plant and machinery | Electrical Installation | Furniture and fixtures | Vehicles | Office equipments | Total |
|--|-----------------|----------------|--------------|---------------------|-------------------------|------------------------|-----------|-------------------|---------------|
| Gross Carrying amount: | | | | | | | | | |
| Deemed cost as at 1st April, 2017 | 351 | 14 | 8,809 | 31,525 | 1,998 | 110 | 20 | 203 | 43,030 |
| Additions | - | - | 39 | 108 | - | 3 | - | 17 | 167 |
| Disposals | - | - | - | -5 | - | - | -10 | - | -15 |
| Balance as at 31st March 2018 | 351 | 14 | 8,848 | 31,628 | 1,998 | 113 | 10 | 220 | 43,182 |
| Additions | - | - | 58 | 387 | - | 16 | 18 | 73 | 552 |
| Disposals | - | - | - | -3859 | - | - | - | - | -3859 |
| Balance as at 31st March 2019 | 351 | 14 | 8,906 | 28,156 | 1,998 | 129 | 28 | 293 | 39,875 |
| Accumulated depreciation: | | | | | | | | | |
| Balance as at April 1st, 2017 | 76 | - | 4,467 | 25,208 | 1,934 | 91 | 19 | 198 | 31,993 |
| Additions | 4 | - | 265 | 362 | 23 | 5 | - | 2 | 661 |
| Disposals | - | - | - | -5 | - | - | -9 | - | -14 |
| Balance as at 31st March 2018 | 80 | - | 4,732 | 25,565 | 1,957 | 96 | 10 | 200 | 32,640 |
| Additions | 4 | - | 244 | 379 | 19 | 5 | 2 | 15 | 668 |
| Disposals | - | - | - | -3,399 | - | - | - | - | -3,399 |
| Balance as at 31st March 2019 | 84 | - | 4,976 | 22,545 | 1,976 | 101 | 12 | 215 | 29,909 |
| Net carrying amount | | | | | | | | | |
| Balance as at 31st March 2018 | 271 | 14 | 4,116 | 6,063 | 41 | 17 | - | 20 | 10,542 |
| Balance as at 31st March 2019 | 267 | 14 | 3,930 | 5,611 | 22 | 28 | 16 | 78 | 9,966 |

2B Capital Work in Progress

| Particulars | Amount |
|-------------------------------|--------|
| Balance as at 31st March 2018 | 714 |
| Balance as at 31st March 2019 | 8,515 |

The Company will commence depreciation of the cost of the Project and will cease to capitalize the expenses on the Project when the assets are available for use in the manner as intended by the Management, i.e. when all the Quality of Service parameters set by the Management are met.

Capital Work in Progress include:

- i) Rs. 6,556 lacs (previous year Rs. 714 lacs) on account of capital goods inventory.
- ii) Rs. 1,959 lacs (previous year Nil) on account of project development expenditure including trail run loss of Rs. 549 lacs.

3 Intangible assets

Details of Intangible assets are as under:

(Rs. In Lacs)

| | Computers Software | Total |
|--------------------------------------|--------------------|-----------|
| Gross Carrying amount: | | |
| Deemed cost as at 1st April, 2017 | 32 | 32 |
| Additions | - | - |
| Disposals | - | - |
| Balance as at 31st March 2018 | 32 | 32 |
| Additions | 2 | 2 |
| Disposals | - | - |
| Balance as at 31st March 2019 | 34 | 34 |
| Accumulated depreciation: | | |
| Balance as at April 1, 2017 | 32 | 32 |
| Additions | - | - |
| Disposals | - | - |
| Balance as at 31st March 2018 | 32 | 32 |
| Additions | 1 | 1 |
| Disposals | - | - |
| Balance as at 31st March 2019 | 33 | 33 |
| Net carrying amount | | |
| Balance as at 31st March 2018 | 0 | 0 |
| Balance as at 31st March 2019 | 1 | 1 |

4 Income tax assets (net)

| Particulars | As at 31st March 19 | As at 31st March 18 |
|---------------------------------------|------------------------|------------------------|
| Taxes paid (net of provision for tax) | 223 | 192 |
| | 223 | 192 |

5 Other Non-current assets

| Particulars | As at 31st March 19 | As at 31st March 18 |
|--|------------------------|------------------------|
| (Unsecured and considered good unless otherwise stated) | | |
| Capital advances | 323 | 247 |
| | 323 | 247 |

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6 Inventories

(Rs. In Lacs)

| Particulars | As at 31st March 19 | As at 31st March 18 |
|--|------------------------|------------------------|
| Raw Materials | 3,262 | 888 |
| Semi Finished goods | 4,952 | 3,065 |
| Finished goods | 1,216 | 206 |
| Stores, spares and packing materials | 2,439 | 2,457 |
| Less: Provision for Obsolescence | (112) | (112) |
| Stores, spares and packing materials (Net of provision for Obsolescence) | 2,327 | 2,345 |
| Total | 11,758 | 6,504 |

7 Investment

| Particulars | As at 31st March 19 | As at 31st March 18 |
|--|------------------------|------------------------|
| Investment in Mutual Funds: | | |
| (i) Quoted | | |
| At fair value through profit & loss | | |
| SBI Treasury Advantage Fund, Regular Growth Plan (348381.354 Units) | - | 6,711 |
| Aggregate amount of quoted investment & market value there of | - | 6,711 |

8 Trade receivables

| Particulars | As at 31st March 19 | As at 31st March 18 |
|--|------------------------|------------------------|
| Unsecured, considered good | 7,136 | 8,002 |
| Doubtful | 696 | 669 |
| Total | 7,832 | 8,671 |
| Allowance for doubtful trade receivables | (696) | (669) |
| Total trade receivables | 7,136 | 8,002 |

9 Cash and cash equivalents

| Particulars | As at 31st March 19 | As at 31st March 18 |
|-----------------------------------|------------------------|------------------------|
| Cash and cash equivalents: | | |
| Balances with banks | | |
| In Current Accounts | 1 | 14,427 |
| Cash on hand | 2 | 1 |
| Other bank balances: | | |
| Fixed Deposit | - | 9,666 |
| In Margin Deposit Accounts* | - | 153 |
| Other Receivables | - | 11 |
| Total | 3 | 24,258 |

*Above FD's shown in Margin Deposit Accounts are Lien Mark.

