

# **RMG ALLOY STEEL LIMITED**

(Formerly known as Remi Metals Gujarat Limited)

**32<sup>ND</sup> ANNUAL REPORT  
2013 - 2014**

# RMG ALLOY STEEL LIMITED

(Formerly known as "Remi Metals Gujarat Limited")

CIN:L27100GJ1993PLC020358

## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Shri Atul Desai	-	Chairman
	Shri Abhishek Mandawewala	-	Director
	Shri Shashank Chaturvedi	-	Executive Director
	Shri Ashok Jain		
	Shri Hanuman Kanodia		
	Shri V S Iyer		
<b>AUDITORS</b>	M/S. Chaturvedi & Shah., Nariman Point, Mumbai – 400 021		
<b>BANKERS</b>	Bank of Baroda Lakshmi Vilas Bank Andhra Bank Federal Bank Corporation Bank		
<b>REGISTERED OFFICE</b>	Plot No. 1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat		
<b>LISTING OF SHARES</b>	THE BOMBAY STOCK EXCHANGE LTD, MUMBAI Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001.		
<b>CORPORATE OFFICE</b>	B/9, Trade world, Kamala mills compound, S.B.Marg, Lower Parel Mumbai – 400013, Tel: 022-66136000/24908000, Fax: 022-24908020 E-mail: allcompanysecretaryofrmgl@welspun.com Website:www.rmgalloysteel.com		

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**RMG ALLOY STEEL LIMITED**  
(Formerly known as "Remi Metals Gujarat Limited")

**NOTICE**

To,  
The Members

**NOTICE** is hereby given that the 32nd Annual General Meeting of **RMG Alloy Steel Limited** (Formerly known as Remi Metals Gujarat 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 Monday, 29th September 2014, at 12.30 P.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014 and the Audited Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mr Shashank Chaturvedi who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr Abhishek Mandawewala who retires by rotation, and being eligible, offers himself for re-appointment.
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 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/S. Chaturvedi & Shah, Chartered Accountants (Firm Registration No.101720W), be and is hereby re-appointed as Statutory Auditors of the Company for the period of three years commencing from the conclusion of the forthcoming 32nd Annual General Meeting and expiring at the conclusion of the 35th Annual General Meeting to be held for financial year 2016-17 (subject to ratification of their appointment at every Annual General Meeting), at such remuneration as shall be fixed by the Board of Directors of the Company.”

**SPECIAL BUSINESS**

5. 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 Sections 149, 150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, Mr. Atul Desai, the retiring Director who has been appointed by the Board of Directors as an independent director, be and is hereby appointed as an independent director for five years with effect from 27th May 2014 to 26th May 2019.”

6. 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 Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, Mr. Ashok Jain, the retiring Director who has been appointed by the Board of Directors as an independent director, be and is hereby appointed as an independent director for five years with effect from 27th May 2014 to 26th May 2019.”

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 and Rule 9 of the companies (share capital and debentures) Rule 2014 and regulations as may be applicable in view of the nature of the transaction concerned, provisions in the Memorandum of Association and Articles of Association of the Company, the consent, approval and sanction of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “Board”, which term shall include any committee constituted by the Board) to issue and allot 63,76,000 12% Redeemable Preference shares of Rs.10 each at a premium of Rs.25/- per shares aggregating to Rs. 22,31,60,000/- (Rupees Twenty two crores Thirty-one lacs Sixty Thousand only) to the Promoter/Co-promoter/ Strategic Investor, on the terms as prescribed hereunder:

- a) The priority with respect to payment of dividend or repayment of capital vis a vis equity shares: -
  - Payment of Dividend or repayment of capital in case of Preference shares shall have priority over Equity shares;
- b) The participation in surplus fund-
  - Nil
- c) The participation in surplus assets and profits on winding-up which may remain after the entire capital has been repaid-
  - Nil;
- d) the payment of dividend on cumulative or non-cumulative basis-
  - payment of dividend on cumulative basis;
- e) the conversion of preference shares into equity shares:
  - Not convertible
- f) the voting rights-
  - No voting rights;

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g) the redemption of preference shares-

- Preference shares are redeemable at a 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.

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

RESOLVED pursuant to Section 88 of the Companies Act 2013 read with Rule 5 of the Companies (Management and Administration) Rules 2013 that the Register and index of Members separately for each class of equity as prescribed under Section 88 of the Companies Act, 2013 be kept at the office of Bigshare Services Private limited, Registrar and Transfer agent (R & T Agent) situated at E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki naka, Andheri (E), Mumbai - 400072 or to any other place as may be decided by the R & T Agent at its office situated in Mumbai.”

9. 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, 2015, at a remuneration of Rs. 75,000/- plus travelling expenses and out of pocket expenses as may be fixed by the Board.

10. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

### 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. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

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. 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.

4. A statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to the Special business to be transacted at the meeting is annexed hereto.

5. Members are requested to bring their attendance slip along with their copy of Annual report to the meeting.

6. 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.

7. The Register of Members of the Company will remain closed from Tuesday, 23rd September 2014 to Thursday, 25th September 2014, both days inclusive.

8. All correspondence pertaining to Equity Shares should be forwarded to the Company's Registrar and Share Transfer Agent M/s. Bigshare Service Pvt. Ltd. E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri ( E ), Mumbai – 400 072 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 Share Transfer Agent.

9. Members holding shares in dematerialized form are requested to intimate immediately any change pertaining to their bank details, Electronic Clearing

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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 Registrars and Transfer Agents, M/s. Bigshare Service Pvt. Ltd to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to M/s. Bigshare Service Pvt. Ltd, Registrars and Transfer Agents.

10. 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.
11. 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.
12. 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.
13. 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 Service Pvt. Ltd, Registrars and Transfer Agent, for consolidation into a single folio.
14. 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 shall also be available on the Company's website at: [www.rmgalloysteel.com](http://www.rmgalloysteel.com).

15. 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 facility to exercise their right to vote at the 32nd 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>

Initial password as below is given in the attendance slip for the AGM

EVEN (E-voting event number)	User ID	Password / PIN

The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
Tuesday, 23rd September 2014	Thursday, 25th September 2014

Please read the instructions printed overleaf before exercising the vote.

These details and instructions form integral part of the Notice for the Annual General Meeting to be held on Monday, 29th September 2014.

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### 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 "RMGASL e-voting of AGM.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.nsdl.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 for and EVEN, 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.
    - k. Upon confirmation, the message "Vote cast successfully" will be displayed.
    - l. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
    - m. 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](mailto:almakhija_cs@yahoo.co.in), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  - n. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- 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 in the enclosed Attendance slip: EVEN (E-Voting Event Number), user ID and password.
    - b. Please follow all steps from Sl. No. (b) to Sl. No. (n) above, to cast vote.
  - III. Other Instructions:
    - a. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
    - b. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on August 8, 2014.
    - c. Mr. A L Makhija, Practicing Company Secretary (Membership No. ACS 5087), has been appointed as the Scrutinizer to scrutinize the e-voting process.
    - d. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
    - e. The result of voting shall be declared by the Chairman of the meeting on or after AGM of the Company. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.rmgalloysteel.com](http://www.rmgalloysteel.com) and will be communicated to the BSE Ltd.

Place: Mumbai

Date: 12th August 2014

By Order of the Board

**Shashank Chaturvedi**  
Executive Director

**Registered Office of the Company:**

Plot No.1, G.I.D.C Industrial Estate, Valia Road,  
Jhagadia, Dist: Bharuch, Gujarat  
Corporate Identity Number: L27100GJ1993PLC020358  
Phone: 91 2645 619700, Fax: 91 2645 619800,  
E-mail: [allcompanysecretaryofrmgl@welspun.com](mailto:allcompanysecretaryofrmgl@welspun.com),  
Website: [www.rmgalloysteel.com](http://www.rmgalloysteel.com)

**RMG ALLOY STEEL LIMITED**  
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**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013 AND THE INFORMATION AS REQUIRED PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

**ITEM NO. 5**

Mr. Atul Desai is a partner of M/s. Kanga & Co., leading Law firm. Mr. Atul Desai has attended large number of matters relating to merger, amalgamation, litigations, arbitration involving commercial dispute etc. He is a director of the Company since 15th November 2008 and is a retiring director.

