

RMG ALLOY STEEL LIMITED

**34TH ANNUAL REPORT
2015 - 2016**

RMG ALLOY STEEL LIMITED

CIN:L27100GJ1993PLC020358

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Atul Desai	-	Chairman
	Mr. Anuj Burakia	-	Whole Time Director
	Mr. Ashok Jain		
	Mr. Hanuman Kanodia		
	Mr. V S Iyer		
	Ms. Amita Karia		

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

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

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

FACTORY AND REGISTERED OFFICE Plot No. 1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat -393 110

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

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

R&T AGENT Bigshare Services Pvt. Ltd.,
Unit: RMG Alloy Steel Limited
E-2/3, Ansa Industrial Estate, Saki Vihar Road,
Saki Naka, Andheri (E), Mumbai- 400 072.
Email: investor@bigshareonline.com
Tel: 91-22-40430200
Fax: 91-22-2847 5207

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RMG ALLOY STEEL LIMITED

NOTICE

To,
The Members

NOTICE is hereby given that the 34th Annual General Meeting of **RMG Alloy Steel Limited** will be held at its Registered Office, Plot No.1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, in the state of Gujarat on Tuesday, 27th September, 2016, at 12.30 pm to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statement for the financial year ended on 31st March, 2016 and the report of the Board of Directors and Auditor thereon.
2. To appoint a Director in place of Mr. Anuj Burakia (DIN: 02840211) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** subject to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration No.101720W), as the Statutory Auditors of the Company to hold office from the conclusion of 34th Annual General Meeting until the conclusion of the 35th Annual General Meeting to be held for the financial year 2016-17 on such remuneration as may be determined by the Board of Directors.”

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Kiran J. Mehta & Co. the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017, at a remuneration of Rs.35,000/- be and is hereby ratified.”

By Order of the Board
sd/-
Nilesh Javker
Company Secretary
ACS-24087

Place: Mumbai
Date: 25.05.2016

NOTES:

1. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting.
A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. Proxy shall not have the right to speak and shall not be entitled to vote except on a poll.
4. The proxy-holder shall prove his identity at the time of attending the meeting.
5. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.

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6. A proxy form which does not state the name of the proxy shall not be considered valid. Undated proxy shall not be considered valid and if the Company receives multiple proxies for the same holdings of a member, the proxy which is dated last shall be considered valid. If they are not dated or bear the same date without specific mention of time, all such multiple proxies shall be treated as invalid.
7. When a Member appoints a proxy and both the member and proxy attend the meeting, the proxy stands automatically revoked.
8. A statement pursuant to Section 102 (1) of the Companies Act, 2013 (the Act), relating to the Special Business to be transacted at the meeting is annexed hereto.
9. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
10. In case of joint holders attending the meeting, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
11. The Register of members of the Company will remain closed from Friday, 23rd September, 2016 to Monday, 26th September, 2016 (both days inclusive).
12. All correspondence pertaining to Equity Shares should be forwarded to the Company's Registrar and Transfer Agent M/s. Bigshare Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai – 400 072, Contact person: Mr. K. S. L. Upadhya (General Manager) / Ms. Ujata Pokharkar (Client Executive) Tel: 91-22-40430200, Fax: 91-22-28475207, Email: investor@bigshareonline.com, and are also requested to immediately inform their change of address, change of e-mail address or consolidation of folios, if any, to the Company's said Registrar and Transfer Agent.
13. Members holding shares in dematerialized form are requested to intimate immediately any change pertaining to their bank details, Electronic Clearing Service (ECS) mandates, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Transfer Agent, M/s. Bigshare Services Pvt. Ltd to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to M/s. Bigshare Services Pvt. Ltd, Registrar and Transfer Agent.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participants and members holding shares in physical form can submit their PAN details to the Company.
15. The Company will send full Annual Reports in electronic mode to its members who have registered their e-mail addresses for the purpose. Those shareholders who have not got their email address registered or wish to update a fresh email address may do so by submitting the attached E-mail Registration-Cum Consent Form to the Company or the Registrar and Transfer Agent of the Company consenting to send the Annual Report and other documents in electronic form at the said e-mail address.
16. The shareholders who wish to nominate, any person to whom his securities shall vest in the event of his death, may do so by submitting the attached Nomination Form to the Company or the Registrar and Transfer Agent of the Company. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of securities who has made the nomination, by giving a notice of such cancellation or variation.
17. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to M/s. Bigshare Services Pvt. Ltd, Registrar and Transfer Agent, for consolidation into a single folio.
18. The Notice for the Annual General Meeting and the Annual Report will be available for inspection at the Registered Office of the Company on all working days between 10:00 a.m. to 12:00 noon upto the date of Annual General Meeting. The Notice will also be available on the Company's website at: www.rmgalloysteel.com.
19. The businesses mentioned in this Notice may be transacted through electronic voting system, the process and manner and such other details are as under:
 - a. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 34th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL). The e-voting facility is available at the link <https://www.evoting.nsdl.com>

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

These details and instructions forms integral part of the Notice for the 34th Annual General Meeting to be held on Tuesday, September 27, 2016.

INSTRUCTIONS FOR E-VOTING

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

- I. In case a Member receives an e-mail from NSDL (for members whose e-mail addresses are registered with the Company/Depositories):
 - a. Open the e-mail and also open PDF file namely “remote e-voting.pdf” with your Client ID or Folio No.as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - b. Open the internet browser and type the following URL: <https://www.evoting.nsd.com>.
 - c. Click on Shareholder – Login.
 - d. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - e. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - f. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
 - g. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
 - h. Select “EVEN” (E-Voting Event Number) of RMG Alloy Steel Limited, you can login any number of times on e-voting platform of NSDL till you have voted on the resolution during the voting period.
 - i. Now you are ready for e-voting as Cast Vote page opens.
 - j. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted. Upon confirmation, the message “Vote cast successfully” will be displayed. Kindly note that vote once cast cannot be modified.
 - k. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to almakhija_cs@yahoo.co.in, with a copy marked to evoting@nsdl.co.in.
- II. In case a Member receives physical copy of the Notice of AGM (for members whose email addresses are not registered with the Company/Depositories):
 - a. Initial password is provided as below/at the bottom of the Attendance Slip for the General Meeting:

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
 - b. Please follow all steps from Sr. No. (b) to Sr. No. (k) above, to cast vote.
- III. In case of any queries you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the “downloads” section of <https://www.evoting.nsd.com> or contact NSDL by email at evoting@nsdl.co.in or send e-mail to the Company at allcompanysecretaryofrmgl@welspun.com or Registrar & Transfer Agent or call on toll free no.: 1800-222-990.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

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- V. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- VI. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 20, 2016.
- VII. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 20, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or to Issuer/RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- VIII. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- IX. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- X. Mr. A. L. Makhija, Practicing Company Secretary (Membership No. 5087) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- XI. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XII. The Scrutinizer shall, after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XIII. The results declared along with the Report of the Scrutinizer shall be placed on the Company's website www.rmgalloysteel.com and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Bombay Stock Exchange Limited, Mumbai.
- XIV. The remote e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
From 9.00 a.m. September 24, 2016	Upto 5.00 p.m. September 26, 2016

During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 20, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter.

By Order of the Board

sd/-

Nilesh Javker

Company Secretary

ACS-24087

Place: Mumbai
Date: 25.05.2016

Registered Office of the Company:

Plot No.1, G.I.D.C. Industrial Estate, Valia Road,
Jhagadia, Dist. Bharuch, Gujarat - 393 001
Corporate Identity Number: L27100GJ1993PLC020358
E-mail: allcompanysecretaryofrmgl@welspun.com
Website: www.rmgalloysteel.com

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

ITEM NO. 4

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. Kiran J. Mehta & Co., Cost Auditors to conduct the audit of cost records of the Company for the Financial Year ending March 31, 2017 at a remuneration of Rs.35,000/-p.a.

Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to M/s. Kiran J. Mehta & Co , Cost Auditors for the Financial Year ending March 31, 2017.

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

By Order of the Board

sd/-

Nilesh Javker

Company Secretary

ACS-24087

Place: Mumbai

Date: 25.05.2016

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DIRECTOR'S REPORT

To,
The Members,
RMG Alloy Steel Limited,

Your Directors are pleased to present the Thirty-Fourth Annual Report together with Audited Financial Statements of the Company for the year ended 31st March, 2016.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2015-16	2014-15
Sales and other income	27,022	34,533
Profit/(Loss) before Interest, Depreciation and exceptional items	(1,085)	(244)
Interest and Financial charges	4,580	4,988
Depreciation and Amortization	663	1,177
Profit/ (Loss) before exceptional items and tax	(6,329)	(5,921)
Exceptional items	321	2,259
Profit/(Loss) before tax	(6,007)	(3,662)

OPERATIONS

Performance of Alloy Steel and Seamless Tubes of the Company was as under:

Particulars	2015-16			2014-15		
	Production (Tones)	Sales (Qty M.T.)	Gross Sales (Rs.in Lacs)	Production (Tones)	Sales (Qty M.T.)	Gross Sales (Rs.in Lac)
Steel	50,664	51,131	29,955	58,183	59,147	36,980
Seamless pipes	-	-	-	11	11	1,077

The Company did lose on production quantities due to breakdowns in Walking Hearth Furnace (WHF) of Rolling Mill. Age-related capital maintenance of WHF has been scheduled in September-16.

The domestic steel market witnessed very poor demand for all steel products resulting in mismatch in demand and supply. This resulted in a slump in prices of finished products and glut in the market. The lower prices affected per unit realization, bringing down per MT revenue from Rs. 62,522/- in FY2014-15 to Rs. 58,585/- in FY2015-16 and the total revenue by 21.75%, whereas the total expenses were lower by 17.56% after factoring fixed cost (not directly proportionate to production levels) as against reduced production of 13.55%. The price of raw material was reduced by lesser amount as compared to fall in price of finished products.

The prices of steel imported from China, Ukraine and other countries were far lower than the domestic costs, and steel mills were forced to drop the prices in order to compete with the imported steel. The Government initiative of imposing Minimum Import Price (MIP) on import of many steel items is the testimony of what went wrong with the domestic markets. Recently, Anti-dumping duty has been imposed by Government on many items which has been welcomed by the steel industry. These measures will surely be able to bring about buoyancy in the demand due to curbing of imports. Fall in quantities of import in recent months is already seen.

The Union Budget emphasis on large investments in Defense, Power, Infrastructure, Railways is likely to lend a fillip to the alloy steel industry.

The Auto Industry is quite bullish and a good growth is expected to continue during the next fiscal.

Foreign car manufacturers in India are ramping up capacity utilization not only to cater to the growing domestic demand but also for catering to their overseas territories.

The Company has already been able to book some high value add engineering steel orders which on successful deliveries will open up another high margin avenue comprising of applications like tools and dies etc.