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10 Bank Balance Other than Cash and Cash Equivalent

(Rs. In Lacs)

| Particulars | As at 31st March 19 | As at 31st March 18 |
|-----------------------------|------------------------|------------------------|
| Other bank balances: | | |
| Bank Deposit | | |
| In Margin Deposit Accounts* | 1,052 | 180 |
| Other Receivables | 10 | 4 |
| Total | 1,062 | 184 |

*Above FD's shown in Margin Deposit Accounts are Lien Mark.

11 Other current assets

| Particulars | As at 31st March 19 | As at 31st March 18 |
|--|------------------------|------------------------|
| (Unsecured and considered good unless otherwise stated) | | |
| Security deposit | 93 | 25 |
| Loans & Advances to employees | 4 | - |
| Other Claim receivable/recoverable | 213 | 4 |
| Balances with statutory / government authorities | 1,131 | 530 |
| Advances to suppliers | 480 | 100 |
| Less: Provision on Advances to Suppliers | (10) | (10) |
| Advance to Supplier (Net of Provision) | 470 | 90 |
| Prepaid Expenses | 157 | 50 |
| Total | 2,068 | 699 |

12 Equity Share capital

| Particulars | As at 31st March 2019 | | As at 31 March 2018 | |
|---|-----------------------|---------------|---------------------|---------------|
| | No of shares | (Rs' In Lacs) | No of shares | (Rs' In Lacs) |
| Authorised: | | | | |
| Equity shares of Rs.6 each | 51,00,00,000 | 30,600 | 50,00,00,000 | 30,000 |
| Preference Shares of Rs.10 each | 25,90,00,000 | 25,900 | 26,50,00,000 | 26,500 |
| | 56,50,00,000 | 56,500 | 56,50,00,000 | 56,500 |
| Issued , Subscribed and Paid up: | | | | |
| Equity shares of Rs.6 each | 34,66,94,164 | 20,802 | 10,84,35,840 | 6,506 |
| Total | | 20,802 | | 6,506 |

a) Reconciliation of the Number of Shares

| Equity Shares : Face value of Rs.6 each | As at 31st March 2019 | | As at 31 March 2018 | |
|---|-----------------------|---------------|---------------------|---------------|
| | No of shares | (Rs' In Lacs) | No of shares | (Rs' In Lacs) |
| As at beginning of the year | 10,84,35,840 | 6,506 | 10,84,35,840 | 6,506 |
| Shares issued during the year | 23,82,58,324 | 14,296 | - | - |
| Buyback/forfeiture/reduction shares | - | - | - | - |
| Outstanding at the end of the year | 34,66,94,164 | 20,802 | 10,84,35,840 | 6,506 |

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b) Details of shareholder holding more than 5% shares

(Rs. In Lacs)

| Name of the Shareholders | As at 31st March 2019 | | As at 31 March 2018 | |
|--|-----------------------|--------|---------------------|--------|
| | No of shares | % Held | No of shares | % Held |
| Equity Shares | | | | |
| Welspun Steel Limited (WS Alloy Holding Pvt Ltd merged in Welspun Steel Limited) | 15,55,47,034 | 44.87% | 4,32,47,034 | 39.88% |
| Dilipkumar Lakhi | 8,65,00,000 | 24.95% | - | - |
| Widescreen Holding Pvt Limited | | * | 2,41,43,333 | 22.27% |
| Magnificent Trading Pvt. Limited | | * | 70,12,334 | 6.47% |
| Calplus Trading Pvt. Limited | | * | 61,14,390 | 5.64% |

* Holding less than 5%

c) Rights, Preference and Restriction attached to shares

Equity Shares:

The Company has 346,694,164 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.

13 (i) Other Equity

| Particulars | Reserves and Surplus | | | Other Comprehensive Income | | Total |
|---|----------------------|--------------------|-----------------------------------|--------------------------------------|--|-----------------|
| | Retained Earnings | Securities Premium | Share options outstanding account | Effective portion of cash flow hedge | Remeasurements of net defined benefit plan | |
| Balance as at April 1, 2017 | (50,951) | - | - | - | (34) | (50,985) |
| Profit / (Loss) for the year | (5,451) | - | - | - | - | (5,451) |
| Other comprehensive income for the year | - | - | - | - | 13 | 13 |
| Balance as at March 31, 2018 | (56,402) | - | - | - | (21) | (56,423) |
| Profit / (Loss) for the year | (2,014) | - | - | - | - | (2,014) |
| Other comprehensive income for the year | - | - | - | (127) | (8) | (135) |
| Share option expense | - | - | 166 | - | - | 166 |
| Securities premium on share issue | - | 14,295 | - | - | - | 14,295 |
| Balance as at March 31, 2019 | (58,416) | 14,295 | 166 | (127) | (29) | (44,111) |

ii) Share Application Money Pending Allotment

| Particulars | As at 31st March 19 | As at 31st March 18 |
|---|---------------------|---------------------|
| Share Application Money Pending Allotment | - | 17,335 |

iii) Money received against share Warrant

| Particulars | As at 31st March 19 | As at 31st March 18 |
|--------------------------------------|---------------------|---------------------|
| Money received against share Warrant | 2,082 | - |

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14 Borrowings

(Rs. In Lacs)

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | |
|-------------------------------------|-----------------------|--------------------|-----------------------|--------------------|
| | Non-current | Current maturities | Non-current | Current maturities |
| Secured | | | | |
| Indian Rupee term loans from banks | 2,668 | 146 | 24,710 | 3,610 |
| Unsecured | | | | |
| Sales Tax Deferred Loan | 104 | 104 | 208 | 104 |
| Redeemable Preference Shares | | | | |
| of Rs.10/- each fully paid up | 23,042 | - | 23,617 | - |
| Total | 25,184 | 250 | 48,535 | 3,714 |

Secured:

- a) Rupee loan of Rs.2,814 lac (Previous year Rs. 28,320 lac) paripassu 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.
- b) Rupee loans carry interest at bank prime lending rate /base rate/ MCLR plus margin. Loans of
 - i. Rs. 2,814 lacs (Previous year Rs. 13,690 lacs) are repayable in 32 quarterly installments starting from June 2017 and ending in July 2025.