Board of directors of the Company at their meeting held on 27th May 2014 has opined that Mr. Atul Desai fulfils all conditions for appointment as an independent director specified in Companies act 2013 particularly Section 149(6) read with rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules and regulations.

He does not hold any share in the Company.

**Directorship in other companies:**

TCFC Finance Ltd, JSW Holdings Ltd, Welspun Syntex Limited, Welspun Global Brands Limited, Auchtel Products Ltd, Welspun Investments and Commercials Ltd, Welspun Projects Ltd, Welspun Energy Private Limited, Welspun Enterprises limited

Membership/Chairmanship of committees in the Company and other Companies:

Sr. No	Name Of The Company	Name Of Committee	Member / Chairman
1	TCFC Finance Ltd	Audit Committee	Member
		Share Transfer & Investor Grievance Committee	Member
2	JSW Holdings Ltd	Audit Committee	Chairman
		Remuneration Committee	Member
3	Welspun Syntex Ltd	Audit Committee	Member
		Share Transfer & Investor Grievance Committee	Chairman
		Remuneration committee	Member
4	Welspun Projects Ltd.	Audit Committee	Member
		Remuneration committee	Member
5	Welspun Global Brands Ltd.	Share Transfer and Investor Grievance committee	Chairman
		Audit Committee	Member
		Remuneration committee	Member
6	Welspun Enterprises Ltd	Audit committee	Member
		Remuneration committee	Member
7	RMG Alloy Steel Ltd	Audit committee	Chairman
		Remuneration Committee	Chairman
		Share Transfer and Investor Grievance committee	Chairman
8	Welspun Investments & Commercials Ltd.	Share Transfer and Investor Grievance committee	Member
		Audit committee	Member
		Remuneration Committee	Member

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

Shareholders' approval is sought by way of ordinary resolution proposed under Item no. 5 of the accompanying Notice.

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### Item No.6

Mr. Ashok Jain aged 63 years. He is Chartered Accountant and has more than 40 years of experience in the field of finance, accounts & banking. He is a director of the Company since 7th February 2013 and is a retiring director.

Board of directors of the Company at their meeting held on 27th May 2014 has opined that Mr. Ashok Jain fulfils all conditions for appointment as an independent director specified in Companies act 2013 particularly Section 149(6) read with rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules and regulations.

He does not hold any share in the Company.

He is director of Welspun Wintex Limited, Welspun Natural Resources Pvt. Ltd, Welspun Anjar Sez Limited, Besa Developers and Infrastructure Pvt Ltd.

He is a member on Audit Committee and Finance committee of the Company.

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

Shareholders' approval is sought by way of ordinary resolution proposed under Item no. 6 of the accompanying Notice.

### ITEM NO. 7

The Company is registered as a sick company under Sick Industrial Companies Act (SICA) 1985. BIFR has stipulated while sanctioning scheme of revival in their scheme dtd. 23.09.2008 that any shortfall in cash flow shall be sourced through promoters. The Company has to finance cost of scheme under Modified Draft Rehabilitation Scheme which is pending for approval before BIFR, the finance of which has to be raised by way of issue of preference shares to promoter/ co promoter/ strategic investor. The cost of scheme under MDRS will be available for inspection at the Registered Office of the Company on all working days between 10.00 am to 12.00 noon upto the date of Annual General Meeting.

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

- a) the size of the issue and number of preference shares to be issued and nominal value of each share :  
- 63,76,000 12% Cumulative Redeemable Preference shares of Rs.10/- each at premium of Rs.25/- per share aggregating to Rs.22,31,60,000;
- b) the nature of such shares i.e. cumulative or non - cumulative, participating or non participating , convertible or non – convertible:-  
- Cumulative, Non participating, non convertible;
- c) the objectives of the issue:  
- for operation/capex requirement/to finance cost of scheme under Modified Draft Rehabilitation Scheme;
- d) the manner of issue of shares:-  
- to promoter/ co-promoter/strategic investor for cash;
- e) the price at which such shares are proposed to be issued:-  
- shares shall be issued at a face value of Rs.10/- each per share at a premium of Rs.25/- per share;
- f) the basis on which the price has been arrived at:-  
- Based on the price at which preference shares were allotted earlier on 11th February 2014.
- g) the terms of issue, including terms and rate of dividend on each share, etc.:-  
- i. Dividend shall be payable on cumulative basis at 12% p.a per share;  
- ii. Redeemable as per the terms mentioned below in para (h).
- h) the terms of redemption, the manner and modes of redemption:-  
- Preference shares are redeemable at a 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) the current shareholding pattern of the company as produced below:

Particulars	Equity shares as on 30.06.2014	
	No. of shares	% to total shares
Promoter and promoter group	9,46,18,674	87.26
Financial institutions/FIIs/Mutual fund	40,681	0.04
Public	1,37,76,485	12.70
Total	10,84,35,840	100.00

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j) the expected dilution in equity share capital upon conversion of preference shares. the terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion: -

- preference shares are not convertible, terms of redemption and premium on redemption are mentioned in para (h);

pursuant to rule 9 of the companies (share capital and debentures) Rule 2014, approval of shareholders is necessary by passing a special resolution.

None of the key managerial personnel or directors of the Company or their relatives have any interest or concern in the proposed resolution.

Shareholders' approval is sought by way of special resolution proposed under Item no. 7 of the accompanying Notice.

### **ITEM NO.8**

Section 88 of the Companies Act 2013 deals with the register of members and permits to keep register of members at place where more than one tenth of shareholders of the Company resides. It is proposed to keep register of members at the office of Bigshare Service Pvt. Ltd. E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri ( E ), Mumbai – 400 072. Total number of shareholders of the Company is 92855 as on 2<sup>ND</sup> May 2014 out of which 11172 no. of shareholders reside at Mumbai.

None of the key managerial personnel or directors of the Company or their relatives have any interest or concern in the proposed resolution.

Shareholders' approval is sought by way of special resolution proposed under Item no. 8 of the accompanying Notice.

### **ITEM NO. 9**

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, 2015 at a remuneration of Rs.75000/-p.a.

Pursuant to the provisions of Section 148 of the Act, 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.8 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, 2015

None of the key managerial personnel or directors of the Company or their relatives have any interest or concern in the proposed resolution.

Shareholders' approval is sought by way of ordinary resolution proposed under Item no. 9 of the accompanying Notice.

### **ITEM NO. 10**

With the commencement of the Companies act 2013, it is essential to alter articles of association of the Company in order to match with provisions of the said act. Reference of the Companies act 1956 has also to be changed in order to mention new provisions of the act. Approval of shareholders is required by passing a Special resolution for alteration of articles of association of the company. Hence this resolution.

Shareholder's attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- (a) the nominee(s)/ legal representatives of a deceased sole member are recognized as having title to the deceased's interest in the shares;
- (b) new provisions relating to appointment of chief executive officer and chief financial officer, in addition to manager and company secretary;
- (c) existing articles have been streamlined and aligned with the Act;
- (d) the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included;

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the key managerial personnel or directors of the Company or their relatives have any interest or concern in the proposed resolution.

Shareholders' approval is sought by way of special resolution proposed under Item no. 10 of the accompanying Notice.

By Order of the Board

Place: Mumbai  
Date: 12th August 2014

**Shashank Chaturvedi**  
Executive Director

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### DIRECTORS' REPORT TO THE MEMBERS

The Directors present their 32nd Annual Report together with Audited Accounts for the year ended 31st March, 2014.

### FINANCIAL RESULTS

(Rs. in Lacs)

	Year ended 31-03-2014	Year ended 31-03-2013
Sales & Other Income	41871	35686
Profit / (Loss) before interest, depreciation and exceptional items	267	(2253)
Interest and Financial Charges	4970	4850
Depreciation and Amortization	2228	2227
Profit / (Loss) before exceptional items and tax	(6931)	(9330)
Exceptional items	3519	--
Profit/(loss) before tax	(3412)	(9330)

### OPERATIONS

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

Particulars	2013-14			2012-13		
	Production (Tones)	Sales (Qty M.T.)	Gross Sales (₹ in Lacs)	Production (Tones)	Sales (Qty M.T.)	Gross sales (₹ in Lac)
Steel	75702	75844	45605	54045	54521	29011
Seamless pipes	419	873	902	6445	6186	6286

The Company's operation has improved during the year inspite of lowering production of Seamless Tubes. The growth for the steel production is 38%. This performance is inspite of slow down in the Automobile and Oil & Gas sector. However, it is expected that market for both the above sectors are going to improve from the Financial Year 2014-15.