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DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) 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 2016 and of the profit and loss of the Company for that period;
- c) 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:

During the year Mr. Abhishek Mandawewala resigned with effect from August 6, 2015 while Mr. Anuj Burakia was appointed as an Additional Director with effect from May 28, 2015 and thereafter appointed as a Whole Time Director w.e.f. July 29, 2015 in the 33rd Annual General Meeting held on September 30, 2015 subject to approval of Central Government for the remuneration payable to him.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Anuj Burakia, Director of the Company retire by rotation at the 34th Annual General Meeting and being eligible, has offered himself for re-appointment. Board has recommended his re-appointment.

Five (5) meetings of Board of Directors were held during the financial year 2015-16, the details of which are given in the Corporate Governance Report.

b. Key Managerial Personnel:

Mr. Sanjay Kukreja, erstwhile Chief Financial Officer of the Company ("CFO") resigned w.e.f. 31.07.2015. Mr. Narendra Kumar Bhandari was appointed to occupy the position of CFO w.e.f. February 12, 2016.

Appointment of Mr. Nilesh Javker as the Company Secretary of the Company was approved on March 31, 2015 by the Board; however, Mr. Javker joined only with effect from May 27, 2015.

c. Declaration by Independent Directors:

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

d. Annual Board Evaluation:

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

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

- (i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year: **the ratio of remuneration of Whole Time Director to the median remuneration was 5.37 times.**
- (ii) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year: **there was no increase in remuneration of Directors, CEO, CFO or CS.**

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- (iii) the percentage increase in the median remuneration of employees in the financial year: **12.27%**.
- (iv) the number of permanent employees on the rolls of company: **464**.
- (v) the explanation on the relationship between average increase in remuneration and company performance: **the increment could not be related to the performance of the company because of the peculiar financial performance / state of affairs of the Company.**
- (vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company: **the increment could not be related to the performance of the company because of the peculiar financial performance / state of affairs of the Company.**
- (vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year:

	31/03/2015	31/03/2016	Variation
Market Capitalisation (Rs. in crores)	29.49	35.46	5.96
P/E Ratio	(0.70)	(0.54)	0.16
Market Price per share	2.72	3.27	0.55
EPS	(3.90)	(6.11)	(2.21)

- (viii) 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: **10.17% increase in aggregate remuneration of employees (including new employees) excluding KMP, there was no increase in managerial remuneration.**
- (ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company: **Remuneration could not be related to performance of the Company due to the peculiar financial performance / state of affairs of the Company.**
- (x) the key parameters for any variable component of remuneration availed by the directors: **There is no variable component in the remuneration availed by Directors.**
- (xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

Sr. N.	Name of Employee	Ratio as compared with highest earning Director (no. of times)
1.	Rajendra Avhale	1.10
2.	Sahil Arora	1.15
3.	Vinod Makhecha	1.25
4.	Taral N Parekh	1.29
5.	Shivdas Nair	1.31
6.	Vijay Mangalur	1.34
7.	P B Shetty	1.40
8.	Navneet Kumar*	1.40
9.	Surya Narayan Palo	1.43
10.	Sachin S Madhikar	1.44
11.	Tarun Garg	1.49
12.	Manoj Chaturvedi	1.65
13.	Pankaj Jaiswal	1.70
14.	Manas R.Das	2.20

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15.	Anil Singh Rana	2.50
16.	Prakash Bhalchandra Kulkarni*	3.00
17.	Milind Sangamnerkar*	3.15
18.	Prasanna Kumar H C*	3.80
19.	Brij Kishore Sharma	3.90
20.	Sunil Vyas	5.70
21.	Rajendra Sharda*	6.00
22.	Sudhir Mallya	7.50

* Such employees were employed for a part of the year only, however, above calculation was made based on their annual remuneration.

(xii) We affirm that the remuneration is as per the remuneration policy of the company.

None of the Directors receive any commission.

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

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

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

AUDIT COMMITTEE

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

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

None of the Audit Committee's recommendations were rejected.

DEPOSITS

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

EXTRACT OF ANNUAL RETURN

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

DETAILS OF RELATED PARTY TRANSACTIONS

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

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

AUDITORS AND THEIR REPORTS

● Statutory Auditors:

Your Company's Auditors, M/s. Chaturvedi & Shah, Chartered Accountants were re-appointed for the period of three years till the conclusion of 35th Annual General Meeting subject to ratification by the members of your Company at every Annual General Meeting, have given their consent to continue to act as the Statutory Auditors of your Company for the remaining tenure. Members are requested to ratify their appointment from the conclusion of 34th Annual General Meeting to the conclusion of 35th Annual General Meeting by passing an ordinary resolution under Section 139 of the Companies Act, 2013.

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

- i. As regards note (i)(a) of "Annexure A to Independent Auditors' Report", the Company is relooking its Fixed Assets Register to find the missing information and the same will be updated in due course of time.
- ii. As regards note (xiv) of "Annexure A to Independent Auditors' Report", regarding non-deposit of share application money into a separate bank account as required under Section 42 of the Companies Act, 2013, your directors express that due to oversight the amount received towards share application money remained deposited in the cash credit bank account.

● **Cost Auditors:**

As per Section 148 and other applicable provisions, if any, of the Act read with Companies (Audit and Auditors) Rules, 2014, the Board of Directors of your Company has appointed M/s. Kiran J. Mehta, Cost Accountants as the Cost Auditors of your Company for FY 2016-17 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 Mr. A.L. Makhija, Practicing Company Secretary, as the Secretarial Auditor of your Company for the FY 2016-17. The Secretarial Audit Report is annexed herewith as **Annexure - III** to this Report.

As regards observations of the Secretarial Audit Report, we state that-

- i. Note (A), (B) and (C) are self-explanatory and therefore do not call for any comments;
- ii. In respect of note (D) regarding non-deposit of share application money into a separate bank account as required under Section 42 of the Companies Act, 2013, please refer the explanation/comment given above for note (xiv) of "Annexure A to Independent Auditors' Report".

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186.

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

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

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

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

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

A. Conservation of Energy

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

- > In ingot soaking pit, hot charging practice adopted and heating cycles was optimized.
Impact : Natural Gas (fuel) consumption was reduced from 120 m3 / ton to 100 m3 / ton.
- > In Walking Hearth Furnace, modification was done for change of stroke length for input sizes of 150 mm & 198 mm.
Impact : For 50 to 60 Round Campaign, natural gas consumption was reduced from 90 m3 / ton to 75 m3 / ton.
- > Installation of Energy Management System for maximum utilization of power made available to the company
Impact: improvement in power utilization.

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- > Produce Gas Plant converted from cold gas to hot gas for enabling direct hot gas feeding into Walking Hearth Furnace at more than 200°C

Impact: conservation of coal used for heating the cold gas.

(ii) Planned Capexes on following areas :

- > Installation of Variable Speed Drive for dust & fume extraction system.
- > Installation of Horizontal Pumps in place of Vertical Hydraulic (water) Pumps.
- > Installation of additional Capacitor Banks for improving power factor from 0.994 to 0.997.

B. Technology Absorption

- > Quenching and tempering process was enabled by making modification to 4-TPH Furnace to get additional price benefits.

C. Foreign exchange earnings and outgo

Foreign exchange earned in terms of actual inflows during the year:

FOB Value of exports Rs.106 Lacs (Rs.87 Lacs)

Foreign exchange outgo during the year in terms of actual outflows:

Imports on CIF Basis/expenditure in foreign currency Rs.676 lacs (Rs.2529 Lacs)

CORPORATE GOVERNANCE

A separate report on Corporate Governance is annexed hereto as a part of this Report. Management Discussion and Analysis Statement is separately given in the Annual Report. A certificate from the Secretarial Auditors of the Company regarding compliance of conditions of Corporate Governance as prescribed under the SEBI (LODR) Regulations, 2015 is attached to this report as **Annexure IV**.

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.

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

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

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.

PARTICULARS OF EMPLOYEES

Details of every employee of the Company as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed to this Report as **Annexure V**.

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INTERNAL CONTROLS

Your Company has adequate internal control system, which is commensurate with the size, scale and complexity of its operations. Your Company has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation of Section 134(5)(e) of the Act, SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and other relevant statutes applicable to your Company. The Internal Auditors continuously monitor the efficiency of the internal controls / compliance with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organisation's risk management, control and governance processes. For the year ended March 31, 2016, the Board is of the opinion that your Company has sound IFC commensurate with the nature of its business operations; wherein adequate controls are in place and operating effectively and no material weakness exists. Your Company has a process in place to continuously monitor existing controls and identify gaps and implement new and / or improved controls wherever the effect of such gaps would have a material effect on your Company's operation.

ACKNOWLEDGEMENT

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

sd/-

Anuj Burakia

Whole Time Director

DIN: 02840211

sd/-

Ashok Jain

Director

DIN: 00007189

Place: Mumbai

Date: 25.05.2016

Annexure I

Form No. MGT – 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2016

[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 :- L27100GJ1993PLC020358
- ii. Registration Date : October 6, 1993
- 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 - 393 110;
Contact Tel: +91 22 6613 6000 ; Fax:+91 22 2490 8020 Email: allcompanysecretaryofrmgl@welspun.com
- vi. Whether listed company: Yes. The Bombay Stock Exchange Limited
- vii. Name, address and contact details of Registrar and Transfer Agent.