Unsecured:

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

a) Details of Preference Shareholders

i. Reconciliation of the Number of Shares

| Particulars | As at 31st March 2019 | | As at 31 March 2018 | |
|---|-----------------------|---------------|---------------------|---------------|
| | No of shares | (Rs' In Lacs) | No of shares | (Rs' In Lacs) |
| Preference Shares : Face value of Rs.6 each | | | | |
| As at beginning of the year | 8,89,04,271 | 8,891 | 5,89,04,271 | 5,891 |
| Shares issued during the year | 26,50,92,000 | 26,509 | 3,00,00,000 | 3,000 |
| Buyback/forfeiture/reduction shares | 15,48,00,000 | 15,480 | - | - |
| Outstanding at the end of the year | 19,91,96,271 | 19,920 | 8,89,04,271 | 8,891 |

ii. Details of Preference Shareholders

| Particulars | As at 31st March 2019 | | As at 31 March 2018 | |
|------------------------------|-----------------------|--------|---------------------|--------|
| | No of shares | % Held | No of shares | % Held |
| Right Growth Trading Pvt Ltd | 5,09,04,271 | 25.55% | 5,09,04,271 | 57.26% |
| MGN Agro Properties Pvt Ltd | 80,00,000 | 4.02% | 80,00,000 | 9.00% |
| Welspun Steel Ltd | 8,65,92,000 | 43.47% | 3,00,00,000 | 33.74% |
| Dilipkumar Lakhi | 2,72,00,000 | 13.65% | - | - |
| Ritesh Vilasrao Deshmukh | 1,00,00,000 | 5.02% | - | - |

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iii. Rights, Preference and Restriction attached to shares

Preference Shares:

The Cumulative Redeemable Preference Shares carry dividend of 12% per annum;

- i. The Cumulative Redeemable Preference Shares 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.19th February 2013).
- ii. The Cumulative Redeemable Preference Shares 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.11th February 2014).
- iii. The Cumulative Redeemable Preference Shares 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.11th November 2014).
- iv. The Cumulative Redeemable Preference Shares 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.23rd October 2015).

The Non-Cumulative Redeemable Preference Shares carry dividend of 6.5% per annum;

- v. The Non-Cumulative Redeemable Preference Shares 35,792,000 are redeemable with premium of Rs.0 per share redeemable at par at on or before 15 months from the date of allotment (i.e.28th April 2018).
The Non-Cumulative Redeemable Preference Shares carry dividend of 0% per annum;
- vi. The Non-Cumulative Redeemable Preference Shares 80,250,000 are redeemable with premium of Rs.0 per share redeemable at par at on or before 15 months from the date of allotment (i.e.26th Sep 2018).
- vii. The Non-Cumulative Redeemable Preference Shares 24,250,000 are redeemable with premium of Rs.0 per share redeemable at par at on or before 15 months from the date of allotment (i.e.13th March 2019).

15 Provisions

(Rs. In Lacs)

| Particulars | As at 31st March 19 | As at 31st March 18 |
|---|------------------------|------------------------|
| Provision for employee benefits: (Refer Note: 32) | | |
| Provision for Leave encashment | 43 | 35 |
| Provision for Gratuity | 138 | 124 |
| Total | 181 | 159 |

16 Borrowings

| Particulars | As at 31st March 19 | As at 31st March 18 |
|--|------------------------|------------------------|
| Secured Loan | | |
| From Banks | | |
| Working Capital Loan | 429 | 4,092 |
| Unsecured Loan | | |
| Working Capital Loan from Banks | 800 | 800 |
| Loan from Related Parties (Refer Note: 36) | - | 20,075 |
| Supplier finance facility | 2,070 | 2,812 |
| Preference Shares (Refer Note: 14) | 11,604 | - |
| Total | 14,903 | 27,779 |

17 Trade payables

| Particulars | As at 31st March 19 | As at 31st March 18 |
|----------------------------------|------------------------|------------------------|
| Micro Small & Medium Enterprises | 10 | 31 |
| Others | 12,575 | 7,439 |
| Total | 12,585 | 7,470 |

The company has amounts due to suppliers under the Micro, Small & Medium Enterprises Development Act 2006 (MSMED Act) as at 31st March 2019

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The disclosure pursuant to said act is as under:

(Rs. In Lacs)

| Particulars | As at 31st March 19 | As at 31st March 18 |
|---|------------------------|------------------------|
| Principal amount remaining unpaid | 10 | 18 |
| Interest due thereon (* Rs. 49,387) | - | * |
| 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 | - | 1 |
| 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. | - | # |
| (# FY 16-17 dues of Rs.25,187) | | |

The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with the company.

18 Other Financial Liability

| Particulars | As at 31st March 19 | As at 31st March 18 |
|--|------------------------|------------------------|
| Current maturities of long-term debt | 250 | 3,714 |
| Interest accrued and due | 381 | 1,927 |
| Interest accrued but not due | - | 235 |
| Book Overdraft | - | 52 |
| Employees dues payable | 41 | 132 |
| Dues for fixed assets purchases | 337 | 270 |
| Advance received against share warrant | 6,247 | - |
| Financial Liability Payable | 127 | - |
| Total | 7,383 | 6,330 |

19 Other current liabilities

| Particulars | As at 31st March 19 | As at 31st March 18 |
|---|------------------------|------------------------|
| Advances received from customers and others | 169 | 76 |
| Statutory dues payable | 88 | 63 |
| Provision for Expenses | 486 | 184 |
| Security deposit | 603 | - |
| Other Payables | - | 1 |
| Total | 1,346 | 324 |

20 Provisions

| Particulars | As at 31st March 19 | As at 31st March 18 |
|---|------------------------|------------------------|
| Provision for employee benefits: (Refer Note: 32) | | |
| Provision for Leave encashment | 18 | 10 |
| Provision for Gratuity | 52 | 28 |
| Total | 70 | 38 |