The Company has taken efforts for reducing Fuel cost of Rolling Mill by putting Producer Gas Plant. However, due to some litigation by another entities by the High Court, the Company could not start operation of Producer Gas Plant. The Company has also taken steps for updation of Furnace during the year by which the fuel consumption is reduced by 7 to 8%.

Since the utilization of Plant Equipments of pipe plant are very low, we have made some modification of various equipments by which it can be used for Pipe as well as Steel. This has not only reduced the operational costs for both but also gives the additional product range to the Steel.

The Company has also made continuous efforts to develop new markets by getting approval from domestic as well as global OEMs. During the year, the Company has got approvals from SKF, FAG & Allison Transmission etc.

We have also approached the Government of Gujarat for extension of VAT benefit for the period during which the plant was closed for the period from 1996-2006. The same has been accepted by the Government of Gujarat and granted extension of benefit for the closure period.

### DIRECTORS

Mr. Nirmal Gangwal has resigned from the office of directorship of the Company with effect from 12th August 2013. Your directors appreciate Mr. Nirmal Gangwal for his services as member of the Board.

In accordance with the provisions of the Companies Act, 2013, Mr. Abhishek Mandawewala and Mr. Shashank

Chaturvedi retire by rotation at 32nd Annual General Meeting and being eligible offered themselves for reappointment. Your directors recommend their appointments/reappointments.

Board of Directors of the Company at their meeting held on 27th May 2014 has appointed Mr. Ashok Jain and Mr. Atul Desai as independent directors for a period of five years with effect from 27th May 2014 who in the opinion of the Board fulfils requirements as laid down under section 149(6) of the Companies act 2013. You are requested to approve their appointments at the Annual General Meeting.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your directors confirm that:

- in the preparation of the annual accounts for the financial year ended March 31, 2014, all the applicable accounting standards had been followed along with proper explanations relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts for the financial year ended March 31, 2014 on a going concern basis.

### AUDITORS

M/S. Chaturvedi & Shah hold office of Auditors until the conclusion of the 32nd Annual General Meeting. Members are requested to reappoint them for continuing in the office for a period of three years from conclusion this 32nd Annual General Meeting until conclusion of the 35th Annual General Meeting.

### AUDITORS' OBSERVATIONS

Reference drawn by the Auditors in their report are self explanatory:-

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

- We refer to note 1(a) of "Annexure to Independent Auditor's Report" stating that the Company is in the process of updating its fixed asset register showing full particulars including quantitative details and situation of fixed assets and state that fixed asset register is being updated showing full particulars including quantitative details and situation of fixed assets.

### THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

In terms of the above rules, the Directors are pleased to give the particulars as prescribed therein in the Form A, which forms part of the Directors' Report. Form B relating to research and technology absorption being nil is not attached.

**RMG ALLOY STEEL LIMITED**  
(Formerly known as "Remi Metals Gujarat Limited")

Foreign exchange used and earning is mentioned below:  
Used: Rs. 3096.56 lacs (Rs. 4275 Lacs)  
Earning: Rs. Nil (Rs. 806 Lacs)

**PARTICULARS OF EMPLOYEES**

Information as per the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 1975 as attached (Annexure B), forms part of this report.

**COST AUDITOR**

Due date of filing the cost audit report for the financial year 2013-14 as submitted by M/s. Kiran J. Mehta & Co., cost accountant, is 27th September 2014.

**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 Mr. A L Makhija, Practising Company Secretary regarding compliance of conditions of Corporate Governance as prescribed under Clause 49 of the Listing Agreement is attached to this report.

**ACKNOWLEDGEMENT**

The Board takes this opportunity to express its sincere appreciation for the excellent support and co-operation received from the Company's customers, suppliers, bankers and the share holders for their consistent support to the Company. The directors also sincerely acknowledge the significant contributions made by all employees for their dedicated services to the Company.

For and on behalf of the Board of Directors

**Abhishek Mandawewala**      **Shashank Chaturvedi**  
*Director*                              *Executive Director*

Place: Mumbai,  
Date: 27th May, 2014

**ANNEXURE**

**FORM - A**  
**(SEE RULE 2)**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Sr No	Particular	Current Year 2013-14	Previous year 2012-13
<b>A</b>	<b>Power and fuel consumption</b>		
1	Electricity		
	(a) Purchased		
	Units (In '000S)	64,956	61,315
	Total Amount (Rs.in Lacs)	4,111	4,021
	Rate / Unit (Rs.)	6.33	6.56
	(b) Own Generation	Nil	Nil
2	Gas Used		
	Units (In '000S)	6,036	8,317
	Total Amount (Rs.in Lacs)	2,224	2,609
	Rate / Unit (Rs.)	36.84	31.37
3	Furnace Oil		
	Quantity (K.Ltrs.)	-	-
	Total amount (Rs.in Lacs)	-	-
	Average Rate (K.Ltrs.)	-	-
4	Others / Internal Generation	-	-
<b>B</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION STANDARD</b>		
	<b>Products (With Details)</b>		
	Steel (Production In MT)	75,702	54045
	Pipe (Production In MT)	419	6445
	Electricity/Steel Kwh	855	952
	Electricity/Pipe Kwh	1,305	1533
	<b>Steel Production/MT</b>		
	Natural Gas (In '000 S)	86	80
	<b>Pipe Production/MT</b>		
	Natural Gas	281	430

**ANNEXURE 'B'**

**ANNEXURE TO THE DIRECTORS' REPORT**

I) INFORMATION UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31ST, 2014.

**REMUNERATION OF RS. 60,00,000 PER ANNUM RECEIVED BY EMPLOYEE THROUGH OUT THE YEAR:**

Name	Designation/ Nature of duties	Remuneration received	Educational Qualification	Experience in years	Date of Commencement of employment	Age	Last employment before joining the Company
1	2	3	4	5	6	7	8
Mr.ShashankChaturvedi	Executive Director.	6,207,014	Chartered Accountant	28	14.03.1999	53	Shriyam Securities & Finance Ltd.

**REMUNERATION RECEIVED BY EMPLOYEE FOR A PART OF THE YEAR:**

Name	Designation/ Nature of duties	Remuneration received	Educational Qualification	Experience in years	Date of Commencement of employment	Age	Last employment before joining the Company
1	2	3	4	5	6	7	8

Notes:

- Gross remuneration comprises salary, allowances, Leave encashment, etc.
- The nature of employment is contractual.
- Above mentioned employee is not a relative of any Directors of the Company.

### MANAGEMENT AND DISCUSSION ANALYSIS

#### A) INDUSTRY STRUCTURE, SCENARIO & DEVELOPMENT

Steel can be rightly termed the basic building block of modern society given its usage in almost every sphere — ranging from buildings, vehicles, machines or even a tin can that preserves food. The volume of steel consumed has thus been the barometer for measuring development and economic progress.

The industry's fortunes are dependent on the growth of its user industries, namely, automobiles, consumer durables and infrastructure. Two Wheeler production increased by 7% during FY 2013-14 as against FY 2012-13 while passenger vehicle production decreased by 4.9%. The financial year 2013-14 also witnessed considerable reduction in Commercial Vehicle Production by 16%.

The year 2013 has been a challenging one for the steel industry which is facing the repercussions of a slowdown in the global economy. The global steel sector was impacted by overcapacity due to volatile raw material prices and demand weakness in key markets.

India's steel consumption in the first six months of the current fiscal remained flat, showing just 0.8 per cent year-on-year growth due to poor off take by construction and automobile sectors.

India's steel consumption grew by just 0.6% in 2013-14 fiscal, its lowest in four years, to 73.93 million tonnes (MT), mainly impacted by a slower expansion of the domestic economy and lower imports. The low growth rate in domestic steel consumption indicated that base level demand conditions continued to be weak during 2013-14.

The negative steel industry outlook reflects the expectation that steelmakers' profits will remain historically low in 2014 as output remains high and demand growth slows. The negative coal industry outlook reflects the weak liquidity as increasing coal production dampens prospects for a meaningful rebound in coal prices. According to the report, demand for steel will increase a modest 2%-3% in 2014 as China's government tolerates slower GDP growth and shifts economic growth drivers to domestic consumption from infrastructure spending.