M/s. Bigshare Services Private Limited

Unit : RMG Alloy Steel Limited
E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai - 400072
Email - investor@bigshareonline.com
Tele. No.: +91-022-40430200
Fax No. : +91-22-28475207

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Name And Address Of The Company	CIN / GLN	Holding / Subsidiary / Associate	% Of Shares Held	Applicable Section
WS Alloy Holding Limited	U27100GJ2014PTC080182	Associate	39.88	2(6)

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

i. Category-wise shareholding

(NSDL-CDSL-Physical)

CATEGORYWISE SUMMARY

As on Date : 31/03/2016

CATEGORY	Total Shareholders	% Of Shareholders	Total Shares	%
CLEARING MEMBER	20	0.0221	72644	0.0670
CORPORATE BODIES	376	0.4150	1801071	1.6610
FOREIGN INST. INVESTOR	5	0.0055	23761	0.0219
GROUP COMPANIES	11	0.0121	94616875	87.2561
MUTUAL FUND	10	0.0110	15860	0.0146
NATIONALISED BANKS	4	0.0044	130	0.0001
NON NATIONALISED BANKS	1	0.0011	10	0.0000
NON RESIDENT INDIANS	50	0.0552	14781	0.0136
PROMOTERS	8	0.0088	1984	0.0018
PUBLIC	90119	99.4625	10887804	10.0408
TRUSTS	1	0.0011	1000000	0.9222
UNIT TRUST OF INDIA	1	0.0011	920	0.0008
TOTAL	90606		108435840	100.0000

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ii. Shareholding of Promoters

Sr. No	Shareholder's name	Shareholding as on 01.04.2015			Shareholding as on 31.03.2016			% 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.	2,460,520	2.27	0.00	2,460,520	2.27	0.00	0.00
2	Bajrang Finance Ltd	10	0.00	0.00	10	0.00	0.00	0.00
3	Remi Securities Limited	2,313,600	2.13	0.00	2,313,600	2.13	0.00	0.00
4	K K Fincorp Limited (Formerly known as Kuber Kamal Industrial Investments Ltd)	2,313,617	2.13	0.00	2,313,617	2.13	0.00	0.00
5	Calplus Trading Pvt Ltd	6,114,390	5.64	0.00	6,114,390	5.64	0.00	0.00
6	Magnificent Trading Pvt Ltd	7,012,334	6.47	0.00	7,012,334	6.47	0.00	0.00
7	Remi Finance and Investment Pvt. Ltd.	2,460,000	2.27	0.00	2,460,000	2.27	0.00	0.00
8	Vishwakarma Jobworks Limited	2,556,545	2.36	0.00	2,556,545	2.36	0.00	0.00
9	Vayudoot Trading Limited	1,995,492	1.84	0.00	1,995,492	1.84	0.00	0.00
		27,226,508	25.11	0.00	27,226,508	25.11	0.00	0.00
C	Co-promoter							
1	Widescreen Holdings Pvt. Ltd.	24,143,333	22.27	0.00	24,143,333	22.27	0.00	0.00
D	Strategic Investor							
1	Welspun Steel Ltd	43,247,034	39.88	0.00	-	-	-	-
2	WS Alloy Holding Pvt Ltd	-	-	-	43,247,034	39.88	0.00	0.00
	Grand total	94,618,859	87.26	0.00	94,618,859	87.26	0.00	0.00

iii. Change in Promoter's shareholding (please specify, if there is no change) – No change in promoters/Co-promoter/ strategic investor shareholding during the year.

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

Sr. no.	Name of the shareholders	Shareholding at the beginning of the year		Change in shareholding (No of shares)	Shareholding at the end of the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1	STRESSED ASSETS STABILIZATION FUND	1,000,000	0.92	0	1,000,000	0.92
2	PINKY VENTURES PRIVATE LIMITED	990,918	0.91	0	990,918	0.91
3	SHAKUNTALA GUPTA	314,999	0.29	198,706	513,705	0.47
4	SHAUNAK JAGDISH SHAH	470,741	0.43	0	470,741	0.43
5	ASHKARAN JAIN	399,000	0.37	21,000	420,000	0.39
6	KALI RAM GUPTA	370,448	0.34	10,450	380,898	0.35
7	JAGDISH AMRITLAL SHAH	244,388	0.23	0	244,388	0.23
8	IT ENABLE INDIA LIMITED	143,200	0.13	0	143,200	0.13
9	MUKESH SHARMA	137,300	0.13	0	137,300	0.13
10	RABINDRA KUMAR JENA	125,000	0.12	0	125,000	0.12

Note: Top ten shareholders of the company as on March 31, 2016 has been considered for the above disclosure

RMG ALLOY STEEL LIMITED

v. 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	-	-	-	-	-
4	Mr. V S Iyer	10	0.00	-	10	0.00
5	Mr. Hanuman Kanodia	500	0.00	-	500	0.00
6	Ms. Amita Karia	-	-	-	-	-
7	Mr. Abhishek Mandawewala (upto 06.08.2015)	-	-	-	-	-
	KMP					
1	Mr. Sanjay Kukreja (upto 31.07.2015)	-	-	-	-	-
2	Mr. Narendra Kumar Bhandari (w.e.f. 01.02.2016)	-	-	-	-	-
3	Mr. Nilesh Javker (w.e.f. 27.05.2015)	-	-	-	-	-

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	18,078	1,900	-	19,978
ii. Interest due but not paid	364	-	-	364
iii. Interest accrued but not due	-	43	-	43
Total (i + ii + iii)	18,441	1,943	-	20,384
Change in indebtedness during the financial year.				
* Addition	11,998	-	-	11,998
* Reduction	472	1,900	-	2,372
* Change in Interest due but not paid	(96)	(36)	-	(131)
Net change	11,431	(1,936)	-	9,495
Indebtedness at the end of the financial year				
i. Principal Amount	29,604	-	-	29,604
ii. Interest due but not paid	268	-	-	268
iii. Interest accrued but not due	-	7	-	7
Total (i+ii+iii)	29,872	7	-	29,880

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL.

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

Sr. No.	Particulars of Remuneration	Anuj Burakia (WTD) (p.a.)	Total Amount
1	Gross Salary		
a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	10,00,000	10,00,000
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	NIL	NIL
3.	Sweat Equity	NIL	NIL
4	Commission	NIL	NIL
	- As % of profit		
	- Others		
5	Others	NIL	NIL
	Total (A)	10,00,000	10,00,000
	Ceiling as per the Act.	*84,00,000	

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

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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	
1	Independent Directors				
	Fee for attending Board & Committee meetings	1,02,000	1,85,000	1,75,000	4,62,000
	Commission	-	-	-	-
	Others	-	-	-	-
	Total (1)	1,02,000	1,85,000	1,75,000	4,62,000
Sr. No.	Particulars of Remuneration	Name of Directors		Total amount	
		VS Iyer	Hanuman Kanodia		
2	Other Non-Executive Directors				
	Fee for attending Board & Committee meetings	60,000	50,000	-	1,10,000
	Commission	-	-	-	-
	Others	-	-	-	-
	Total (2)	60,000	50,000	-	1,10,000
	Total (B) = (1 + 2)			-	5,72,000
	Total Managerial Remuneration				15,72,000
	Overall Ceiling as per the Act.	<i>The above amount is paid to directors towards fees for attending meetings of the Board or Committee. Pursuant to the Act, the amount of such fees should not exceed Rs. one lakh rupees per meeting of the Board or Committee thereof.</i>			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Annexure II

Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis - NA
2. Details of material contracts or arrangement or transactions at arm's length basis:
 - a. Name(s) of the related party and nature of relationship – Welspun Steel Limited (Enterprise under common control with the Company)
 - b. Nature of contracts/arrangements/transactions – Purchase of DRI/ sponge iron, sale of stores materials, Scrap
 - c. Duration of the contracts / arrangements/transactions – 01.04.2015-31.03.2016
 - 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.4,596 lacs during the period from 01.04.2015 - 31.03.2016 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 10, 2015 approved the said transactions;
 - f. Amount paid as advances: Nil

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Annexure III

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31-03-2016

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

To,
The Members,
RMG ALLOY STEEL LIMITED.

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

Based on my verification of RMG Alloy Steel Ltd's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the Audit period covering the Financial year ended on 31st March, 2016 complied with the Statutory Provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by RMG Alloy Steel Ltd, ("the Company") for the financial year ended on 31st March, 2016 according to the Provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-**
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange;

RMG ALLOY STEEL LIMITED

(iii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- A) The appointment of Compliance officer was approved on March 31, 2015 but he joined office on May 27, 2015.
- B) There was delay in filing Application to Central Government for approval of Remuneration of Whole Time Director on account of pending No Objection Certificate from Lender Banks.
- C) The time limit given by BIFR for reducing stake of non- public shareholders to 75% expired on February 6, 2016.

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

- D) The Company has made preferential allotment of Cumulative Redeemable Preference Shares during the year in accordance with requirement of section 42 of the Companies Act, 2013 (the Act). Except Subsection 6 of Section 42 of the Act, which required money received on application Rs.2800 lacs to be kept in a separate bank account in a scheduled bank. The said amount was deposited in the Cash Credit Bank Account of the Company and the amount raised have been used for the purpose for which the fund was raised.

I further report that:

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

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

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

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

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

- i. Public/Right Issue of shares / debentures/sweat equity, etc. during the year under review. The Company has made a Preferential issue of 80,00,000 Preference Shares of Rs.10/- each at a premium of Rs.25/- each, aggregating to Rs. 2800 lacs and has complied with the relevant provisions under the Act.
- ii. Redemption / buy-back of securities during the year under review.
- iii. Major decisions taken by the Company as per powers given to them by members in pursuance to section 180 of the Companies Act, 2013 are within the limits laid down and are complied as per Rules and Regulations laid down under the Companies Act, 2013
- iv. No merger / amalgamation / reconstruction, etc. have been undertaken during the year under review and
- v. There have been no foreign technical collaborations during the year under review.

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

sd/-

A.L.MAKHIJA
Proprietor.

ACS No.: 5087

C P No. : 3410

Place: Mumbai

Date: May 25, 2016.

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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, 2016 are given below:

Sr. No.	Name of Director	Category	No. of Shares Held	Attendance Particulars		No. of other Directorship (as last declared to the Company)			Member / Chairman in No. of Board/ Committees including other Companies (as last declared to the Company)@
				Last Annual General Meeting	Board Meeting	Pub.	Pvt.	Other Body Corporate	
1	Mr. Atul Desai	I,C	NIL	Yes	5/5	9	1	0	5C, 9M
2	Mr. Anuj Burakia	E	NIL	No	4/5	9	0	0	-
3	Mr. Ashok Jain	I	NIL	No	5/5	5	1	0	2M
4	Mr. Hanuman Kanodia	NP	100	No	4/5	2	1	0	-
5	Mr. V.S.Iyer	NP	11	No	5/5	2	0	0	2M
6	Ms. Amita Karia	I,W	NIL	No	4/5	3	0	1	1M

@ Chairmanship/membership of the Audit Committee and the Share Transfer, Investor's 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 2015-16, the Board of Directors met five times on the following dates: - 28.05.2015, 08.07.2015, 13.08.2015 (adjourned and held on 28.08.2015), 30.10.2015 and 12.02.2016.

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

c. A copy of familiarization policy of the company for independent directors is available on the website of the company www.rmgalloysteel.com.

3. AUDIT COMMITTEE

Terms of reference:

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

Composition:

The Audit Committee consists of the following 3 Non-Executive Directors as on 31.03.2016.