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21 Revenue from operations

(Rs. In Lacs)

| Particulars | For the Year Ended 31st March 19 | For the Year Ended 31st March 18 |
|---------------------------|-------------------------------------|-------------------------------------|
| Sales of products: | | |
| Finished goods | 43,333 | 23,900 |
| | 43,333 | 23,900 |
| Other operating revenues: | | |
| Exports Incentives | 4 | 1 |
| Other Revenue | 284 | 108 |
| | 288 | 109 |
| Total | 43,621 | 24,009 |

22 Other Income

| Particulars | For the Year Ended 31st March 19 | For the Year Ended 31st March 18 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Interest from Bank & others | 307 | 329 |
| Miscellaneous Income | 75 | 11 |
| Profit on sales of Investment | 13 | 126 |
| Profit on sale of fixed assets (Net) | - | 2 |
| Total | 395 | 468 |

23 Cost of materials consumed

| Particulars | For the Year Ended 31st March 19 | For the Year Ended 31st March 18 |
|--|-------------------------------------|-------------------------------------|
| Cost of Raw materials consumed (Refer Note: 23a) | | |
| Inventory at the beginning of the year | 888 | 668 |
| Add: Purchases | 32,062 | 14,844 |
| Less: Inventory at the end of the year | (3262) | (888) |
| Total | 29,688 | 14,624 |

Details of Raw Materials Consumed:

| Particulars | For the Year Ended 31st March 19 | For the Year Ended 31st March 18 |
|--------------|-------------------------------------|-------------------------------------|
| Metallic's | 22,864 | 11,261 |
| Ferro Alloys | 5,188 | 3,058 |
| Others | 1,636 | 305 |
| Total | 29,688 | 14,624 |

24 Changes in inventories of finished goods and work-in-progress

| Particulars | For the Year Ended 31st March 19 | For the Year Ended 31st March 18 |
|----------------------------|-------------------------------------|-------------------------------------|
| Inventories (at beginning) | | |
| Finished Goods | 206 | 348 |
| Semi Finished Goods | 3,065 | 1,814 |
| Total (a) | 3,271 | 2,162 |

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24 Changes in inventories of finished goods and work-in-progress (Contd.)

(Rs. In Lacs)

| Particulars | For the Year Ended 31st March 19 | For the Year Ended 31st March 18 |
|-------------------------|---|---|
| Inventories (at close) | | |
| Finished Goods | 1,216 | 206 |
| Semi Finished Goods | 4,952 | 3,065 |
| Total (b) | 6,168 | 3,271 |
| Net (Increase)/Decrease | | |
| Finished Goods | (1,010) | 142 |
| Semi Finished Goods | (1,887) | (1,251) |
| Total (a+b) | (2,897) | (1,109) |

| Particulars | For the Year Ended 31st March 19 | For the Year Ended 31st March 18 |
|---------------------|---|---|
| Finished Goods | | |
| Steel | 971 | 206 |
| Pipe | 245 | - |
| | 1,216 | 206 |
| Semi Finished Goods | | |
| Steel | 4,399 | 3,064 |
| Pipe | 553 | 1 |
| | 4,952 | 3,065 |

25 Employee benefits expense

| Particulars | For the Year Ended 31st March 19 | For the Year Ended 31st March 18 |
|--|---|---|
| Salaries and wages | 2,226 | 1,276 |
| Contributions to provident and other funds | 121 | 72 |
| Contributions to Gratuity | 40 | 26 |
| Leave Encashment | 23 | 13 |
| Staff welfare expenses | 85 | 41 |
| Total | 2,495 | 1,428 |

26 Finance cost

| Particulars | For the Year Ended 31st March 19 | For the Year Ended 31st March 18 |
|----------------------------------|---|---|
| Interest on Term Loan | 411 | 3,422 |
| Interest on Working Capital Loan | 432 | 1,144 |
| Other Borrowing Cost | 102 | 117 |
| Total | 945 | 4,683 |

27 Depreciation and amortization expense

| Particulars | For the Year Ended 31st March 19 | For the Year Ended 31st March 18 |
|---|---|---|
| Depreciation on Property, Plant and Equipment | 667 | 661 |
| Amortization on Intangible Assets | 1 | - |
| Total | 668 | 661 |

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28 Other expenses

(Rs. In Lacs)

| Particulars | For the Year Ended 31st March 19 | For the Year Ended 31st March 18 |
|---|-------------------------------------|-------------------------------------|
| Manufacturing and Other Expenses | | |
| Consumption of stores & spares | 6,317 | 2,413 |
| Power and Fuel Expenses | 8,768 | 5,897 |
| Labour charges | 530 | 338 |
| Equipment hire charges | 103 | 61 |
| Job Work Expenses | 723 | 211 |
| Freight and forwarding charges | 397 | 77 |
| Excise duty on change in inventories | - | (39) |
| Repairs to buildings | 48 | 4 |
| Repairs to plant and machinery | 144 | 56 |
| Other repairs | 40 | 11 |
| Insurance | 69 | 34 |
| Communication Expenses | 34 | 25 |
| Provision Bad & Doubtful Debts | 65 | 135 |
| Rates and taxes | 196 | 44 |
| Excise Duty on sales | - | 483 |
| Travelling and conveyance | 64 | 30 |
| Vehicle Expenses including Hire Charges | 105 | 80 |
| Listing Fees | 15 | 10 |
| Professional and consulting charges | 225 | 157 |
| Director Sitting Fees | 5 | 4 |
| Auditors Remuneration | | |
| -Audit Fees | 8 | 8 |
| -Tax Audit Fees | 1 | 1 |
| -Certification Fees | 1 | 1 |
| Exchange rate difference (net) | (26) | 1 |
| Selling and distribution expenses | 1 | 1 |
| Brokerage & Commission | 3 | 1 |
| Printing & Stationery | 12 | 4 |
| Security charges | 53 | 37 |
| Safety Expenses | 3 | 4 |
| Loss on sale/discard of assets (net) | 115 | - |
| Miscellaneous expenses | 61 | 52 |
| Total | 18,080 | 10,141 |

29 Exceptional Item:

| Particulars | For the Year Ended 31st March 19 | For the Year Ended 31st March 18 |
|--------------------------------|-------------------------------------|-------------------------------------|
| Waiver Of Term Loan # | 3091 | 500 |
| Reversal of Input Tax Credit * | (142) | - |
| Total | 2,949 | 500 |

During the quarter ended 30th June 2018, the Company paid Rs. 29,458 Lacs to lenders and got waiver of Rs. 3,091 Lacs. In the year ended on 31st March 2018, the Company paid Rs. 2,264 Lacs and got waiver of Rs. 500 Lacs.