China, the world's second largest economy and also the largest importer of the long list of commodities, is witnessing economic slowdown. This has created a ripple effect on the emerging economies which export heavily to China. India is no exception and more specifically the Indian metal industry, which would get adversely impacted if situation becomes more severe in China. China is the world's largest consumer of iron

ore, as around 80-90 per cent of global export goes there. Money-losing steelmakers in China, which produces nearly half the world's steel, are mired in debt,

India is expected to become a major consumer of metals over the coming years as the government makes pertinent efforts to remove bottlenecks that are delaying infrastructure projects in the country. Furthermore, the growing affluence of Indian consumers will spur spending on housing and white goods, making India the key driver in steel demand after China in the years ahead. The demand for materials needed for infrastructure projects like metals, minerals, buildings and transport equipment is expected to increase as the country invests in building its civil infrastructure.

Concerned over huge gap in steel consumption between rural and urban areas, the Steel Ministry has stressed upon the need for constructing plants in far-flung areas. The per capita steel consumption in rural areas in the country remains at abysmally low at 10 kg per annum as compared to 60 kg in urban areas.

World Steel Association (WSA) has slashed its projection for India's steel demand growth to 3.4 per cent for the current year from the earlier forecast of 5.9 per cent. In India, steel demand is expected to grow by 3.4 per cent to 74 million tonnes (MT) in 2013 following 2.6 per cent growth in 2012 as high inflation and structural problems are constraining steel using sectors' activities.

India's steel demand is expected to go up by 3-5 per cent in the next financial year on higher economic growth although margin pressure would continue due to high production costs and limited scope to pass them on to customers. Better GDP growth in FY'15 on the back of a revival in industry growth would lead to better steel demand growth next fiscal. It would be in the range of 3-5 per cent, but not above 5 per cent.

The reduction in excise duty on capital goods and automobiles proposed in the 2014-15 interim budget may help steel companies beat the slow domestic demand growth to some extent. The lowering of duties on capital goods and automobiles will help strengthen the demand for steel. This continued thrust on development of infrastructure and manufacturing will help industrial growth in the long term,

Reeling under subdued demand for over two years, the steel sector's worst phase is over and green shoots are visible in areas like prices and inventories. The worst phase of steel sector is already over. Things are looking up. Demand has gone up. There is liquidation

## **RMG ALLOY STEEL LIMITED**

(Formerly known as "Remi Metals Gujarat Limited")

of inventories. Steel prices have also slightly gone up in last 2-3 months.

Steel demand is projected to grow by 4.5 percent in 2015, supported by the expectation that structural reforms will be implemented by the new elected government, India's steel demand may grow 3.3 per cent this year on higher demand from construction and manufacturing sectors,

### **B) OPPORTUNITY & THREATS**

Demand of steel in global market mostly depends upon growth of infrastructure in China, India and other developing countries. Increase in price of steel and coking coal affects competitiveness of Indian end users of steel. Further, increase in competition affect margin of profits.

The Company concentrates in Niche market. The Company concentrates on alloy steel for Aerospace, Defense, Railway, Drilling, Yellow Good, Oil & Gas (Export), Turbine, Wind Energy, Machine/Ship Building, Gear Development, Engines, Open Die Forgers etc.

The Company is taking various steps to utilize its existing capacity to the maximum extent.

### **C) SEGMENTWISE AND PRODUCTWISE PERFORMANCE**

Product wise performance is given in Directors Report under heading operations.

### **D) RISK & CONCERNS**

Additional capacity being generated for production of Alloy Steel in India caused pressure on sales & margin.

However the Company expects to mitigate the impact of risks and concerns since the Company concentrates on niche products.

### **E) 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.

### **F) 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.

### **G) DISCUSSION & FINANCIAL PERFORMANCE**

#### **REVENUE**

Revenue details are discussed in Directors Report.

### **H) 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.

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### CORPORATE GOVERNANCE - CLAUSE 49 OF THE LISTING AGREEMENT

#### A. Company's Philosophy

RMG Alloy Steel Limited (Formerly known as "Remi Metals Gujarat 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.

#### B. Board of Directors

##### i) Composition:

Details of composition of the existing Board of Directors as on 31st March 2014 are given below:

Sr. No.	Name of Director	Category	No. of Shares Held	Attendance Particulars		Directorship in other public limited companies	Committee Chairmanship/ membership in other public limited companies
				Annual General Meeting	Board Meeting		
1	Mr. Atul Desai	I,NE,C	Nil	Yes	5	9	3C/8M
2	Mr. Abhishek Mandawewala	SI,NE	Nil	No	4	3	1M
3	Mr. Shashank Chaturvedi	E	Nil	No	2	-	-
4	Mr. Ashok Jain	I,NE	Nil	No	4	2	-
5	Mr. Hanuman Kanodia	NP	Nil	No	3	1	-
6	Mr. V.S.Iyer	NP	11	No	4	1	-

##### 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.

##### ii) Details of Date of Board Meeting:

During the year 2013-14, the Board of Directors met five times on the following dates: -01.04.2013, 30.05.2013, 12.08.2013, 13.11.2013 and 12.02.2014.

#### C. COMMITTEES OF THE BOARD

The Committee constituted by the Board as on the date mentioned below:

##### 1. AUDIT COMMITTEE

The Audit Committee consists of the following 3 Non-Executive Directors as on 31.03.2014.

Mr. Atul Desai	-	Chairman (Independent)
Mr. Abhishek Mandawewala	-	Member
Mr. Ashok Jain	-	Member (Independent)

##### Terms of reference:

The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under clause 49 of the Listing Agreement.

**RMG ALLOY STEEL LIMITED**  
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Four meetings of Audit Committee of Board of Directors were held on 30.05.2013, 09.08.2013, 13.11.2013 and 12.02.2014. The details of Attendance of Members of audit committee are as follows:

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/2013 to 31/03/2014)
1	Mr. Atul Desai	Chairman	4
2	Mr. Abhishek Mandawewala	Member	3
3	Mr. Ashok Jain	Member	4

**2. REMUNERATION COMMITTEE**

Remuneration committee of the Board of Directors of the Company consists of the following persons:

Mr. Atul Desai	-	Member (Independent)
Mr. Abhishek Mandawewala	-	Member
Mr. Ashok Jain	-	Member (Independent)

One Remuneration Committee meeting was held on 30th May, 2013.

**Terms of Reference**

To recommend payment of Remuneration to Managing Director/Executive Director from time to time.

The details of Remuneration paid/due during the period under review to Mr. Shashank Chaturvedi, Executive director are mentioned below:

(Amt. in Rs.)

Particulars	Mr. Shashank Chaturvedi (Executive Director)
Basic	2405946
HR	721785
Incentive	387500
Bonus/ Exgratia	200415
P.F.	288714
Other benefits	2491368
Total	6495728
notice period	1 month
service contract	3 Years

The details of sitting fees paid to Non Executive Directors of the Company are given below:

Name of Director	Total Sitting Fees Paid for attending meeting of Board of Directors /Audit Committee/ Share transfer and Investors Grievance Committee/Finance committee/ postal ballot/ Remuneration Committee for the year 2013-14
Mr. Atul Desai	Rs.88,000/-
Mr. Ashok Jain	Rs.70,000/-
Mr. V S Iyer	Rs.32,000/-
Mr. Hanuman Kanodia	Rs.24,000/-

**3. SHARE TRANSFER AND INVESTORS' GRIEVANCE COMMITTEE**

- a) The Share Transfer and Investors' Grievances Committee focused on shareholder's grievances and strengthening of investor relations. The functions of the Committee include specifically looking into redressal of investors' grievances pertaining to Transfer of shares, Dematerialization of shares, replacement of lost/ stolen/mutilated share certificates and other related issues.

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b) Composition and details of attendance of members of the Committee are as follows:

Sr.No.	Name of the Member	Designation	Number of Meetings Attended (01/04/13 to 31/03/14)
1.	Mr. Atul Desai	Chairman	7
2.	Mr. Abhishek Mandawewala	Member	5
3.	Mr. Shashank Chaturvedi	Member	6

c) Compliance officer – Nil

d) Seven meetings of Share Transfer and Investors Grievance Committee were held on 14.06.2013, 15.07.2013, 09.10.2013, 20.12.2013, 07.01.2014, 07.02.2014 and 28.02.2014.