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

RMG ALLOY STEEL LIMITED

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

Meetings and attendance during the year:

Four meetings of Audit Committee of the Board of Directors were held viz., 28.05.2015, 13.8.2015 (adjourned and held on 28.08.2015), 30.10.2015 and 12.02.2016. The details of Attendance of Members of Audit Committee are as follows:

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/2015 to 31/03/2016)
1	Mr. Atul Desai	Chairman	4/4
2	Mr. Ashok Jain	Member	4/4
3	Ms. Amita Karia	Member	3/4

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

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

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

5. NOMINATION AND REMUNERATION COMMITTEE

The Company had constituted the Nomination and Remuneration Committee consisting of non-executive directors majority of which are independent directors. During the year under review, 4 meetings of the Committee were held viz., 28.05.2015, 08.07.2015, 30.10.2015 and 12.02.2016

Terms of Reference

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

Composition:

The Committee comprises of 3 independent and non-executive directors as on date of this Report as listed below:

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

Nomination and Remuneration Policy:

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

Appointment of Directors:

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

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

- * The remuneration to Executive Directors, Key Managerial Personnel and Senior Management Personnel at the time of appointment shall be mutually agreed. The Committee shall consider top industry indicators, requirements of role, qualification and experience of candidate, expected contribution of executive to the profitability challenges specific to the Company and such other matters as the Committee may deem fit. The remuneration must motivate

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individuals to achieve benchmarks which must be aligned to the vision of the Company. It may contain fixed pay. The management shall periodically find out the remuneration scale prevalent in the industry / peer group to the extent possible to find out if there is a need for revision in remuneration for retaining the talent.

- * The Non-Executive directors shall not be eligible for any remuneration / commission, unless specifically approved by the Board of Directors on recommendation of the Nomination and Remuneration Committee and by the shareholders. There are no pecuniary relationships or transactions with the non-executive directors vis-a-vis the Company.
- * The Non- Executive Directors including independent directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs.1,00,000/- per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- * The Non-Executive Directors may be paid commission after complying with required provisions of the Companies Act, 2013.

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

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

Sr No.	Particulars	Mr. Anuj Burakia, Whole Time Director (p.a.)
1.	Salary	10,00,000
2.	Commission	-
3.	Service Contract	July 29, 2015 to July 28, 2018
4.	Notice Period	1 month
5.	Severance Fees	NIL
6.	Stock Options	NIL

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee is, 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) Name of non-executive director heading the committee: Mr. Atul Desai, Chairman
- b) Name and designation of compliance officer: Mr. Nilesh Javker
- c) Composition and details of attendance of members of the Committee are as follows:

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/15 to 31/03/16)
1.	Mr. Atul Desai	Chairman	5/5
2.	Mr. Abhishek Mandawewala (upto August 6, 2015)	Member	1/1
3.	Mr. Ashok Jain	Member	5/5

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d) No. of meetings held:

Five meetings of Stakeholders Relationship Committee were held viz., 15.04.2015, 13.08.2015, 30.10.2015, 04.12.2015 and 12.02.2016.

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

During the year under review, total 10 Investors complaints were received. Break up and number of complaints received under different category is given hereunder:

Sr. no.	Category	No. of complaints Recd
1	Non Receipt Of Dividend Warrant	2
2	Non Receipt Of Exchange Share Certificates	1
3	Non Receipt Of Annual Report	3
4	Non Receipt Of Share Certificate After Transfer	1
5	Non-Receipt Of Demat Credit	1
6	SEBI	2
	Total Complaints Received	10

All the complaints/ requests received during the year under report were resolved within the time limit to the satisfaction of the investors/ shareholders and no complaints were pending as on 31st March 2016.

f) Number of Complaints not solved to the satisfaction of shareholders: Nil

g) Number of pending complaints: Nil

7. INDEPENDENT DIRECTORS' MEETING

One independent directors meeting was held on 17.03.2016. Three independent directors were present at the meeting viz. Mr. Atul Desai, Mr. Ashok Jain and Ms. Amita Karia.

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

8. GENERAL BODY MEETINGS:

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

Date	Type of meeting	Location	Time	Special Resolutions Passed
14/05/2013	Extra Ordinary General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	12.00 noon	i. Change of name of the Company from Remi Metals Gujarat Limited to RMG Alloy Steel Limited
21/09/2013	Annual General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	12.30 P.M	i. Appointment of Mr. Shashank Chaturvedi as an Executive Director w.e.f 19/12/2012 for a period of three years. ii. Consent to Board of Directors to issue and allot preference shares not exceeding Rs.15 crore.
29/09/2014	Annual General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	12.30 P.M	i. Accord consent to Board of directors to issue and allot Preference Shares of Rs. 10/- each at a premium of Rs. 25/- per shares to Promoters / Co-promoters / Strategic Investors; ii. Approval for keeping register and index of members as prescribed under section 88 of Companies Act, 2013, at the office of M/s. Bigshare Services Private Limited, Registrar and Transfer Agent of the Company;

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				iii. Adoption of Articles of association as per the regulations mentioned in the Companies Act 2013, in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.
30/09/2015	Annual General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	12.30 PM	<p>i. Appointment of Mr. Anuj Burakia as a Whole Time Director of the Company for a period of three years with effect from 29th July, 2015 at a remuneration of Rs.10,00,000/- per annum inclusive of all perquisites.</p> <p>ii. Alteration of Article 3 of Articles of Associations upon increase in authorised share capital from Rs.120 Crore to Rs.130 Crore and insertion of Article 3A</p> <p>iii. To approve issue and allotment of 92,00,000 12% Redeemable Preference shares of Rs.10/- each at a premium of Rs.25/- per shares aggregating to Rs.32,20,00,000/- (Rupees Thirty Two Crores Twenty Lacs only) in one or more tranches to the Promoter/ Co-Promoter/Strategic Investor /associate companies of Promoter/Co-Promoter/Strategic Investor</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 31-03-2016, unaudited financial results for quarter ended 30-06-2015, 30-09-2015 and 31-12-2015 in their quarterly meetings and the same were normally published in Financial Express or Economic Times (E+G), Ahmedabad edition within 48 hours from the date of Board meetings.

The said financial results were also displayed on the website of the company at www.rmgalloysteel.com

10. GENERAL SHAREHOLDER INFORMATION:

The next Annual General Meeting shall be held at –

- (i) Day and Date - Tuesday, September 27, 2016
 Venue - Plot no. 1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat -393 110
 Time - 12.30 P.M.
- (ii) Financial year - from 1st April, 2015 to 31st March, 2016
- (iii) Date of Book Closure - from Friday, 23rd September, 2016 to Monday, 26th September, 2016 (both days inclusive)
- (iv) Dividend payment date - No dividend has been declared for the financial year 2015-16.
- (v) Listing on Stock Exchanges and codes-

The securities of the Company are listed on the Bombay Stock Exchange Limited (Scrip code – 500365) (ISIN: INE731F01037)

RMG ALLOY STEEL LIMITED

- (vi) Market Price Data - High-Low Quotations during each month in last financial year i.e from 1st April 2015 to 31st March 2016 and performance in comparison to broad based indices such as BSE SENSEX is as follows:

Month	Market Price		Sensex	
	High	Low	High	Low
Apr-15	3.24	2.27	29094.61	26897.54
May-15	3.76	2.90	28071.16	26423.99
Jun-15	4.99	2.93	27968.75	26307.07
Jul-15	5.34	3.59	28578.33	27416.39
Aug-15	6.33	3.82	28417.59	25298.42
Sep-15	4.25	3.27	26471.82	24833.54
Oct-15	4.45	3.23	27618.14	26168.71
Nov-15	4.38	3.41	26824.30	25451.42
Dec-15	5.00	3.38	26256.42	24867.73
Jan-16	5.48	3.43	26197.27	23839.76
Feb-16	4.77	3.16	25002.32	22494.61
Mar-16	4.35	2.66	25479.62	23133.18

(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 E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai- 400 072.

Contact person: Mr. K. S. L. Upadhya, General Manager / Ms. Ujata Pokharkar, Client Executive

Tel: 91-22-40430200

Fax: 91-22-2847 5207

Email: investor@bigshareonline.com

(viii) Distribution of shareholding of equity shares as on 31st March, 2016 is as follows: -

Shareholding of nominal value Rs.	Total Holders		Amount	
	(in Nos.)	% of Total	in Rs.	% of Total
1 - 5000	88877	98.09	16480116	2.5330
5001 - 10000	832	0.92	5543994	0.8521
10001 - 20000	425	0.47	5908986	0.9082
20001 - 30000	173	0.19	4410624	0.6779
30001 - 40000	63	0.07	2179506	0.3350
40001 - 50000	48	0.05	2127618	0.3270
50001 - 100000	96	0.11	6619932	1.0175
100001 and above	92	0.10	607344264	93.3493
Total :	90606	100.00	650615040	100.00

- (ix) Dematerialisation of shares and liquidity: 107,317,573 equity shares constituting 98.97% of the outstanding equity shares are in demat form as on 31.03.2016.
- (x) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and impact on equity: The Company has not issued any GDRs/ADRs/Warrants or any Convertible instruments.
- (xi) commodity price risk or foreign exchange risk and hedging activities:
Refer to Management Discussion & Analysis section of this Report.

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- (xii) Plant Location: Plot no.1, G.I.D.C. Industrial Estate, Valia Road, Jhagadia, Dist – Bharuch, Gujarat - 393 110.
- (xiii) Address for Correspondence : Plot no.1, G.I.D.C. Industrial Estate, Valia Road, Jhagadia, Dist – Bharuch, Gujarat - 393 110
Tel No. +91 22 6613 6000, Fax No.: +91 22 2490 8020
- (xiv) E-mail Id : allcompanysecretaryofrmgl@welspun.com
- (xv) Website : www.rmgalloysteel.com

11. OTHER DISCLOSURES

i. Related Party Transactions:

- Transactions with related parties are disclosed in Note No.31 of Notes forming part of the financial statements. None of these are in conflict with the interests of the Company.
- The Company's policy on dealing with Related Party Transactions as required under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is disclosed on the Company's website and a web link thereto is as under:

<http://rmgalloysteel.com/userfiles/file/RMG%20-%20POLICY%20ON%20THE%20TRANSACTIONS%20WITH%20THE%20RELATED%20PARTIES.pdf>

ii. Details of non - compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital market during the last 3 years:

- * A penalty of Rs.68,700/- has been imposed by the Bombay Stock Exchange for delayed submission of unaudited financial results under Clause 41 of the Listing Agreement for the quarter ended 30.06.2015.
- * The time limit given by BIFR for reducing stake of non- public shareholders to 75% expired on February 6, 2016. However, as the Company is a BIFR company and the non-public shareholders are waiting for the rise in demand by public for shares of the Company, the increase of public shareholding has been delayed.

iii. Vigil Mechanism and Whistle Blower Policy:

The Company has a Whistle Blower Policy and Vigil Mechanism for its directors and employees and no personnel have been denied access to the Audit Committee Chairmaan. A copy of the policy is displayed on the website of the Company at http://rmgalloysteel.com/userfiles/file/Whistle%20Blower%20and%20Vigil%20mechanism%20policy_RMG.pdf

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

v. The Company is in compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46.

vi. Code of Conduct:

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

<http://rmgalloysteel.com/userfiles/file/CODE%20OF%20CONDUCT%20FOR%20THE%20BOARD%20OF%20DIRECTORS%20AND%20SR.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 2015-16.

sd/-
Anuj Burakia
Whole Time Director"

RMG ALLOY STEEL LIMITED

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

The Company has started the process of consolidation of unclaimed shares and transferring the same into a suspense account, which is expected to be completed by August 2016.