* As per the recent Judgment of Supreme Court of India in case of Civil Appeal Nos 13047-13048 of 2017 held that reduction in input tax credit in case of sale in course of inter-state would be applied whenever a case gets covered by sub-clause (ii) and again when sub-clause (iii) of section 11(3) of Gujarat Value Added tax Act, 2003 is attracted. Accordingly during the quarter ended 30th June 2018 the Company has calculated and reversed Vat refundable amount of Rs 142 lacs pertaining to the earlier years.

30 GOING CONCERN

The company has raised funds through preferential allotment of shares and share warrant to Welspun Steel Limited & other investors and the amount raised have been utilized for repayment of borrowings, augmentation of working capital and capex for offering new / improved product range, there is significant reduction of debt and interest burden and better potential from the product range. Expansion project is at a very advance stage and upon start of commercial production; the company expects improvement in operational performance. Further our continued thrust to improve operational efficiency and initiative to raise funds are expected to result in sustainable cash flows. Accordingly, inspite of negative net worth of the Company, the Statement of financial result have been prepared on a going concern basis and no adjustments are required to the carrying amount of assets and liabilities.

31 Earnings per share

(Rs. In Lacs)

| Particulars | As at 31st March 19 | As at 31st March 18 |
|---|--------------------------------|--------------------------------|
| Earning Per Share has been computed as under | | |
| Profit /(Loss) for the year | (2,014) | (5,451) |
| Less: Cumulative Dividend on 12% Cumulative Redeemable Preference Shares | 707 | 883 |
| Net Profit /(Loss) for the year considered for calculating Earnings per share | (2,721) | (6,334) |
| Weighted Average Number of equity shares outstanding | | |
| - Basic | 30,81,81,175 | 10,84,35,840 |
| - Diluted | 36,74,14,999 | 10,84,35,840 |
| Face value per share in Rs. | 6 | 6 |
| Basic earnings per share in Rs. | (0.88) | (5.84) |
| Diluted earnings per share in Rs. | (0.88) | (5.84) |

32 Employee Benefits

As per Ind AS “Employee Benefits” (Ind AS - 19), the disclosures of Employee Benefits as defined in the Standard are given below:

1. Defined contribution plans

The Company makes contributions at a specified percentage of payroll cost towards Employees Provident Fund (EPF) for qualifying employees.

The Company has recognised the following amounts in the Statement of Profit & Loss.

| Particulars | For the Year Ended 31st March 19 | For the Year Ended 31st March 18 |
|---|---|---|
| Employer’s Contribution to Provident Fund | 121 | 72 |
| Total | 121 | 72 |

2. 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 recognized 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.

As per Ind AS “Employee Benefits” (Ind AS - 19), the disclosures of Employee Benefits as defined in the Standard are given below:

| Particulars | As at 31st Mar 2019 | As at 31 March 2018 |
|---|--------------------------------|--------------------------------|
| A) Amount recognised in the Balance Sheet | | |
| Gratuity: | | |
| Present value of obligations | 190 | 152 |
| Fair Value of plan assets | - | - |
| Net assets / (liability) recognized in balance sheet as provision | (190) | (152) |

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(Rs. In Lacs)

| Particulars | As at | |
|---|---------------|---------------|
| | 31st Mar 2019 | 31 March 2018 |
| B) Statement of Profit and loss for current period | | |
| Gratuity: | | |
| Employee Benefit Expense : | | |
| Current service cost | 28 | 14 |
| Net interest cost | 12 | 12 |
| | 40 | 26 |
| Other Comprehensive income | | |
| Actuarial loss/(gain) on obligation | 8 | (13) |
| | 8 | (13) |
| Expense recognized in Total Other Comprehensive Income | 48 | 13 |
| C) Reconciliation of defined benefit obligation | | |
| Gratuity: | | |
| Opening Defined Benefit Obligation | 152 | 158 |
| Current Service cost | 28 | 14 |
| Interest cost | 12 | 12 |
| Actuarial loss/(gain) on obligation | 8 | (13) |
| Benefits paid | (10) | (19) |
| Closing Defined Benefit Obligation | 190 | 152 |
| D) Bifurcation of liability as per schedule III | | |
| Gratuity: | | |
| Current Liability* | 52 | 28 |
| Non-Current Liability | 138 | 124 |
| Net Liability | 190 | 152 |
| E) Principle actuarial assumptions | % | % |
| Discount Rate | 7.66% | 7.73% |
| Salary Growth Rate | 4.00% | 4.00% |
| Withdrawal Rates | | |
| Upto 35 Years | 30.00% | 30.00% |
| From 36 to 45 Years | 23.00% | 12.00% |
| Above 46 Years | 22.00% | 14.00% |

(Rs. In Lacs)

| F) Sensitivity to key assumptions | March 31, 2019 | | March 31, 2018 | |
|-----------------------------------|----------------|-------------------|----------------|-------------------|
| | DBO | Change in DBO (%) | DBO | Change in DBO (%) |
| Gratuity: | | | | |
| Discount rate varied by 0.5% | 190 | | 152 | |
| +0.5% | (10.53) | -5.5% | (0.69) | -0.5% |
| -0.5% | 11.50 | 6.1% | 0.69 | 0.5% |
| Salary growth rate varied by 0.5% | 190 | 152 | | |
| +0.5% | 11.87 | 6.3% | 0.39 | 0.3% |
| -0.5% | (10.93) | -5.8% | (0.39) | -0.3% |

G) Profit and loss account for subsequent period

| | March 31, 2020 |
|--|----------------|
| Service cost | 33 |
| Net interest cost | 15 |
| Total included in 'Employee Benefit Expense' | 48 |

H) Maturity Profile of Defined Benefit Obligation

| | Amount |
|------------------|--------|
| Gratuity: | |
| 2020 | 80 |
| 2021 | 80 |
| 2022 | 86 |
| 2023 | 101 |
| 2024 | 120 |

33 SHARE BASED PAYMENTS

Employee Stock Option Plan of RMG Alloy Steel Limited

During the current year ended 31st March, 2019, the Company had instituted an RMG Alloy Steel Limited Employee Stock Option (Senior Management Personnel) Scheme, 2018 as approved by the shareholders dated 15th May, 2018 for grant of stock option to senior managerial personnel of the Company.