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

During the year under review, total Investor's complaints/ requests were received. Break up and number of complaints/ requests received under different category is given hereunder:

Sr. no.	Category	No. of complaints Recd
1	Non receipt of annual report	5
2	Non receipt of dividend warrant	4
3	Non receipt of new share certificates	1
4	Non receipt of duplicate share certificates	1
5	Non receipt of Exchange Share Certificate	7
6	Complaint through BSE	2
	<b>Total Complaints Recd</b>	<b>20</b>

All the complaints/ requests received during the year under report were resolved within the time limit to the satisfaction of the investors/ shareholders and no complaints were pending as on 31st March 2014.

### D. GENERAL BODY MEETINGS:

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

Date	Type of meeting	Location	Time	No. of special Resolutions
29/09/2011	Annual General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	12.30 P.M	1
21/09/2012	Annual General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	12.30 P.M	1
14/05/2013	Extra Ordinary General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	12.00 noon	1
21/09/2013	Annual General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	12.30 P.M	2

(ii) Details of Special Resolutions passed in the last three years are given hereunder:

Date	Location	No. of special Resolutions	Special Resolutions passed
29/09/2011	Plot no.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch	One	Alteration in Article no. 157 relating to affixation of Common Seal of the Company in the presence of any one of the directors or company secretary or any authorized person.
21/09/2012	Plot no.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch	One	Consent to Board of Directors to make investment in equity shares and preference shares of Welspun Captive Power Generation Limited upto a limit of Rs.1.30 crores.
14/05/2013	Plot no.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch	One	Change of name of the Company from Remi Metals Gujarat Limited to RMG Alloy Steel Limited
21/09/2013	Plot no.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch	Two	i. Appointment of Mr. Shashank Chaturvedi as an Executive Director w.e.f 19/10/2012 for a period of three years. ii. Consent to Board of Directors to issue and allot preference shares not exceeding Rs.15 crore.

- (iii) During the year under report, the following Special resolutions through postal ballot were announced as passed on 6th January 2014:

Sr.no.	Matter
1	Consent to Board of Directors to borrow funds upto Rs.600 crores pursuant to section 180 (1) (c) of the Companies Act 2013.
2	Consent to Board of Director to mortgage and/or create any charge on immovable and/or movable properties of the Company pursuant to section 180 (1) (a) of the Companies Act 2013.

**E. MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis of various businesses of the Company is separately given in the Annual report.

**F. DISCLOSURES**

- (i) 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.
- (ii) There was no non-compliance of any law or regulations (during the last three years) and hence, no penalties/strictures.
- (iii) Certification by CEO/CFO – Certificate obtained from Executive Director (who also heads Finance) on the financial statements of the Company in terms of Clause 49 of the Listing Agreement was placed before the Board meetings, who took the same on record.
- (iv) Brief resume of Directors being appointed / reappointed –
  1. Mr. Abhishek Mandawewala aged 27 years is B.A. /M. Eng. (Honours) from University of Cambridge, UK and he has experience of more than five years. He had served the Company as an Executive Director for a period of 4 years.
  2. Mr. Shashank Chaturvedi aged 53 years is a chartered Accountant and has more than 25 years of experience in steel industry. He is Executive Director of the Cpmpany since last year.
  3. Mr. Atul Desai is a partner of M/s. Kanga & Co., leading Law firm. Mr. Atul Desai has attended large number of matters relating to merger, amalgamation, litigations, arbitration involving commercial dispute etc. He is proposed to be appointed as an independent director. He is a Director of the Company since 15th November 2008.
  4. Mr. Ashok Jain aged 63 years is a chartered accountant and has more than 40 years of experience in the field of finance, accounts and banking. He is proposed to be appointed as an independent director

**G. MEANS OF COMMUNICATION**

The Board of Directors of the Company approves and takes on record the audited financial results for the year ended 31-03-2013, unaudited financial results for quarter ended 30-06-2013,30-09-2013 and 31-12-2013 and forwarded the results to the Bombay Stock Exchange Ltd and published the same in Economic Times (E+G), Ahmedabad edition.

**H. GENERAL SHAREHOLDER INFORMATION:**

The next Annual General Meeting shall be held at –

- (i) Venue - Plot no. 1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat,  
Time - 12.30 P.M  
Day and Date - Monday, 29th September, 2014  
Financial year - from 1st April 2013 to 31st March 2014
- (ii) Date of Book Closure - from Tuesday, 23rd September, 2014 to Thursday, 25th September, 2014 (both days inclusive)
- (iii) Dividend payment date - No dividend has been declared for the financial year 2013-14.
- (iv) Listing on Stock Exchanges and codes

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

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- (v) Market Price Data- High-Low Quotations on Bombay Stock Exchange Limited, Mumbai during each month from April 1, 2013 to March 31, 2014 as follows:

Month	Market Price		Sensex	
	High	Low	High	Low
Apr-13	3.98	2.75	19622.68	18144.22
May-13	3.89	2.41	20443.62	19451.26
Jun-13	3.40	2.02	19860.19	18467.16
Jul-13	2.60	1.92	20351.06	19126.82
Aug-13	2.45	1.70	19569.2	17448.71
Sep-13	2.49	1.45	20739.69	18166.17
Oct-13	3.35	2.30	21205.44	19264.72
Nov-13	2.78	1.66	21321.53	20137.67
Dec-13	2.40	1.60	21483.74	20568.70
Jan-14	2.62	1.92	21409.66	20343.78
Feb-14	2.60	1.76	21140.51	19963.12
Mar-14	3.15	2.33	22467.21	20920.98

- (vi) The transfer of shares of the Company are being done by Bigshare Services Pvt. Ltd., the R & T Agents, having address at E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai- 400 072.

Contact person: Shri Ashok Shetty, Vice President

- (vii) Distribution of shareholding of equity shares as on 31st March, 2014 is as follows: -

Shareholding of nominal value ₹	Total Holders		Amount	
	(in Nos.)	% of Total	in ₹	% of Total
1 - 5000	91190	98.09	17324490	2.66
5001 - 10000	842	0.91	5611194	0.86
10001 - 20000	458	0.49	6304956	0.97
20001 - 30000	182	0.20	4595838	0.71
30001 - 40000	73	0.08	2531952	0.39
40001 - 50000	47	0.05	2063430	0.32
50001 - 100000	82	0.09	5741148	0.88
100001 and above	92	0.09	606442032	93.21
<b>Total :</b>	<b>92966</b>	<b>100.00</b>	<b>650615040</b>	<b>100.00</b>

- (viii) 10,73,08,059 equity shares constituting 98.97% of the share capital are in demat form as on 31.03.2014.

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

- (x) Address for Correspondence : Plot no.1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist – Bharuch. Tel No. 09727774061/62, 02645-619700,  
Fax No.02645-619800

- (xi) E-mail Id : allcompanysecretaryofrmgl@welspun.com

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

**Certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement**

TO THE MEMBERS OF **RMG ALLOY STEEL LIMITED** (Formerly known as "REMI METALS GUJARAT LIMITED")

We have examined the compliance of conditions of Corporate Governance by RMG Alloy Steel Limited (Formerly known as "Remi Metals Gujarat Limited), for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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 Listing Agreement.

We state that in respect of investor's grievance received during the year ended 31st March 2014, the Registrar and Share Transfer Agents of the Company have certified that as at 31st March, 2014, 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.

Sd/-

**Anand Makhija**  
*Practicing Company Secretary*  
ACS no.5087  
COP no.3410

Place: Mumbai  
Date: 27th May, 2014

INDEPENDENT AUDITOR'S REPORT

TO,  
THE MEMBERS OF **RMG ALLOY STEEL LIMITED**  
(formerly known as Remi Metals Gujarat Limited)

**Report on the Financial Statements**

We have audited the accompanying financial statements of **RMG Alloy Steel Limited** (formerly known as Remi Metals Gujarat Limited) ("the Company") which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

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

The Company's Management is responsible for 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 Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

**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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Emphasis of Matter**

We draw attention to notes no.26 of the financial statements regarding the accounts have been prepared on a going concern basis though the Company's accumulated losses exceed its net worth and its total liabilities exceed its assets, in view of the reasons referred to in the note therein.

Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003, ("the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
2. As required by Section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
  - e) On the basis of the written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

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

Place: Mumbai  
Dated: 27th May, 2014

**RMG ALLOY STEEL LIMITED**  
(Formerly known as "Remi Metals Gujarat Limited")

**ANNEXURE 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)

- 1) a) The Company is in the process of updating its fixed asset register showing full particulars including quantitative details and situation of fixed assets.
- b) We have been informed that the fixed assets of the Company are physically verified by the Management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- c) In our opinion, the Company has not disposed off substantial part of its fixed assets during the year.
- 2) a) As explained to us, inventories have been physically verified by the management at the year end.
- b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The Company has maintained proper records of inventory and the discrepancies between physical stocks and the book stocks noticed on physical verification were not material.
- 3) a) The Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in the register maintained under Section 301 of the Act. Hence Clauses (iii) (a), (iii) (b), (iii) (c) and (iii) (d) of Paragraph 4 of the Order are not applicable.
- b) The Company has taken unsecured loan from one company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year is Rs. 2,613 lac and year end balance was Rs. Nil.
- c) In our opinion and according to information and explanation given to us, the rate of interest, wherever applicable and other terms and conditions of above loans taken are not prima facie prejudicial to the interest of the Company.
- d) The principal amounts, are repayable on demand and there is no repayment schedule.
- 4) There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to the purchases of inventories, fixed assets and sale of goods and services and we have not observed any continuing failure to correct the major weaknesses in such internal controls.
- 5) a) In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanation given to us, the transactions of purchase of goods and material and sale of goods, material and services made pursuant of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at a prices which are reasonable having regard to the prevailing market price at the relevant time.
- 6) The Company has not accepted any deposits under the provisions of section 58A and 58AA of the Act or any other relevant provisions of the Act and the rules framed there under.
- 7) In our opinion, the Company's internal audit system is commensurate with its size and nature of business.
- 8) 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 209(1)(d) 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.
- 9) 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, Wealth Tax, Service Tax, Custom Duty, Excise duty, 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 March 31, 2014 for a period of more than six months from the date of becoming payable.
- b) As at March 31, 2014 there have been no disputed dues which have not been deposited with the respective authorities in respect of Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise duty and Cess other than the following:

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	5	2005-06 to 2007-08	Customs, Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	98	2006-07 to 2011-2012	Customs, Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	50	2011-12 to 2012-13	Joint Commissioner Central Excise & Customs
Finance Act, 1994	Service Tax	11	2004-2005 to 2005-06	Joint Commissioner Central Excise & Customs
Central Excise Act	Excise Duty	34	1996-97 to 1998-99	Customs, Excise & Service Tax Appellate Tribunal
Income Tax Act	Income Tax	77	2004-05	Commissioner of Income Tax (Appeals)
Sales Tax Act	Value Added Tax	16	2007-08	Joint Commissioner, Commercial Tax (Appeal)
Sales Tax Act	Value Added Tax	12	2008-09	Joint Commissioner, Commercial Tax (Appeal)

- 10) In our Opinion, the accumulated losses of the Company are more than fifty percent of its net worth as at March 31, 2014, and the Company has incurred cash loss during the financial year and in the immediately preceding financial year.
- 11) Based on our audit procedures and according to the information and explanations given to us, there have been defaults in the repayment of dues to banks as under:

Period of Delay	Principal Amount (Rs. In Lac)	Interest Amount (Rs. In Lac)	Status of Payment
up to 30 Days	61	997	Paid
31 to 60 Days	692	508	Principal Rs.150 lac and Interest of Rs.39 lac unpaid ,Balance Paid
60 days and above	2,205	470	Paid

There were no debentures issued during the year or outstanding at the beginning of the year.

- 12) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's report) Order, 2003 is not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the companies (Auditor's report) Order, 2003 is not applicable to the Company.
- 15) The Company has not given any guarantees for loans taken by others from bank or financial institutions.
- 16) In our opinion, the term loans have been applied for the purpose for which they were raised.
- 17) On the basis of review of utilization of funds which is based on overall examination of the balance sheet of the Company, related information as made available to us and as represented to us by the Management, we are of the opinion that no funds raised on short term basis have been used for long term assets.
- 18) As per information and explanation given to us, the Company has made preferential allotment of preference shares to a Company covered in the registered maintained under section 301, at price which is not prejudicial to the interest of the Company.
- 19) According to the information and explanation given to us, during the period covered by our audit report, the Company has not issued any debentures and no debentures were outstanding at the end of the year. Therefore, the provisions of clause 4(xix) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 20) The Company has not raised any money by public issue during the year.
- 21) As per the information and explanation given to us and on the basis of examination of records, no material fraud on or by the Company was noticed or reported during the year.

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

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

Place: Mumbai  
Dated: 27th May, 2014

## 32ND ANNUAL REPORT 2013-14

### BALANCE SHEET AS AT 31ST MARCH 2014

(Rs.in lac)

Particulars	Note	As at March 31, 2014	As at March 31, 2013
<b>I EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	10,959	10,530
Reserves and Surplus	3	(21,451)	(19,110)
		<u>(10,492)</u>	<u>(8,580)</u>
<b>Share Application Money Pending Allotment</b>	4	2,232	1,500
<b>Non-Current Liabilities</b>			
Long Term Borrowings	5	16,415	16,142
Long Term Provisions	6	138	208
		<u>16,553</u>	<u>16,350</u>
<b>Current Liabilities</b>			
Short Term Borrowings	7	12,975	12,821
Trade Payables	8	11,034	8,684
Other Current Liabilities	9	4,809	5,491
Short Term Provisions	10	32	27
		<u>28,850</u>	<u>27,023</u>
<b>TOTAL</b>		<u><u>37,143</u></u>	<u><u>36,293</u></u>
<b>II ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	11		
Gross Block		43,240	43,072
Less : Depreciation		26,824	24,608
		<u>16,416</u>	<u>18,465</u>
-Tangible assets		22	30
-Intangible assets		499	138
-Capital work-in-progress		-	-
Long-Term Loans And Advances	12	219	292
		<u>17,156</u>	<u>18,925</u>
<b>Current Assets</b>			
Inventories	13	6,167	7,946
Trade receivables	14	11,118	7,352
Cash and Bank Balances	15	1,595	1,715
Short term Loans and Advances	16	1,056	314
Other Current Assets	17	51	41
		<u>19,987</u>	<u>17,368</u>
<b>TOTAL</b>		<u><u>37,143</u></u>	<u><u>36,293</u></u>
Significant Accounting Policies & Notes to Accounts forming an integral part of Financial Statements	1		

As per our attached report of even date

**For CHATURVEDI & SHAH**

Chartered Accountants

**Parag D Mehta**

Partner

Membership No.113904

Place : Mumbai

Date : 27th May, 2014

For and on behalf of the Borad of Director

**Shashank Chaturvedi**

Executive Director

**Abhishek Mandawewala**

Director

**RMG ALLOY STEEL LIMITED**  
(Formerly known as "Remi Metals Gujarat Limited")

**STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31ST MARCH 2014**

(Rs. in lac)

Particulars	Note	As at March 31, 2014	For the March ended 31, 2013
<b>III INCOME</b>			
Revenue from operations	18	41,712	35,419
Other Income	19	159	267
<b>Total Revenue</b>		<u>41,871</u>	<u>35,686</u>
<b>IV EXPENSES</b>			
Cost of Materials Consumed	20	25,987	21,340
Changes in inventories of Finished and semi finished goods	21	1,749	2,072
Employee Benefits Expenses	22	1,953	2,518
Finance Costs	23	4,970	4,850
Depreciation		2,228	2,227
Others expenses	24	11,915	12,009
<b>Total Expenses</b>		<u>48,802</u>	<u>45,016</u>
<b>Profit before Exceptional items and tax</b>		<b>(6,931)</b>	(9,330)
<b>Exceptional Items</b>	25	3,519	
<b>Profit/(Loss) before tax</b>		<b>(3,412)</b>	(9,330)
Tax Expenses		-	-
<b>Profit/(Loss) for the year</b>		<u><b>(3,412)</b></u>	<u>(9,330)</u>
Earning per Equity Share (Face value of Rs. 6 Per Share) : Basic & diluted (in Rs.)	27	<b>(3.15)</b>	(8.65)
Significant Accounting Policies & Notes to Accounts forming an integral part of these financial statements	1		