Certificate of Practicing Company Secretary on Corporate Governance Report

TO THE MEMBERS OF RMG ALLOY STEEL LIMITED

We have examined the compliance of conditions of Corporate Governance by RMG Alloy Steel Limited, for the year ended on 31st March, 2016, 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 2016, the Registrar and Transfer Agent of the Company have certified that as at 31st March, 2016, there were no investors' grievances remaining unattended/pending for more than 15 days.

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

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

sd/-

A.L.MAKHIJA

Proprietor.

ACS No.: 5087

C P No. : 3410

Place: Mumbai

Date: May 25, 2016.

Annexure V

Details of employees pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details of employees who were in receipt of remuneration of Rs. 60 Lac p.a. or if employed for part of year, were in receipt of remuneration of Rs. 5 Lac p.m.

Name of Employee	Designation	Remuneration Paid	Nature of Employment	Qualifications and experience	Date of commencement of employment	Date of cessation	Age	The last employment	% of shares held	Relative of Director
Rajendra Sharda	President (Account & Commercial)	31 Lacs	Permanent	Chartered Accountant	21/09/2015	08/04/2016	59 Years	Uttam Steel	0	No
Nitin Bhat	Senior Vice President (Marketing)	65 Lacs	Permanent	BE Metallurgy, PGDBA	18/04/2016	-	50 Years	Kalyani Carpenters	0	No
Prasanna Kumar	Assistant Vice President (Sales Marketing)	38 Lacs	Permanent	BE Mechanical	11/03/2016	-	49 Years	JSW Steel	0	No
Sudhir Malya	President (Marketing)	75 Lacs	Permanent	BSc, Diploma in Marketing	10/07/2012	10/06/2016	58 Years	ISMT	0	No

MANAGEMENT AND DISCUSSION ANALYSIS**A. INDIAN INDUSTRY STRUCTURE SCENARIO & DEVELOPMENT**

Indian economy is in the midst of significant structural change and expects to embark on a sustained economic growth. According to World Bank, India is set to be the world's fastest growing major economy and in FY 15-16 it has grown by 7.76% and as per World Bank, it will resonate and move up to 8% in the next two (2) Financial Years.

In line with economic growth, Indian steel industry is also expected to reflect by improving micro economic growth. Though due to delayed implementation of certain reforms, steel sector remained subdued in Q1 FY 16 and the supply was far exceeding the demand. In addition to this, cheaper import from China has added further fuel in the fire resulting in sluggish performance of the Indian steel industry and the Company is not an exception.

From October '16 onwards to protect Indian steel industry which is heading towards major NPA's, Government actively started working on the various protection measures to this sector by initially imposing Safe Guard Duty and subsequently in February, 2016, first time ever Government imposed MIP (Minimum Import Price). This move has given a new breath to the Indian steel industry and from February onwards performance of this sector started improving significantly. Indian steel industry is expected to perform better in FY 16-17 compare to previous financial year. Infrastructure projects like dedicated corridors are gaining momentum and the steady decline in stalled project coupled with hike in import duty both on long and flat steel products should stimulate over all steel demand.

Construction, Automobile, white goods industry will attract high demand for steel for the next decade as present government's focus is on development. Also "Make in India" penetration shall provide good opportunity to the steel demand and major benefit of demand will be shared by the domestic industry. Government is also contemplating increase in steel capacity from present around 105 MMTPA to 300 MMTPA by year 2025 with an investment of more than USD 200 Billion.

During FY 16-17 over all steel industry performance is likely to be improved further. The crude steel production increased by 5.6% i.e. 89.99 MMT from 85 MMT in FY 14-15.

B. OPPORTUNITIES & THREATS

Though the overall steel demand will grow, however, Blast Furnace route of steel making will be major gainer because of cost competitiveness vis-à-vis electric route. In this competitive scenario, your Company will focus more on niche segments. The Company will concentrate on special steel supply to defense, railways, aerospace, power, engineering, automobiles etc. This strategy is expected to improve overall performance of the company by utilizing existing capacity to the maximum extent possible.

C. SEGMENTWISE AND PRODUCTWISE PERFORMANCE

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

D. FUTURISTIC STATEMENT

Company's performance as expressed or implied could differ materially due to economic conditions affecting demand/supply and price condition in the domestic & overseas markets, changes in the Government regulations, tax laws & other incidental factors.

E. RISK & CONCERNS

Additional capacity being generated for production of Alloy Steel in India and import of steel from China caused pressure on sales & margin.

However the Company expects to mitigate the impact of risks and concerns since the Company concentrates on niche products. Government initiatives like "Make in India" are also helping company to reduce the risk of competition from overseas market.

F. INTERNAL CONTROL SYSTEM

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

- i) Security of the asset
- ii) Efficient management information system
- iii) Compliance with all laws and regulations
- iv) Compliance with all standard system and quality standards.

G. INDUSTRIAL RELATIONS & HUMAN RESOURCES

Human resource is the key factor for the success of any organization. Your Company places considerable emphasis on continuous enhancement of skills and performance of human resources across the organization.

H. DISCUSSION & FINANCIAL PERFORMANCE

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

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INDEPENDENT AUDITOR'S REPORT

TO,

THE MEMBERS OF RMG ALLOY STEEL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **RMG ALLOY STEEL LIMITED** ("the Company"), which comprises the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

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

RMG ALLOY STEEL LIMITED

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) The going concern matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company,
 - f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) rule, 2014 in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigation as at 31st March, 2016 on its financial position in its financial statements – Refer Note 36 to the financial statements;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

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

Place: Mumbai
Dated: 25th May, 2016

Parag D.Mehta
Partner
Membership No.113904

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ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

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

- i) In respect of Fixed Assets
- The Company is in the process of updating its fixed assets register showing full particulars including quantitative details and situation of fixed assets.
 - We have been informed that the fixed assets of the Company are physically verified by the Management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification
 - As per the information and explanations provided to us, title deeds of immovable properties are in the name of the Company.
- ii) In our opinion the inventories have been physically verified during the year by the Management at reasonable intervals and the discrepancies between physical stocks and the book stocks noticed on physical verification were not material.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in the register maintained under Section 189 of the Act. Hence Clauses (iii) (a) to Clauses (iii) (c) of Paragraph 3 of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, the Company has neither granted loans nor have made investments nor provided guarantee and securities as specified under Section 185 and 186 of the Companies Act, 2013 and hence clause (iv) of paragraph 3 of the Order is not applicable.
- v) The Company has not accepted any deposits under the provisions of section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed there under.
- vi) On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government of India under section 148(1) of the Act have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- vii) a) According to the books and records as produced and examined by us in accordance with the generally accepted auditing practices in India and also based on Management representations, undisputed statutory dues in respect of Provident Fund, Employees State Insurance Dues, Investor Education and Protection Fund, Income Tax, Service Tax, Custom Duty, Excise duty, Value added tax, Cess and other material statutory dues have generally been regularly deposited, by the Company during the year with the appropriate authorities in India. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2016 for a period of more than six months from the date of becoming payable.
- b) According to the information and explanation given to us and the records of the company examined by us, the particulars of dues of Income Tax, Service Tax, Sales Tax including Value Added Tax, duty of Customs and duty of Excise as at 31st March, 2016 which have not been deposited on account of disputes, are as follows:

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

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

- viii) Based on our audit procedures and according to the information and explanations given to us, there have been no defaults in repayment of loan or borrowing to banks and the company has not taken loan or borrowing from financial institution and Government. There were no debentures issued during the year or outstanding at the beginning of the year.

RMG ALLOY STEEL LIMITED

- 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 explanations 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 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 Cumulative Redeemable Preference shares during the year in accordance with requirement of section 42 of the Companies Act, 2013 ('the Act'). Except Subsection 6 of Section 42 of the Act, which required money received on application Rs. 2800 lac shall be kept in a separate bank account in a Scheduled Bank. The said amount were deposited in the Cash Credit Bank Account of the Company and the amount raised have been used for the purpose for which the fund was raised.
- xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence reporting under clause (xv) of Paragraph 3 of the Order is not applicable to the Company
- xvi) In our opinion and according to information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Parag D.Mehta
Partner
Membership No.113904

Place: Mumbai
Dated: 25th May, 2016

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ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF RMG ALLOY STEEL LIMITED

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

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

We have audited the Internal Financial Control over financial reporting of RMG ALLOY STEEL LIMITED (“the Company”) as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year then ended.

Management Responsibility for the Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

RMG ALLOY STEEL LIMITED

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For CHATURVEDI & SHAH

Chartered Accountants

Firm Registration No.: 101720W

Parag D.Mehta

Partner

Membership No.113904

Place: Mumbai

Dated: 25th May, 2016

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BALANCE SHEET AS AT 31ST MARCH 2016

(Rs. in Lac)

PARTICULARS	Note	As at March 31, 2016	As at March 31, 2015
I EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	12,397	11,597
Reserves and Surplus	3	(30,425)	(26,418)
		<u>(18,028)</u>	<u>(14,821)</u>
Non-Current Liabilities			
Long Term Borrowings	4	29,144	20,026
Long Term Provisions	5	149	160
		<u>29,293</u>	<u>20,186</u>
Current Liabilities			
Short Term Borrowings	6	5,784	15,872
Trade Payables	7	5,590	6,218
Other Current Liabilities	8	1,985	1,841
Short Term Provisions	9	25	12
		<u>13,384</u>	<u>23,943</u>
TOTAL		<u>24,649</u>	<u>29,308</u>
II ASSETS			
Non-Current Assets			
Fixed Assets	10		
Gross Block		43,017	42,984
Less : Depreciation		31,263	30,728
		<u>11,754</u>	<u>12,256</u>
-Tangible assets			14
-Intangible assets		6	138
-Capital work-in-progress		-	231
Long-Term Loans and Advances	11	259	
		<u>12,019</u>	<u>12,639</u>
Current Assets			
Inventories	12	4,566	4,527
Trade Receivables	13	6,523	6,647
Cash and Bank Balances	14	403	1,135
Short-term Loans and Advances	15	1,122	4,288
Other Current Assets	16	16	72
		<u>12,630</u>	<u>16,669</u>
TOTAL		<u>24,649</u>	<u>29,308</u>
Significant Accounting Policies & Notes to Accounts forming an integral part of Financial Statements	1		

As per our attached report of even date

For CHATURVEDI & SHAH

Chartered Accountants

Firm Registration No: 101720W

SD/-

Parag D Mehta

Partner

Membership No.113904

Place : Mumbai

Date : 25.05.2016

For and on behalf of the Board of Directors

SD/-

Anuj Burakia

Whole Time Director

SD/-

Narendra Kumar Bhandari

CFO

SD/-

Ashok Jain

Director

SD/-

Nilesh Javker

Company Secretary

RMG ALLOY STEEL LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs. in Lac)