Subject to terms and condition of the scheme, options are classified into three categories.

| Particulars | Option A | Option B | Option C |
|----------------------|------------------|------------------|------------------|
| No. of Options | 6,23,700 | 6,23,700 | 5,34,600 |
| Method of accounting | Fair Value | Fair Value | Fair Value |
| Vesting plan | 1 Year | 2 Years | 3 Years |
| Grant date | 01st June 2018 | 01st June 2018 | 01st June 2018 |
| Vesting date | 01st June 2019 | 01st June 2020 | 01st June 2021 |
| Exercise/Expiry date | 01st June 2022 | 01st June 2023 | 01st June 2024 |
| Grant/Exercise price | Nil | Nil | Nil |
| Method of settlement | Equity – settled | Equity – settled | Equity – settled |

Movement of options granted (in units)

| Particulars | As at 31 March 19 |
|---------------------------------|-------------------|
| Opening balance | - |
| Granted during the year | 17,82,000 |
| Exercised during the year | - |
| Forfeited/Lapse during the year | 5,30,000 |
| Closing balance | 12,52,000 |
| Vested | - |

Expenses recognised in Profit & Loss Account during the period of Rs. 166 lacs.

The model inputs for fair value of option granted as on the grant date:

| Particulars | Option A | Option B | Option C |
|----------------------------------|---------------|---------------|---------------|
| Exercise price* | 0.001 | 0.001 | 0.001 |
| Dividend yield | 0% | 0% | 0% |
| Risk free interest rate - Annual | 7.84% | 7.84% | 8.02% |
| Expected volatility – Annual | 56.85% | 56.85% | 56.85% |
| Fair value per option | 25.50 | 25.50 | 25.50 |
| Model used | Black Scholes | Black Scholes | Black Scholes |

*RMG Alloy Steel Limited has granted Stock options at nil cost to the employees of company and thereby Exercise Price is Nil. But for computation purpose under Black Scholes Valuation, we have assumed the Exercise Price as 0.001.

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34 ADDITIONAL INFORMATION

(Rs. In Lacs)

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

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|--------------------------------------|------------------------|--------|------------------------|--------|
| | Amount | (%) | Amount | (%) |
| A) Value of Raw Material Consumed | | | | |
| -Imported | 2,858 | 9.63% | 19 | 0.13% |
| -Indigenous | 26,830 | 90.37% | 14,605 | 99.87% |
| Total | 29,688 | | 14,624 | |
| B) Value of Stores & Spares Consumed | | | | |
| -Imported | 376 | 5.96% | 130 | 5.39% |
| -Indigenous | 5,941 | 94.04% | 2,283 | 94.61% |
| Total | 6,317 | | 2,413 | |

35 Contingent liabilities and commitments

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--|-----------------------|-----------------------|
| Capital Commitments not provided for (Net of advances) | 1,569 | 588 |
| Bank Guarantees | 641 | 693 |
| Bills Discounted | 125 | 1,030 |
| Service Tax | 128 | 139 |
| Disputed Sales Tax Demands | 20 | 20 |
| Claim against the Company not acknowledged as debts | 458 | 527 |
| Dividend on Cumulative Redeemable Preference Shares (CRPS) | 3,881 | 3,353 |

36 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 separate reportable segments as per the requirement of (Ind AS - 108) on "Operating Segment". The Company has no reportable geographical segment.

Detail of customer contributing 10% or more of total revenue.

| Particulars | March, 2019 | |
|---------------------------------|------------------|--------------|
| | Total Sale Value | % of Revenue |
| Mahindra CIE Automotive Limited | 6,823 | 15.64% |

37 RELATED PARTY DISCLOSURE

| Name of related party | Relationship |
|---|--|
| Welspun Steel Limited | Enterprise having significant influence over the Company |
| WS Alloy Holding Pvt. Ltd.(merged in Welspun Steel Limited w.e.f. 21ST August 2017) | Enterprise having significant influence over the Company (w.e.f. 9th May, 2015 and up to 21ST August 2017) |
| Rank Marketing LLP | Enterprise having significant influence over the Company |
| Wide Screen Holding Pvt Ltd | Enterprise having significant influence over the Company |
| MGN Agro Properties Pvt Ltd | Enterprise having significant influence over the Company |

RMG ALLOY STEEL LIMITED

| | |
|---|--|
| Key Managerial Personnel Anuj Burakia Whole Time Director Narendra Bhandari Nilesh Javker Rashmi Mamtura | Chief Finance Officer Company Secretary (upto 06th August 2018) Company Secretary (w.e.f 06th August 2018) |
| Non Executive Director Atul Desai Ashok Jain Balkrishan Goenka Prakash Tatia Amita Karia Hanuman Kanodia Aneel Lasod Narayana Rao Myneni | Non Executive Director & Independent Director Non Executive Director & Independent Director (upto 06th Aug 2018) Chairman & Non Executive Director (w.e.f 6th August 2018) Non Executive Director (w.e.f 28th August 2018) Non Executive Director & Independent Director Non Executive Director (upto 06th Aug 2018) Non Executive Director (upto 06th Aug 2018) Non Executive Director & Independent Director (w.e.f 28th August 2018) |

