

Independent Auditor's Review Report

Limited Review Report on Quarterly and Nine months ended unaudited Financial Results of RMG ALLOY STEEL LIMITED Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To,
The Board of Directors of **RMG Alloy Steel Limited**,

We have reviewed the accompanying statement of unaudited Financial Results ("the Statement") of **RMG Alloy Steel Limited** ("the Company") for the quarter and nine months ended 31st December 2017, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as modified by circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 issued by SEBI.

This Statement is the responsibility of the Company's management and has been approved by the Board of Directors in their meeting held on 13th February, 2018. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited Standalone Financial results prepared in accordance with applicable Accounting Standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and SEBI circular dated July 5, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

We draw attention to Note 5 of the accompanying statement; the Company's net worth is eroded and the Company has continued incurring losses for the quarter and nine months ended 31st December 2017, indicating the existence of uncertainty that may cast doubt about the Company's ability to continue as a going concern. Considering the matters set out in the said note, this statement is prepared on a going concern basis. Our review report is not modified in respect of this matter.

The unaudited financial results for the comparative quarter and nine months ended December 31, 2016 included in statements are based on published financial results for the said period prepared in accordance with the then applicable accounting standards and other accounting principles generally accepted in India as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind-AS which have been reviewed by us.



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

Vishal D. Shah
Partner

Membership No. 119303

Place: Mumbai
Date : 13th February, 2018

RMG ALLOY STEEL LTD

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 CIN : L27100GJ1980PLC020358

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER 2017

(Rs. In Lacs)

Sr. No	Particulars	Quarter ended			Nine Months Ended	
		31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016
		Un-Audited			Un-Audited	
1	Income					
a)	Revenue from Operations	8,230	1,254	6,316	13,873	20,477
b)	Other Income (refer note no.6)	23	20	427	255	747
	Total Revenue	8,253	1,274	6,743	14,128	21,224
2	Expenses					
a)	Cost of materials consumed	5,179	349	2,681	8,163	10,375
b)	Changes in inventories of finished goods, work in progress and stock in trade	(228)	483	1,193	(788)	111
c)	Excise Duty on sale of goods	-	-	704	483	2,282
d)	Employees benefits expenses	387	323	365	1,063	1,206
e)	Depreciation and Amortisation expenses	178	184	187	546	560
f)	Power & fuel	1,822	523	1,398	3,702	4,940
g)	Finance Costs	1,444	1,489	1,447	4,421	4,221
h)	Other expenses	1,226	404	718	2,179	2,639
	Total Expense	10,008	3,755	8,693	19,769	26,334
3	Profit/(Loss) before exceptional items and Tax (1-2)	(1,755)	(2,481)	(1,950)	(5,641)	(5,110)
4	Tax expenses	-	-	-	-	-
5	Net Profit/(Loss) for the period (3-4)	(1,755)	(2,481)	(1,950)	(5,641)	(5,110)
6	Other Comprehensive Income					
	Items that will not be reclassified to profit or loss	(9)	(8)	(9)	(26)	(26)
	Total Comprehensive Income for the period	(1,764)	(2,489)	(1,959)	(5,667)	(5,136)
7	Paid-up equity share capital (Rs.6/- per equity share)	6,506	6,506	6,506	6,506	6,506
8	Earnings per share (Face Value of Rupees 6/ Each)					
	- Basic	(1.86)	(2.45)	(1.96)	(5.78)	(5.20)
	- Diluted	(1.86)	(2.45)	(1.96)	(5.78)	(5.20)

Notes :

- The above results have been reviewed by the Audit Committee and thereafter were approved and taken on record by the Board of Directors at its meeting held on 13th February, 2018. The Statutory Auditor has carried out a Limited Review of the financial results of the Company as required under Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
- The Company is engaged in the business of steel & steel products such as Seamless Tubes & Rolled Products which in the opinion of the Management is considered the only business segment in the context of IND AS 108 on "Operating Segment", as specified under section 133 of Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015.
- On 1st April, 2017 the Company has adopted Indian Accounting Standard ("Ind AS") with effect from 1st April 2016. Accordingly, the financial results for the Quarter and Nine Months Ended 31st December, 2017 have been prepared in accordance with Ind AS, the recognition and measurement principles laid down under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and the other accounting principles generally accepted in India. The results for the comparative Quarter and Nine Months ended 31st December, 2016 have been restated as per Ind AS.
- Deferred tax asset is more than deferred tax liability as computed in accordance with the IND AS 12, specified under section 133 of Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015. The Company, as a matter of prudence has not recognised deferred tax asset.
- Earlier, the Company was engaged with Joint Lender's Forum (JLF) to finalise an overall debt resolution plan for the Company under the Strategic Debt Restructuring Scheme (SDR Scheme) including conversion by lenders of debt into equity and the Scheme has been invoked on October 24, 2017. Consequently, standstill on the Company's debt servicing obligations for a period of 18 months till April, 2019 had become effective. Pursuant to RBI Circular No.RBI/2017-18/131 DBR.No.BP.BC.101/21.04.048/2017-18 dated February 12, 2018, the SDR Scheme under RBI Regulations has been repealed. In view of this the Company will explore various options for finalising the Resolution Plan in compliance with the said RBI Circular. Further, the expected receipt of fiscal incentive and arrangement of funds from various sources including from promoters group will result in improvement in the liquidity of the company. Accordingly, the financials results have been prepared on going concern basis. This matter has been referred to by the Auditors in their Limited Review Report.
- The Company entitled to the benefits as per eligibility certificate received from industries commissioner. Accordingly, during the quarter ended 30th June 2017, the Company had accounted for the refund on the purchase tax (including interest) an amount of Rs.169 lac and for the quarter ended 30 June, 2016 amounting to Rs.250 lac.
- The Statement does not include IND AS compliant results for the previous year ended March 31, 2017 as the same is not mandatory as per SEBI's circular dated July 5, 2016.



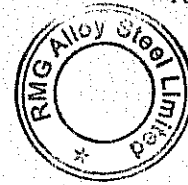
The reconciliation of net profit or loss reported in accordance with India GAAP to total comprehensive income in accordance with IND AS is given below:

Description	(Rs. In Lacs)	
	Quarter ended December 31, 2016 (Unaudited)	Nine Months Ended December 30, 2016 (Unaudited)
Profit / (Loss) as per previous GAAP (a)	(1,635)	(4,165)
Add / (Less)		
Effect of accounting of transaction costs on borrowings as per Effective Interest Rate (EIR)	(4)	(12)
Measurement of derivative financial instruments at fair value	-	1
Depreciation / amortisation on fair value adjustments to PPE	(21)	(63)
Effect of Equity component of compounded financial instruments	(299)	(897)
Reclassification of actuarial gain/losses on employee benefit obligation to OCI	9	26
Net Loss as per IND AS	(1,950)	(5,110)
Other comprehensive income (OCI):		
Actuarial gain/losses on employee benefit obligation	(9)	(26)
Total comprehensive income for the period under Ind AS	(1,959)	(5,136)

9 The figures for the previous period have been regrouped / rearranged, wherever necessary, to make them comparable.

Date: 13th February 2018
Place: Mumbai

For and on behalf of Board



[Handwritten Signature]
Director