As per our attached report of even date

**For CHATURVEDI & SHAH**

*Chartered Accountants*

**Parag D Mehta**

*Partner*

Membership No.113904

Place : Mumbai

Date : 27th May, 2014

For and on behalf of the Borad of Director

**Shashank Chaturvedi**

*Executive Director*

**Abhishek Mandawewala**

*Director*

## 32ND ANNUAL REPORT 2013-14

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH -2014

(Rs. in lac)

Particulars	Year ended 2013-14	Year ended 2012-13
<b>A) Cash Flow from Operational Activities</b>		
Net Profit / (Loss) before Tax & Extra-Ordinary items :	(3,412)	(9,330)
Adjustment for :		
Depreciation	2,228	2,227
Financial Costs	4,970	4,850
Provision for Gratuity & Compensated Absences	59	58
Exceptional Item	(3,519)	
Exchange Difference on Translation (Net)	57	(20)
Loss on Sale of Assets	2	3
Bad Debts Written off		33
Provision for Doubtful Debts	130	241
Provision for Obsolescence	36	5
Sundry Credit Balances Written Back	(2)	(31)
	<b>3,961</b>	<b>7,366</b>
Operating Cash Profit/(Loss) before Working Capital Changes	<b>549</b>	<b>(1,964)</b>
Changes in Working Capital :		
Trade Receivables	(3,990)	3,719
Inventories	1,743	2,698
Loans & Advances	(482)	970
Trade and other Payables	3,300	(8,664)
	<b>571</b>	<b>(1,277)</b>
Cash generated from / (used in) Operations	<b>1,120</b>	<b>(3,241)</b>
Income Tax (Net)	(16)	(15)
Net Cash generated from / (used in) Operating Activities:	<b>1,104</b>	<b>(3,256)</b>
<b>B) Cash Flow from Investing Activities</b>		
Acqisition of Fixed Assets (including Work in Progress)	(480)	(35)
Sale of Fixed Assets	3	1
Net Cash generated from / (used in) Investing Activities:	<b>(477)</b>	<b>(34)</b>
<b>C) Cash Flow from Financing Activities</b>		
Finance Costs	(5,158)	(4,478)
Share Application Money received	2,232	1,500
Net Increase/(Decrease) in Short Term Borrowings	595	1,116
Proceeds from Long Term Borrowings	13,990	11,000
Repayment of Long Term Borrowings	(12,219)	(5,645)
Net Cash generated from / (used in) Financing Activities:	<b>(560)</b>	<b>3,493</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS.. (A + B + C)	<b>67</b>	<b>203</b>
Cash and cash equivalents at the beginning of the year	<b>304</b>	<b>101</b>
Cash and cash equivalents at the end of year	<b>371</b>	<b>304</b>
NET INCREASE/(DECREASE) AS DISCLOSED ABOVE ..	<b>67</b>	<b>203</b>
	<b>0</b>	<b>0</b>

#### Notes :

- Fixed Deposits with the Bank under lien amounting to Rs.1224 lac (Previous Year Rs.1411 Lac) are not included in Cash & Cash Equivalents.
- During the year, long term loan amounting to Rs. Nil (Previous Year Rs. 2150 Lac) were converted from dollar denominated loan to rupee loan. However, the same has not been considered as movement in financing activities as it did not involve physical movement of cash.
- Previous Year's figures have been regrouped wherever necessary to confirm current year's figures.

As per our attached report of even date

**For CHATURVEDI & SHAH**  
Chartered Accountants

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

Place : Mumbai  
Date : 27th May, 2014

For and on behalf of the Borad of Director

**Shashank Chaturvedi**  
Executive Director

**Abhishek Mandawewala**  
Director

## 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, 1956 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 XIV to the Companies Act, 1956. 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 realisation/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.

## 32ND ANNUAL REPORT 2013-14

### Notes forming part of the Financial Statements (Contd.)

#### 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**  
(Formerly known as "Remi Metals Gujarat Limited")

**Notes forming part of the Financial Statements (Contd.)**

**2. SHARE CAPITAL**

(Rs. in lac)

Particulars	As at 31st March 2014		As at 31st March 2013	
	Number of shares	Rs. lac	Number of shares	Rs. lac
<b>Authorised</b>				
Equity shares of Rs.6/- each	110,000,000	6,600	110,000,000	6,600
Preference Shares of Rs. 10/- each	54,000,000	5,400	54,000,000	5,400
<b>Total</b>		<b>12,000</b>		<b>12,000</b>
<b>Issued, Subscribed and Paid up</b>				
108,435,840 (Previous year 108,435,840) Equity Shares - of Rs.6/- each fully paid up		6,506		6,506
44,528,571 ( Previous year 40,242,857) 12% Cumulative Redeemable Preference Shares (CRPS) - of Rs 10/- each fully paid up		4,453		4,024
<b>Total</b>		<b>10,959</b>		<b>10,530</b>
<b>a. Reconciliation of the Number of Shares</b>				
Equity Shares : Face value of Rs.10 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	40,242,857	4,024	-	-
Share issued during the year	4,285,714	429	40,242,857	4,024
Buyback/forfeiture/ reduction shares	-	-	-	-
Outstanding at the end of the year	44,528,571	4,453	40,242,857	4,024
<b>b. Details of Shareholders holding more than 5% shares</b>				
<b>Name of the Shareholders</b>	<b>Number of shares</b>	<b>% held</b>	<b>Number of shares</b>	<b>% held</b>
<b>Equity Shares :</b>				
Welspun Steel Limited	43,247,034	39.88	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	5,520,481	5.09
12% CRPS				
Welspun Steel Limited	44,528,571	100	40,242,857	100

**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 19th February 2013, the date of allotment and 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 11th February 2014, the date of allotment.

## 32ND ANNUAL REPORT 2013-14

### Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	As at 31st March 2014	As at 31st March 2013
<b>3 RESERVE AND SURPLUS</b>		
<b>Securities Premium Account</b>		
Balance as at the beginning of the year	10061	-
Add: received on issue of shares	1,071	10,061
Less : Amount Utilized	-	-
Balance as at the end of the year	11,132	10,061
<b>(Deficit) in Statement of Profit and Loss</b>		
As per the last Balance Sheet	(29,171)	(19,841)
Add: Profit / (Loss) for the year	(3,412)	(9,330)
Balance as at the end of the year	(32,583)	(29,171)
<b>Total</b>	(21,451)	(19,110)
<b>4 SHARE APPLICATION MONEY PENDING FOR ALLOTMENT</b>		
Share application money pending for allotment	2,232	1,500
<b>Total</b>	2,232	1,500

The share application money is received against proposed issue of 6,376,000 CRPS of Rs.10 each at a premium of Rs.25 per share carrying dividend (cumulative) of 12% per annum. The shares shall be allotted after approval from shareholders. The CRPS shall be 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.

### 5. LONG TERM BORROWINGS

(Rs.in lac)

Particulars	As at 31st March 2014		As at 31st March 2013	
	Non Current	Current	Non Current	Current
Secured				
Rupee Term Loans from Banks	16,415	800	13,463	1,981
	16,415	800	13,463	1,981
Unsecured				
Sales Tax Deferred Loan	-	-	2,679	1,356
	16,415	800	2,679	1,356
<b>Total</b>	16,415	800	16,142	3,337

a) Rupee loan of Rs.17,215 lac (Previous year Rs. 15,444 lac) pari passu basis, by way of:

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

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

- i. Rs.15,400 lac are repayable in 30 quarterly installment starting from September 2016 and ending in April 2024.
  - ii. Rs.800 lac are repayable in 20 quarterly installment starting from June 2014 and ending in March 2019.
  - iii. Rs.1015 lac are repayable in quarterly installments starting from March 2012 and ending in June 2015.
- b) Sales Tax Deferred Loan is repayable from April 2012 in six equal yearly installments. The payment of the sales tax installment due of Rs.673 lac due been stayed/kept in abeyance/put on hold/ by the Board for Industrial and Financial Reconstruction (BIFR) as modifications in the scheme of rehabilitation proposed by the company are under consideration.
- c) Rupee Term loans include installment of Rs.150 lac (Previous Year Rupees. 141 Lac) due on the balance sheet date.