Transactions with related parties

| Particulars | For the Year Ended 31st March 19 | | For the Year Ended 31st March 18 | |
|---|--|--|--|--|
| | Enterprise/ person having significant influence | Key Management Personnel and others | Enterprise/ person having significant influence | Key Management Personnel and others |
| Welspun Steel Limited | | | | |
| Purchases | 12,645 | | 4,309 | |
| Sales | 964 | | 492 | |
| Interest to Creditors | - | | 7 | |
| Loan received | 5,467 | | 23,405 | |
| Loan repaid | 377 | | 330 | |
| Interest on Loan | 196 | | 171 | |
| Loan converted into preference share | 8,459 | | 3,000 | |
| Preference share issue | 200 | | - | |
| Loan/Preference share redemption amount utilised for issuance of Equity shares | 13,476 | - | - | |
| Loan/Preference share redemption amount utilised for issuance of share warrant | 6,230 | | - | |
| Remuneration | | | | |
| Narendra Kumar Bhandari | | 6 | | 6 |
| Rashmi Mamtura | | 1 | | - |
| Nilesh Javker | | 1 | | 1 |
| Anuj Burakia | | ** | | - |
| Director Sitting Fees | | | | |
| Atul Desai | | 2 | | 1 |
| Ashok Jain | | 1 | | 1 |
| Amita Karia | | 1 | | 1 |
| Aneel Lasod | | * | | * |
| Hanuman Kanodia | | # | | # |
| Narayana Rao Myneni | | 1 | | - |

* In Current Year Paid of Rs. 30,000 and Previous year paid Rs. 40,000.

In Current Year Paid of Rs. 30,000 and Previous year paid Rs. 30,000.

** During the year the company has granted 835,000 Employee Stock Options ("ESOP") under RMG Alloy Steel Ltd Employee Stock Options (Senior Management Personnel) Scheme 2018 (refer note no.33)

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Outstanding Balance with related parties

(Rs. In Lacs)

| Welspun Steel Limited | As at 31st March 2019 | As at 31st March 2018 |
|---------------------------------|----------------------------------|----------------------------------|
| Outstanding Payable | 3,555 | 3,355 |
| Closing Balance of Loan Payable | - | 20,075 |
| Interest Payable | 367 | 171 |
| Preference share | 8,659 | 3,000 |
| Share Warrant | 6,230 | - |

38 Deferred Tax Liabilities (Net)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--|----------------------------------|----------------------------------|
| Deferred Tax Liability | | |
| Related to Fixed Assets | 1,642 | 1,663 |
| Deferred Tax Asset | | |
| Other Disallowances under Income tax Act, 1961 | 382 | 302 |
| Unabsorbed Depreciation/Business Loss (Refer note below) | 1,260 | 1,361 |
| Net Deferred Tax Liability | - | - |

Note: Deferred Tax asset on account of unabsorbed depreciation and business loss has been recognized to the extent it can be realized against reversal of deferred tax liability.

Unused tax losses and unabsorbed depreciation on which no deferred tax asset is recognized in Balance Sheet

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|---------------------------------|---------------------------------|
| Unused Tax losses | 26,494 | 27,822 |
| Unabsorbed Tax depreciation | 35,744 | 35,040 |
| Net Deferred Tax asset/ (liability) | 62,238 | 62,862 |

- (1) Unabsorbed depreciation does not have any expiry period under the Income Tax Act 1961.
- (2) The Tax benefits for the losses would expire if not utilized starting from financial year 2020-21 to 2026-27.
- (3) No deferred tax benefit is recognized in absence of reasonable certainty that taxable income will be generated by the company to offset the losses.

39 Financial Instruments

Accounting Classification and Fair Value Measurements

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks/financial institutions/others approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

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The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(Rs. In Lacs)

| Particulars | Carrying Amount As at 31st March 2019 | Fair Value | | |
|---|--|------------|---------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Financial assets at amortised cost | | | | |
| Financial assets at amortised cost | | | | |
| Trade receivables | 7,136 | - | - | - |
| Cash and cash equivalents | 3 | - | - | - |
| Bank balance other than cash and cash equivalent | 1,062 | - | - | - |
| Other financial assets | 2,068 | - | - | - |
| Financial assets At fair value through profit and loss | | | | |
| Investments | - | - | - | - |
| | 10,269 | - | - | - |
| Financial liabilities | | | | |
| Long term Borrowings | 25,814 | - | - | - |
| Short term Borrowings | 14,903 | - | - | - |
| Trade payables | 12,585 | - | - | - |
| Other financial liabilities | 7,383 | - | - | - |
| | 60,685 | - | - | - |

| Particulars | Carrying Amount As at 31st March 2018 | Fair Value | | |
|---|--|--------------|---------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Financial assets at amortised cost | | | | |
| Trade receivables | 8,002 | - | - | - |
| Cash and cash equivalents | 24,258 | - | - | - |
| Bank balance other than cash and cash equivalents | 184 | - | - | - |
| Other financial assets | 699 | - | - | - |
| Financial assets At fair value through profit and loss | | | | |
| Investments | 6,711 | 6,711 | - | - |
| | 39,854 | 6,711 | - | - |
| Financial liabilities | | | | |
| Long term Borrowings | 48,535 | - | - | - |
| Short term Borrowings | 27,779 | - | - | - |
| Trade payables | 7,470 | - | - | - |
| Other financial liabilities | 6,330 | - | - | - |
| | 90,114 | - | - | - |

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40 Financial risk management objectives and policies

(Rs. In Lacs)

The risk management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

In performing its operating, investing and financing activities, the Company is exposed to the Credit risk, Liquidity risk and Market risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables, and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial instruments and the full amount of any loan payable commitment at the end of the reporting year. Credit risk on cash balances with banks is limited because the counterparties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings.

As disclosed in Note 9, cash and cash equivalents balances generally represent short term deposits with a less than 90-day maturity.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 90-360 days. But some customers take a longer period to settle the amounts.

Exposure to credit risk

Financial asset for which loss allowance is measured using expected credit loss model

| Particulars | As at 31 March 19 | As at 31 March 18 |
|--------------------------------|----------------------|----------------------|
| Financial assets | | |
| Cash and cash equivalent | 3 | 24,258 |
| Bank balances other than above | 1,062 | 184 |
| Trade receivables | 7,136 | 8,002 |
| Other financial assets | 2,068 | 699 |
| At end of the year | 10,269 | 33,143 |

Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

| Particulars | As at 31 March 19 | As at 31 March 18 |
|---------------------------|-------------------|-------------------|
| Trade receivables: | | |
| Less than 90 days | 6,723 | 7,614 |
| 90 to 180 days | 147 | 131 |
| Over 180 days | 266 | 257 |
| | 7,136 | 8,002 |

In the opinion of management, trade receivable, financial assets, Cash and cash equivalent, Balance with Bank, Loans and other financial assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet.