PARTICULARS	Note	Year ended March 31, 2016	Year ended March 31, 2015
III INCOME			
Revenue from operations	17	26,816	33,373
Other Income	18	206	1,160
Total Revenue		27,022	34,533
IV EXPENSES			
Cost of Materials Consumed	19	15,593	21,363
Purchase of Stock in Trade	20	-	140
Changes in inventories of Finished and Semi Finished goods	21	69	962
Employee Benefits Expenses	22	1,665	1,606
Finance Costs	23	4,580	4,988
Depreciation		663	1,177
Others expenses	24	10,780	10,218
Total Expenses		33,350	40,454
Profit before Exceptional items and tax		(6,328)	(5,921)
Exceptional Item	25	321	2,259
Profit/(Loss) before tax		(6,007)	(3,662)
Tax Expenses		-	-
Profit/(Loss) for the year		(6,007)	(3,662)
Earning per Equity Share (Face value of Rs. 6 Per Share) :	26		
Basic & diluted (in Rs.)		(6.11)	(3.90)

Significant Accounting Policies & Notes to Accounts forming an integral part of these financial statements

As per our attached report of even date
For CHATURVEDI & SHAH
 Chartered Accountants
 Firm Registration No: 101720W

SD/-
Parag D Mehta
 Partner
 Membership No.113904

Place : Mumbai
 Date : 25.05.2016

For and on behalf of the Board of Directors

SD/-
Anuj Burakia
 Whole Time Director

SD/-
Narendra Kumar Bhandari
 CFO

SD/-
Ashok Jain
 Director

SD/-
Nilesh Javker
 Company Secretary

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(Rs. in Lac)

Particulars	Year ended 2015-16	Year ended 2014-15
A) Cash Flow from Operational Activities		
Net Profit / (Loss) before Tax & Extra-Ordinary items :	(6,007)	(3,662)
Adjustment for :		
Depreciation	663	1,177
Financial Costs	4,580	4,988
Provision for Gratuity & Compensated Absences	49	42
Exceptional Item	(321)	(2,259)
Exchange Difference on Translation (Net)	(1)	20
(Profit)/Loss on Sale of Assets	(7)	(866)
Provision for Doubtful Debts	25	67
Provision for Obsolescence	-	50
Sundry Credit Balances Written Back/Provision no longer required	(92)	(174)
	4,910	3,045
Operating Cash Profit/(Loss) before Working Capital Changes	(1,097)	(617)
Changes in Working Capital :		
Trade Receivables	115	4,399
Inventories	(39)	1,590
Loans & Advances	4,212	(833)
Trade and other Payables	(677)	(6,059)
	3,611	(902)
Cash generated from / (used in) Operations	2,514	(1,519)
Income Tax (Net)	(28)	(14)
Net Cash generated from / (used in) Operating Activities:	2,486	(1,533)
B) Cash Flow from Investing Activities		
Acquisition of Fixed Assets (including Work in Progress)	(55)	(175)
Sale of Fixed Assets	-	-
Net Cash generated from / (used in) Investing Activities:	(55)	(175)
C) Cash Flow from Financing Activities		
Proceeds from issue of Fresh Shares	2,800	
Finance Costs	(4,728)	(4,874)
Net Increase/(Decrease) in Short Term Borrowings	(10,088)	2,898
Proceeds from Long Term Borrowings	11,998	4,025
Repayment of Long Term Borrowings	(2,475)	(638)
Net Cash generated from / (used in) Financing Activities:	(2,493)	1,411
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS . (A + B + C)	(62)	(299)
Cash and Cash Equivalents at the beginning of the year	72	371
Cash and Cash Equivalents at the end of year	9	72
NET INCREASE/(DECREASE) AS DISCLOSED ABOVE .	62	299

Notes :

- Fixed Deposits with the Bank under lien amounting to Rs.394 lac (Previous Year Rs.1,063 Lac) are not included in Cash & Cash Equivalents.
- Previous Year's figure have been regrouped wherever necessary to confirm current year's figures.

As per our attached report of even date

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

Parag D Mehta
Partner
Membership No.113904

Place : Mumbai
Date : 25.05.2016

For and on behalf of the Board of Directors

SD/-
Anuj Burakia
Whole Time Director

SD/- SD/-
Ashok Jain
Director

SD/-
Narendra Kumar Bhandari
CFO

SD/-
Nilesh Javker
Company Secretary

Notes forming part of the Financial Statements**1 SIGNIFICANT ACCOUNTING POLICIES****A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

B. USE OF ESTIMATES

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

C. FIXED ASSETS

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

Intangible Assets: Intangible Assets are 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.

D. DEPRECIATION/AMORTISATION

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

E. IMPAIRMENT OF ASSETS

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

F. INVESTMENTS

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

G. FOREIGN CURRENCY TRANSACTIONS/TRANSLATION

a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Any fluctuation on account of realization /payment is accounted as an exchange fluctuation. Foreign Currency transactions remaining unsettled at the end of the year are converted at the year end rates. Exchange differences are dealt within the Statement of Profit and Loss.

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

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H. REVENUE RECOGNITION

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

I. INVENTORIES

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

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

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

J. EMPLOYEE BENEFITS

a) Defined Benefit and Other Long Term Benefit plan :

Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

b) Short Term Employee Benefits:

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

K. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities, if material, are disclosed in the notes. Contingent assets are not recognized or disclosed in the financial statements.

L. BORROWING COSTS

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

RMG ALLOY STEEL LIMITED

Notes forming part of the Financial Statements (Contd.)

2 SHARE CAPITAL

(Rs. in lac)

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number of shares	Rs. lacs	Number of shares	Rs. lacs
Authorised				
Equity shares of Rs.6/- each	110,000,000	6,600	110,000,000	6,600
Preference Shares of Rs. 10/- each	64,000,000	6,400	54,000,000	5,400
Total		13,000		12,000
Issued, Subscribed and Paid up				
108,435,840 (Previous year 108,435,840) Equity Shares - of Rs.6/- each fully paid up		6,506		6,506
58,904,271 (Previous year 50,904,271) 12% Cumulative Redeemable Preference Shares (CRPS) - of Rs. 10/- each fully paid up		5,891		5,091
Total		12,397		11,597
a. Reconciliation of the Number of Shares				
Equity Shares : Face value of Rs.6 each				
As at beginning of the year	108,435,840	6,506	108,435,840	6,506
Share issued during the year	-	-	-	-
Buyback/ forfeiture/ reduction shares	-	-	-	-
Outstanding at the end of the year	108,435,840	6,506	108,435,840	6,506
Preference Share :Face value of Rs 10 each				
As at beginning of the year	50,094,271	5,091	44,528,571	4,453
Share issued during the year	8,000,000	800	6,375,700	638
Buyback/forfeiture/ reduction shares	-	-	-	-
Outstanding at the end of the year	58,904,271	5,891	50,904,271	5,091
b. Details of Shareholders holding more than 5% shares				
Name of the Shareholders Equity Shares :	Number of shares	% held	Number of shares	% held
Welspun Steel Limited	-	-	43,247,034	39.88
WS Alloy Holding Pvt Ltd (Demerged from Welspun Steel Limited w.e.f.09.05.2015)	43,247,034	39.88	-	-
Widescreen Holding Pvt Limited	24,143,333	22.27	24,143,333	22.27
Mangnificent Trading Pvt Limited	7,012,334	6.47	7,012,334	6.47
Calplus Trading Pvt Limited	6,114,390	5.64	6,114,390	5.64
12% CRPS				
Welspun Steel Limited	-	-	50,904,271	100
WS Alloy Holding Pvt Ltd (Demerged from Welspun Steel Limited w.e.f.09.05.2015)	50,904,271	86.42	-	-
Welspun Fintrade Pvt Limited	8,000,000	13.58	-	-

c. Terms/ rights attached to

Equity shares :

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

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

Preference Share :

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

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

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

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Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	As at 31st March 2016	As at 31st March 2015
3 RESERVE AND SURPLUS		
Securities Premium Account		
Balance as at the beginning of the year	12,725	11,132
Add: received on issue of shares	2,000	1,593
Less : Amount Utilized	-	-
Balance as at the end of the year	14,725	12,725
(Deficit) in Statement of Profit and Loss		
As per the last Balance Sheet	(39,143)	(32,583)
Add/(less) : Additional depreciation pursuant to enactment of Schedule II of the Companies Act, 2013 (refer note 10(a))	-	(2,898)
Add: Profit / (Loss) for the year	(6,007)	(3,662)
Balance as at the end of the year	(45,150)	(39,143)
Total	(30,425)	(26,418)

4 LONG TERM BORROWINGS

(Rs.in lac)

Particulars	As at 31st March 2016		As at 31st March 2015	
	Non Current	Current	Non Current	Current
Secured				
Indian Rupee Term Loans from Banks	28,728	876	17,606	472
	28,728	876	17,606	472
Unsecured				
Body Corporate Loan	-	-	1,900	-
Sales Tax Deferred Loan	416	104	520	104
	416	104	2420	104
Total	29,144	980	20,026	576

Secured:

a) Rupee loan of Rs.29,604 lac (Previous year Rs. 18,078 lac) pari passu basis, by way of:

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

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

- Rs.16,900 lac (Previous year Rs.16900 lac) are repayable in 30 quarterly installment starting from September 2016 and ending in April 2024.
- Rs.704 lac (Previous year Rs. 770 lac) are repayable in 20 quarterly installment starting from June 2014 and ending in March 2019.
- Rs Nil (Previous year Rs.408 lac) are repayable in quarterly installment starting from March 2012 and ending in June 2015.
- Rs.12,000 lac (Previous year Rs.Nil) are repayable in 32 quarterly installments starting from June 2017 and ending in August 2025.

b) Rupee Term loans include installment of Rs.13.5 lac (Previous Year Rupees.163 Lac) due on the balance sheet date.

Unsecured:

- Body Corporate Loan carries interest rate @ 10% p.a. is repayable immediately after the expiry of 36 Months from the date of agreement.
- Sales Tax Deferred Loan is repayable from April 2015 in six equal annual installments.