The Company has recognized Rs 135 Lacs towards any loss allowance as the Company expect that there is no credit loss on trade receivables.

41 Foreign currency risk

The Company has Sales and Purchase in foreign currency. Consequently, the Company is exposed to foreign exchange risk. The company evaluates exchange rate exposure arising from foreign currency transactions and the company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Foreign currency exposures specifically covered by forward exchange contracts as at year end are as follows:

Derivatives contracts outstanding (Foreign currency In Lacs)

| Currency | As at 31 March 2019 | | As at 31 March 2018 | |
|------------------------------|---------------------|----|---------------------|---|
| Forward contracts to buy USD | USD | 65 | - | - |

Derivative financial instruments such as foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

Foreign currency exposures not specifically covered by forward exchange contracts as at year end are as follows:

| Currency | As at 31 March 2019 | | As at 31 March 2018 | |
|----------|---------------------|-------|---------------------|-----|
| | Foreign currency | INR | Foreign currency | INR |
| USD | (3) | (177) | * | 1 |
| EURO | (1) | (41) | # | 17 |

* USD 1233

Euro 21511

Foreign currency sensitivity

1 % increase or decrease in foreign exchange rates will have the following impact on profit before tax

| Currency | As at 31 March 2019 | | As at 31 March 2018 | |
|----------|---------------------|--------------|---------------------|--------------|
| | 1 % increase | 1 % decrease | 1 % increase | 1 % decrease |
| USD | 2 | (2) | (**) | ** |
| EURO | * | (*) | (#) | # |

*Rs. 40,690

** Rs. 804

Rs. 17,382

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Company has interest rate risk exposure mainly from changes in rate of interest on borrowing & on deposit with bank. The interest rate is disclosed in the respective notes to the financial statements of the Company. The following table analyse the breakdown of the financial assets and liabilities by type of interest rate:

| Particulars | As at 31 March 19 | As at 31 March 18 |
|--|-------------------|-------------------|
| Financial assets | | |
| Interest bearing - Fixed interest rate | | |
| - Non current investment | - | - |
| - Non current fixed deposit | - | - |
| - Current fixed deposit | 1,052 | 9,999 |

| Particulars | As at 31 March 19 | As at 31 March 18 |
|-------------------------------------|-------------------|-------------------|
| Financial Liabilities | | |
| Interest bearing | | |
| Borrowings - Floating interest rate | | |
| Working capital loan in rupee | 1,229 | 4,892 |
| Borrowings - Fixed interest rate | | |
| -Loan | 146 | 3,610 |
| -Inter Company Loan | - | 20,075 |

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Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the excluding the credit exposure for which interest rate swap has been taken and hence the interest rate is fixed. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

| Particulars | As at 31 March 19 | As at 31 March 18 |
|-----------------------------|----------------------|----------------------|
| Increase in 50 bps points | | |
| Effect on profit before tax | (6) | (24) |
| Decrease in 50 bps points | | |
| Effect on profit before tax | 6 | 24 |

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including debt and overdraft from banks at an optimised cost.

The Company maximum exposure to credit risk for the components of the balance sheet at 31 March 2019 and 31 March 2018 is the carrying amounts. The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 90 days. The other payables are with short-term durations. The carrying amounts are assumed to be a reasonable approximation of fair value.

The following table analysis financial liabilities by remaining contractual maturities:

(Rs. In Lacs)

| Particulars | On demand (Rs.) | Less than 3 months (Rs.) | 3 to 12 months (Rs.) | 1 to 5 years (Rs.) | > 5 years (Rs.) | Total (Rs.) |
|---------------------------------|-----------------------|--------------------------------|----------------------------|--------------------------|-----------------------|----------------|
| Year ended 31 March 2019 | | | | | | |
| Borrowings | 1,229 | | | | - | 1,229 |
| Other financial liabilities | 7,046 | 66 | 14 | 1 | 256 | 7,383 |
| Trade and other payables | - | 4,744 | 4,472 | 3,194 | 175 | 12,585 |
| | 8,275 | 4,810 | 4,486 | 3,195 | 431 | 21,197 |
| Year ended 31 March 2018 | | | | | | |
| Borrowings | 4,892 | | - | - | - | 4,892 |
| Other financial liabilities | 6,060 | 270 | | | 6,330 | |
| Trade and other payables | - | 6,040 | 844 | 96 | 491 | 7,470 |
| | 10,952 | 6,310 | 844 | 96 | 491 | 18,692 |

At present, the Company does expect to repay all liabilities at their contractual maturity. In order to meet such cash commitments, the operating activity is expected to generate sufficient cash inflows.

42 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, Securities premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital

using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep optimum gearing ratio. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

| Particulars | As at 31 March 19 | As at 31 March 18 |
|------------------------------------|----------------------|----------------------|
| Borrowings | 40,717 | 76,314 |
| Trade payables | 12,585 | 7,470 |
| Other financial liabilities | 7,383 | 6,330 |
| Less: cash and cash equivalents | 3 | (24,258) |
| Net debt (a) | 60,682 | 65,856 |
| Total equity | | |
| Total member's capital | (21,227) | (32,582) |
| Capital and net debt (b) | 39,455 | 33,274 |
| Gearing ratio (%) (a/b)*100 | 153.80 | 197.92 |

43 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 report of even date attached

For Pathak H D & Associates

Chartered Accountants

Firm Registration No.: 107783W

Vishal D. Shah

Partner

Membership No.119303

Place: Mumbai

Date: 15th May, 2019

For and on behalf of the Board of Directors

Anuj Burakia

Whole time Director

DIN: 02840211

Prakash Tatia

Director

DIN: 06559106

Narendra Kumar Bhandari

Chief Finance Officer

Rashmi Mamtura

Company Secretary

FCS: 8658