RMG ALLOY STEEL LIMITED

Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	As at 31st March 2016	As at 31st March 2015
5 LONG TERM PROVISIONS		
Provision for Employee Benefit	112	121
Provision for Gratuity	37	39
Provision for Leave Encashment		
Total	<u>149</u>	<u>160</u>
6 SHORT TERM BORROWINGS		
Secured		
From Bank		
Working Capital Loan	5,784	12,371
Unsecured		
Foreign Currency Loan : Buyer's Credit	-	128
Loan from Others	-	3,373
Total	<u>5,784</u>	<u>15,872</u>
a) Working Capital Loans are secured, on pari passu basis, by way of		
i. Hypothecation of current assets on first charge basis.		
ii. Hypothecation of movable fixed assets on second charge basis.		
iii) Equitable mortgage of immovable properties on second charge basis		
b) Working Capital Loans carry interest, at bank prime lending rate/base rate plus margin, ranging from 10.90% to 14.75%.		
c) Buyers Credit carry interest at LIBOR plus margin (45 bps to 65 bps).		
7 TRADE PAYABLES		
Micro small and medium enterprises (Refer Note No.37)	-	21
Others	5,590	6,197
Total	<u>5,590</u>	<u>6,218</u>
8 OTHER CURRENT LIABILITIES		
Current Maturity of Long Term Borrowings	980	576
Interest accrued and due	268	380
Interest accrued but not due	7	43
Advances from Customers	50	34
Book Overdraft	-	37
Payable for Purchase of Fixed Assets	264	297
Payable to Employees	15	116
Statutory Liabilities	60	81
Provision for Expenses	290	187
Other Payables	51	90
Total	<u>1,985</u>	<u>1,841</u>
9 SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Gratuity	20	9
Provision for Leave Encashment	5	3
Total	<u>25</u>	<u>12</u>

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Notes forming part of the Financial Statements (Contd.)

10 FIXED ASSETS

(Rs.in lac)

Description	Gross Block				Depreciation / Amortisation					Net Block	
	Asat 01-04-2015	Additions	Deductions/ Adjustments	Asat 31-03-2016	Up to 31-03-2015	Retained Earnings (refer note below)	For the year	Deductions/ Adjustments	Up to 31-03-2016	Asat 31-03-2016	Asat 31-03-2015
TANGIBLE ASSETS :											
Lease hold Land	351	-	-	351	-	-	-	-	-	351	351
Free hold Land	14	-	-	14	-	-	-	-	-	14	14
Plant & Machinery	31,424	159	69	31,514	24,560	-	352	62	24,850	6,664	6,864
Electrical Installation	1,998	-	-	1,998	1,889	-	23	-	1,912	86	109
Buildings	8,809	-	-	8,809	3,935	-	267	-	4,202	4,607	4,874
Office Equipments	250	2	51	201	239	-	7	50	196	5	11
Furniture and Fixtures	111	-	1	110	82	-	5	1	86	24	29
Vehicles	27	-	7	20	23	-	1	7	17	3	4
	42,984	161	128	43,017	30,728	-	655	120	31,263	11,754	12,256
INTANGIBLE ASSETS:											
Computer Software	32	-	-	32	18	-	8	-	26	6	14
	32	-	-	32	18	-	8	-	26	6	14
Total	43,016	161	128	43,049	30,746	-	663	121	31,289	11,760	12,270
Previous Year	43,272	498	754	43,016	26,834	2,898	1,177	163	30,746	12,270	
Capital Work-in-Progress										-	138

- Note: (a) In accordance with the provisions of schedule II of the Act. In case of fixed assets which have completed their useful life as at 1st April 2014 .the carrying value (net of residual value) amounting to Rs 2,898 lacs as a transitional provision has been recognized in the Retained Earning.
-Further in case of assets acquired prior to 1st April 2014, the carrying value of assets is depreciated over the useful life as determined effective 1st April 2014.
-Depreciation and amortization expenses for the year would have been higher by Rs.1061 Lac had the company continued with the previous assessment of useful life of such assets.
- (b) During the Financial Year 2015-16 the management has re-assessed the estimated useful life of the Fixed Assets based on technical advice received from an independent technical consultant effective from 1st April 2015 and consequently revised the estimated useful lives of Plant and Machinery. This has resulted in the decrease of depreciation for the year by Rs. 541 lacs.

(Rs.in lac)

Particulars	As at 31st March 2016	As at 31st March 2015
11 LONG TERM LOANS AND ADVANCES		
Unsecured and considered good unless otherwise stated		
Capital Advances	17	17
Less: Provision for Doubtful Debt	5	5
	<u>12</u>	<u>12</u>
Security Deposits	100	100
Income Tax paid/deducted (Net of provisions)	147	119
Total	<u><u>259</u></u>	<u><u>231</u></u>
12 INVENTORIES		
Raw Materials	955	885
Semi Finished Goods	1,644	1,358
Finished Goods	456	811
Stores and Spares (net of provision for obsolescence of Rs. 112 lac, Previous year Rs. 112 lacs)	1,511	1,473
Total	<u><u>4,566</u></u>	<u><u>4,527</u></u>

RMG ALLOY STEEL LIMITED

Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	As at 31st March 2016	As at 31st March 2015
13 TRADE RECEIVABLES		
Unsecured considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment	1,029	1,198
Others	5,494	5,449
	6,523	6,647
Considered Doubtful		
Outstanding for a period exceeding 6 months from the date they are due for payment	462	462
Others	478	-
	940	462
	7,462	7,109
Less: Provision for Doubtful Debts	940	462
Total	6,523	6,647
14 CASH AND BANK BALANCES		
Cash and Cash Equivalent		
Balances with Banks		
-In Current Accounts	7	70
Cash on Hand	2	2
Other Bank Balances		
-In Margin Deposit Accounts	394	1,063
Total	403	1,135
15 SHORT TERM LOANS AND ADVANCES		
Unsecured considered good unless otherwise stated		
Security Deposit	11	11
Balance with Statutory/Government Authorities	726	3,913
Advance to Vendors	264	162
Loans & Advance to Employees	6	-
Prepaid Expenses	92	88
Cenvat/Other Claims Receivable/Recoverable	23	114
Total	1,122	4,288
16 OTHER CURRENT ASSETS		
Interest Receivable on Margin Deposits	16	72
Total	16	72

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Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
17 REVENUE FROM OPERATIONS		
Sales of Products – Gross	29,955	37,170
Less: Excise Duty	3,187	3,899
	<u>26,768</u>	<u>33,271</u>
Sales of Products – Net	26,768	33,261
Particulars of Sale of Products		
Steel	-	10
Seamless Pipe	-	-
	<u>26,768</u>	<u>33,271</u>
Other Operating Revenues		
Export Incentives	1	2
Other Revenue	32	65
Provision no longer required	15	35
	<u>48</u>	<u>102</u>
Total	<u><u>26,816</u></u>	<u><u>33,373</u></u>
18 OTHER INCOME		
Interest from Bank & Others	125	148
Profit on sales of fixed assets	-	866
Miscellaneous Income	81	146
	<u>206</u>	<u>1,160</u>
19 COST OF RAW MATERIAL CONSUMED		
Cost of Raw Materials Consumed (Refer Note No. 35(a))		
Inventory at the beginning of the year	885	1,343
Add : Purchases	15,663	20,905
Less : Inventory at the end of the year	955	885
	<u>15,593</u>	<u>21,363</u>
Total	<u><u>15,593</u></u>	<u><u>21,363</u></u>
Particulars of Raw Materials		
Metallics	11,563	16,820
Ferro Alloys	3,479	4,080
Others	551	463
	<u>15,593</u>	<u>21,363</u>
Total	<u><u>15,593</u></u>	<u><u>21,363</u></u>
20 PURCHASE OF STOCK IN TRADE		
Purchase for stock trade	-	140
	<u>-</u>	<u>140</u>
Total	<u><u>-</u></u>	<u><u>140</u></u>
21 CHANGES IN INVENTORIES		
Inventories (at beginning)		
- Finished Goods	811	1,417
- Semi Finished Goods	1,358	1,714
	<u>2,169</u>	<u>3,131</u>
Inventories (at close)		
- Finished Goods	456	811
- Semi Finished Goods	1,644	1,358
	<u>2,100</u>	<u>2,169</u>
Net (Increase) / Decrease		
- Finished Goods	355	606
- Semi Finished Goods	(286)	356
	<u>69</u>	<u>962</u>
Total	<u><u>69</u></u>	<u><u>962</u></u>

RMG ALLOY STEEL LIMITED

Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
21 CHANGES IN INVENTORIES (Contd.)		
Particulars of Inventories		
Finished Goods		
Steel	456	811
Seamless Pipe	-	-
	<u>456</u>	<u>811</u>
Semi Finished Goods		
Steel	1,643	1,357
Seamless Pipe	1	1
Total	<u>1,644</u>	<u>1,358</u>
22 EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages, Allowances and Benefits	1,492	1,440
Contribution to Provident and Other Funds	80	85
Gratuity	34	26
Leave Encashment	15	16
Staff Welfare Expenses	44	39
Total	<u>1,665</u>	<u>1,606</u>
23 FINANCE COST		
Interest Expense	4,364	4,676
Other Borrowing Cost	216	312
Total	<u>4,580</u>	<u>4,988</u>
24 OTHER EXPENSES		
Manufacturing and Other Expenses		
Stores and Spare Consumed (Refer Note No. 35(b))	2,174	2,127
Power and Fuel	6,828	6,376
Repairs to Buildings	27	43
Repairs to Plant & Machinery	211	238
Labour Charges	381	316
Job Work Charges	274	279
Insurance	37	37
Excise Duty on change in inventories	(39)	(66)
Lease Rentals and Hire Charges	70	53
Security charges	35	30
Safety Expenses	12	9
Vehicle Expenses	79	69
Communication expenses	20	46
Travelling and Conveyance	39	35
Rates and Taxes	35	2
Printing & Stationery	14	15
Listing Fees	5	5
Directors' Sitting Fees	6	4
Auditors' Remuneration		
- Audit Fees	9	9
- Certification Charges	1	1
Legal and Professional Fees	224	81
Net loss on foreign currency transactions and translation	13	50
Freight	147	179
Discounts on Sales	96	162
Brokerage & Commission	1	2
Sales Promotion Expenses	6	-
Provision for Doubtful Debts	25	67
Loss on assets sold/scrapped (Net)	7	-
Miscellaneous Expenses	43	51
Total	<u>10,780</u>	<u>10,218</u>

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25 Exceptional Item

As per the Letter dated 9th October 2013 of Government of Gujarat to BIFR in connection with G.R.No: 102012-593970-I, dated 8th July 2013, the Company is eligible to avail unutilized incentive. Accordingly during the year ended 31st March 2015, the Company had accounted for the refund on the purchase tax an amount of Rs. 2,259 lac net off Sales tax Liability Rs. 624 lac. Further during the year the company had accounted for Rs. 321 Lac over and above the purchase tax receivable shown in the previous year.

26 EARNING PER SHARE

(Rs.in lac)

Particulars	As at 31st March 2016	As at 31st March 2015
Net Profit / (Loss) for the year (Rs. lac)	(6,007)	(3,662)
Less: Cumulative Dividend on 12% CRPS	655	564
Net Profit / (Loss) for the year considered for calculating earnings per share	(6,662)	(4,226)
Number of equity shares outstanding during the year	108,435,840	108,435,840
Basic and Diluted earnings / (loss) per equity share of Rs.6/- each:	(6.11)	(3.90)

27 The slowdown in end user industries and overall global weakness continues to weigh on and is adversely impacting the performance. During the current year, the company has received Rs. 2800 lac from promoters/strategic investor and Consortium banks have disbursed loans, which has resulted in improved liquidity situation. Expected receipt of loan from Consortium Banks and Fiscal Incentive will also result in further improvement in the liquidity of the company. The value added products approved by major OEM's will also result in increased demand of company's products. Management thus, expects substantial improvement in the utilization of the capacity in the coming period. Accordingly, the financial statements have been prepared on going concern basis and no adjustments are required to the carrying amount of assets and liabilities.

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

29 In the opinion of the Board, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet, unless stated otherwise.

The provision for all known liabilities is adequate and not in excess of the amount reasonably stated.

30 SEGMENT REPORTING

The Company operates in a single business segment i.e. manufacture of steel and steel products such as seamless tubes and rolled products and as such there are no primary and secondary segments as per the requirement of Accounting Standard (AS-17) on "Segment Reporting". The Company has no reportable geographical segment.

31 RELATED PARTY DISCLOSURE

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

Name of related party	Relationship
- Shashank Chaturvedi	Key Management Personnel (up to 11th November, 2014)
- Anuj Burakia	Key Management Personnel (w.e.f 29th July, 2015)
- Welspun Steel Limited	Enterprise under common control with the company
- W S Alloy Holding Pvt. Ltd.	Enterprise having significant influence over the Company (w.e.f 9th May, 2015)
- Wide Screen Holding Pvt Ltd	Enterprise having significant influence over the Company
- Krishiraj Trading Limited	Enterprise under common control with the company

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

RMG ALLOY STEEL LIMITED

Transactions with related parties

(Rs.in lac)

Particulars	Enterprise under Common Control	Key Management Personnel
Welspun Steel Limited		
Purchases	4,595(1,253)	-
Sales	NIL (1)	-
Reimbursement of Expenses	27(24)	-
Interest to Creditors	53(23)	-
Outstanding Payable	872 (240)	-
Krishiraj Trading Limited		
Acceptance of Loan	NIL (200)	
Repayment of Loan	200 (NIL)	
Remuneration		
Shashank Chaturvedi	-	NIL(53)
Anuj Burakia	-	7(NIL)

(figures in bracket represent Previous year figures)

32 DEFERRED TAX LIABILITY (Net)

(Rs. in lac)

Particulars	As at 31st March 2016	As at 31st March 2015
Deferred Tax Liability		
Related to Fixed Assets	1,485	1,616
Deferred Tax Asset		
Other Disallowances under Income Tax Act, 1961	231	89
Unabsorbed Depreciation/ Business Loss (Refer note below)	1,254	1,527
Net Deferred Tax Liability	-	-

Note: - In the absence of virtual certainty, 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.

33 EMPLOYEE BENEFITS

a) Defined Contribution Plan

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

The Company recognized Rs.80 lac (Previous year Rs.85 lac) for provident fund contributions in the Statement of Profit and Loss.

b) Defined Benefit Plans

Gratuity is payable to all eligible employees of the company on superannuation, death and resignation in terms of the provision of the payment of Gratuity Act. The present value of obligations is determined based on actuarial valuation using Projected Unit Credit Method, which 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.

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The following table sets out the status of the gratuity plan and the amounts recognized in the company's financial statements as at 31st March, 2016:

(Rs.in lac)

Particulars	Gratuity Non Funded	
	As at 31st March 2016	As at 31st March 2015
Reconciliation of Present Value of Obligation PVO– defined benefit obligation		
PVO at the beginning of the year	130	127
Current Service Cost	18	19
Interest Cost	10	11
Actuarial (gain) / losses	6	(5)
Benefits paid	(32)	(24)
PVO at end of the year	132	129
Net cost for the year ended 31st March		
Current Service cost	18	19
Interest cost	10	11
Actuarial (gain) / losses	6	(5)
Net cost	34	26
Assumption used in accounting for the gratuity plan		
Discount rate (%)	8.00 % p.a.	8.00 % p.a.
Salary escalation rate (%)	4.00 % p.a.	5.00 % p.a.

c) OTHER DISCLOSURES

	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of defined benefit obligation	132	130	127	173	168
Fair value of plan assets	—	—	—	—	—
(Deficit)/ Surplus of the plan	(132)	(130)	(127)	(173)	(168)
Experience adjustments on plan liabilities [loss / (gain)]	20	(6)	19	8	23
Experience adjustments on fair value of plan assets [(loss) / gain]	-*	-*	-*	-*	-*

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

d) Other Long Term Employee Benefits

The compensated absences charge for the year ended 31st March, 2016, based on actuarial valuation carried out using the Projected Unit Credit Method, amounting to Rs.15 lac (Previous year Rs.16 lac) has been recognized in the Statement of Profit and Loss.

34 FINANCIAL AND DERIVATIVE INSTRUMENTS

Particulars	INR equivalent (Rs.in lac)		USD equivalent (USD in lac)	
	As at 31st March			
	2016	2015	2016	2015
Foreign Currency:				
Unhedged				
Buyers Credit	-	128	-	2
Current Liabilities	50	218	1	3

RMG ALLOY STEEL LIMITED

35 ADDITIONAL INFORMATION

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

Sr. No.	Particulars	For the year ended 31st March		For the year ended 31st March	
		2016		2015	
		Amount (Rs.in lac)	(%)	Amount (Rs.in lac)	(%)
a)	Value of Raw Material Consumed				
	- Imported	2,191	14	2,588	12
	- Indigenous	13,402	86	18,775	88
	Total	15,593	100	21,363	100
b)	Value of Stores and Spares Consumed				
	- Imported	302	14	348	16
	- Indigenous	1,872	86	1,779	84
	Total	2,174	100	2,127	100

Particulars	For the year ended 31st March	
	2016	2015
c) Value of Imports on CIF Basis in respect of		
- Raw Materials	383	2,016
- Stores and Spares	290	307
- Finished Goods	-	140
- Fixed Asset (Plant & Machinery)	-	51
d) Expenditure in Foreign Currency		
- Interest / Bank Charges	2	15
- Others	1	-
e) Earnings in Foreign Exchange		
- FOB Value of Export	106	87

36 Contingent Liability

Particulars	For the year ended 31st March	
	2016	2015
Capital Commitments not provided for (net of advances)	23	23
Bank Guarantees	915	1,057
Bills Discounted	668	490
Service Tax	139	139
Excise Duty	34	34
Customs Duty	-	7
Disputed Sales Tax Demands	20	48
Disputed Income Tax Demand	-	86
Claim against the Company not acknowledged as debts	442	417
Dividend on Cumulative Redeemable Preference Shares (CRPS)	1,763	1,108

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- 37 Disclosures relating to amounts payable as at the year end together with interest paid / payable to Micro, Small and Medium Enterprises have been made in the accounts, as required under Micro, Small and Medium Enterprises Development Act, 2006, (MSMEDA) to the extent of information available with the Company determined on the basis of intimation received from suppliers regarding their status. The required disclosures are the information required under the said Act as given below :

(Rs.in lac)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Principal amount remaining unpaid as on 31st March	-	21
Interest due thereon as on 31st March	7	5
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Interest accrued and remaining unpaid as at 31st March	-	-
Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

38 PREVIOUS YEAR'S FIGURES

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

As per our attached report of even date

For CHATURVEDI & SHAH

Chartered Accountants

Firm Registration No. 101720W

For and on behalf of the Board of Directors

Parag D Mehta

Partner

Membership No. 113904

Place : Mumbai

Date : 25th May, 2016

Anuj Burakia

Whole Time Director

Ashok Jain

Director

Narendra Kumar Bhandari

CFO

Nilesh Javker

Company Secretary

RMG ALLOY STEEL LIMITED

CIN : L27100GJ1993PLC020358

Registered Office : G.I.D.C. Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat 393110, India.
Email : allcompanysecretaryofrmgl@welspun.com Website: www.rmgalloysteel.com

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

E-mail Registration-Cum-Consent Form

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

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

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

Signature of the Shareholder(s)*

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

Form No. SH-13
Nomination Form

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

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

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

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

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

2. PARTICULARS OF NOMINEE/S—

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

3. IN CASE NOMINEE IS A MINOR—

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

Name: _____

Address: _____

Name of the Security Holder(s) _____

Signatures: _____

Witness with name and address: _____

Instructions:

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

Form No. MGT-11

PROXY FORM

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

CIN : L27100GJ1993PLC020358

Name of the Company: RMG ALLOY STEEL LIMITED

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

Email : allcompanysecretaryofrmgl@welspun.com Website: www.rmgalloysteel.com

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

Name of the member (s): _____

Registered Address: _____

E-mail Id: _____

Folio No / Client ID _____ DP ID _____

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

1. Name) : _____

Address: _____

E-mail Id: _____

Signature: _____ or failing him/her

2. Name) : _____

Address: _____

E-mail Id: _____

Signature: _____ or failing him/her

3. Name) : _____

Address: _____

E-mail Id: _____

Signature: _____

as my / our proxy attend and vote (on a poll) for me / us and on my / our behalf at the 34th Annual General Meeting of the Company to be held on Tuesday, 27th September, 2016 at 12.30 p.m. at the Registered Office of the Company at G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat 393110 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Subject of the Resolution	Vote	
		For	Against
1	Consider and adopt Audited Financial Statements, for FY 2015-16 and reports of the Board of Directors and Auditors thereon.		
2	Re-appointment of Mr. Anuj Burakia as a director of the Company, liable to retire by rotation.		
3	Ratification of appointment of M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration No.101720W), as Statutory Auditors		
4	Ratification of remuneration payable to Cost Auditor		

Signed this day of2016.

Affix Re. 1
Revenue
stamp

Signature of shareholder

Signature of Proxy Holder(s) : 1) _____ 2) _____ 3) _____

Note:

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

REGISTERED OFFICE :
Plot No. 1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat -393 110

← from Bharuch Junction, Railway Station Road, Railway ...
to Remi Metals Gujarat Limited, Jhagadia GIDC, Gujara...

44 min (23.9 km)

via GJ SH 165

38 min without traffic

⚠ This route has tolls.



Bharuch Junction

Railway Station Road, Railway Colony, Bharuch, Gujarat 392012

↑ Head south-west

📍 Pass by Bharuch Station Police Chowki (on the left)

15 s (64 m)

> Follow Zadeshwar Rd, NH48 and GJ SH 165

31 min (17.2 km)

> Continue to Jhagadia GIDC

10 min (6.1 km)

↩ Turn left onto GJ SH 165

1 min (450 m)

Remi Metals Gujarat Limited

Jhagadia GIDC, Gujarat 393110