**RMG ALLOY STEEL LIMITED**  
(Formerly known as "Remi Metals Gujarat Limited")

**Notes forming part of the Financial Statements (Contd.)**

(Rs.in lac)

Particulars	As at 31st March 2014	As at 31st March 2013
<b>6 LONG TERM PROVISIONS</b>		
Provision for Employee Benefit		151
Provision for Gratuity	100	
Provision for Compensated Absences	38	57
<b>Total</b>	<b>138</b>	<b>208</b>
<b>7 SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
From Bank		
Working Capital Loan	11,584	10,989
Unsecured		
Buyers Credit Arrangement	1,391	1,832
<b>Total</b>	<b>12,975</b>	<b>12,821</b>
a) Working Capital Loans are secured, on pari passu basis, by way of		
i. Hypothecation of current assets on first charge basis.		
ii. Hypothecation of movable fixed assets on second charge basis.		
iii) Equitable mortgage of immovable properties on second charge basis		
b) Working Capital Loans carry interest, at bank prime lending rate/base rate plus margin, ranging from 11.50% to 14.75%.		
c) Buyers Credit carry interest at LIBOR plus margin (65 bps to 125 bps).		
<b>8 TRADE PAYABLES</b>		
Micro small and medium enterprises (Refer Note No.36)	-	4
Others	11,034	8,680
<b>Total</b>	<b>11,034</b>	<b>8,684</b>
<b>9 OTHER CURRENT LIABILITIES</b>		
Current maturity of long term borrowings	800	3,337
Interest accrued and due	304	332
Interest accrued but not due	5	165
Advances from Customers	38	133
Advance from others (Land sale)	1,457	-
Book overdraft	71	69
Payable for purchase of fixed assets	336	285
Payable to Employees	136	170
Statutory Liabilities	1,207	540
Provision for expenses	299	262
Other Payables	156	198
<b>Total</b>	<b>4,809</b>	<b>5,491</b>
<b>10 SHORT TERM PROVISIONS</b>		
Provision for Employee Benefits		22
Provision for Gratuity	28	
Provision for Compensated Absences	4	5
<b>Total</b>	<b>32</b>	<b>27</b>

## 32ND ANNUAL REPORT 2013-14

### Notes forming part of the Financial Statements (Contd.)

#### 11 FIXED ASSETS

(Rs. in lac)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2013	Additions	Deductions/ Adjustments	As at 31-03-2014	Upto 31-03-2013	For the year	Deductions/ Adjustments	Upto 31-03-2014	As at 31-03-2014	As at 31-03-2013
<b>TANGIBLE ASSETS :</b>										
Lease hold Land	351	-	-	351	-	-	-	-	351	351
Free hold Land	41	7	-	48	-	-	-	-	48	41
Plant & Machinery	30,875	122	-	30,997	19,379	1,778	-	21,157	9,840	11,496
Electrical Installation	2,008	-	-	2,008	1,508	95	-	1,603	405	500
Buildings	9,407	43	-	9,450	3,468	327	-	3,795	5,655	5,939
Office Equipments	246	3	1	248	157	15	-	172	76	89
Furniture and Fixtures	110	1	-	111	74	3	-	77	34	36
Vehicles	34	-	7	27	21	2	3	20	7	13
	<b>43,072</b>	<b>176</b>	<b>8</b>	<b>43,240</b>	<b>24,607</b>	<b>2,220</b>	<b>3</b>	<b>26,824</b>	<b>16,416</b>	<b>18,465</b>
<b>INTANGIBLE ASSETS:</b>										
Computer Software	32	-	-	32	2	8	-	10	22	30
	32	-	-	32	2	8	-	10	22	30
<b>Total</b>	<b>43,104</b>	<b>176</b>	<b>8</b>	<b>43,272</b>	<b>24,609</b>	<b>2,228</b>	<b>3</b>	<b>26,834</b>	<b>16,438</b>	<b>18,495</b>
Previous Year	43,055	64	15	43,104	22,393	2,227	11	24,609	18,495	
Capital Work-in-Progress									499	138

(Rs.in lac)

Particulars	As at 31st March 2014	As at 31st March 2013
-------------	--------------------------	--------------------------

#### 12 LONG TERM LOANS AND ADVANCES

##### Unsecured and considered good unless otherwise stated

Capital advances	19	19
Less: Provision for doubtful debt	5	-
	<u>14</u>	<u>19</u>
Security Deposits	100	184
Income tax paid/deducted (Net of provisions)	105	89
<b>Total</b>	<u><u>219</u></u>	<u><u>292</u></u>

#### 13 INVENTORIES

Raw Materials	1,343	1,228
Semi Finished Goods	1,714	3,083
Finished Goods	1,417	1,797
Stores and Spares (net of provision for obsolescence of Rs. 62 lac, Previous year Rs. 26lacs )	1,693	1,838
<b>Total</b>	<u><u>6,167</u></u>	<u><u>7,946</u></u>

**RMG ALLOY STEEL LIMITED**  
(Formerly known as "Remi Metals Gujarat Limited")

**Notes forming part of the Financial Statements (Contd.)**

(Rs.in lac)

Particulars	As at 31st March 2014	As at 31st March 2013
<b>14 TRADE RECEIVABLES</b>		
<b>Unsecured considered good</b>		
Outstanding for a period exceeding 6 months from the date they are due for payment	321	756
Others	10,797	6,596
	11,118	7,352
<b>Considered Doubtful</b>		
Outstanding for a period exceeding 6 months from the date they are due for payment	406	276
Others	-	-
	406	276
<b>Total</b>	11,524	7,628
Less: Provision for Doubtful Debts	406	276
<b>Total</b>	11,118	7,352
<b>15 . CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalent</b>		
Balances with Banks		
In Current Accounts	370	303
Cash on Hand	1	1
<b>Other Bank Balances</b>		
In Margin Deposit Accounts*	1,224	1,411
<b>Total</b>	1,595	1,715
*Balance with Margin money Accounts includes deposits of Rs.119 lac (Previous year Rs.119 lac) with maturity more than 12 months		
<b>16 SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured considered good unless otherwise stated</b>		
Security deposit	11	12
Balance with Statutory/Government Authorities	939	108
Advance to Vendors	25	41
Loans & advance to employees	1	1
Prepaid expenses	60	68
Cenvat/Other claims receivable/recoverable	20	84
<b>Total</b>	1,056	314
<b>17 OTHER CURRENT ASSETS</b>		
Interest receivable on Margin Deposits	51	41
<b>Total</b>	51	41

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### Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
<b>18 REVENUE FROM OPERATIONS</b>		
Sale of Products – Gross	46,507	39,525
Less: Excise Duty	4,879	4,228
Sale of Products – Net	41,628	35,297
Particulars of Sale of Products		
Steel	40784	29,011
Seamless Pipe	844	6,286
	41,628	35,297
Other Operating Revenues		
Export Incentives	-	19
Other Revenue	84	103
	84	122
<b>Total</b>	41,712	35,419
<b>19 OTHER INCOME</b>		
Interest from Bank & Others	157	176
Sundry balances written back	2	31
Miscellaneous Income	-	60
<b>Total</b>	159	267
<b>20 COST OF RAW MATERIAL CONSUMED</b>		
Cost of Raw Materials Consumed (Refer Note No. 35(a))		
Inventory at the beginning of the year	1,227	1,632
Add : Purchases	26,103	20,935
Less : Inventory at the end of the year	1,343	1,227
<b>Total</b>	25,987	21,340
<b>Particulars of Raw Materials</b>		
Metallics	20,683	16,735
Ferro Alloys	4,634	4,156
Others	670	449
<b>Total</b>	25,987	21,340
<b>21 CHANGES IN INVENTORIES</b>		
Inventories (at beginning)		
- Finished Goods	1,797	1,823
- Semi Finished Goods	3,083	5,129
	4,880	6,952
Inventories (at close)		
- Finished Goods	1,417	1,797
- Semi Finished Goods	1,714	3,083
	3,131	4,880
Net (Increase) / Decrease		
- Finished Goods	380	25
- Semi Finished Goods	1,369	2,046
<b>Total</b>	1,749	2,072
<b>Particulars of Inventories</b>		
Finished Goods		
Steel	1,417	1,356
Seamless Pipe	-	441
	1,417	1,797

**RMG ALLOY STEEL LIMITED**  
(Formerly known as "Remi Metals Gujarat Limited")

Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Semi Finished Goods		
Steel	1,462	1,873
Seamless Pipe	252	1,210
	<u>1,714</u>	<u>3,083</u>
<b>22 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages, Allowances and Benefits	1,744	2,251
Contribution to Provident and other Funds	96	149
Provision for Gratuity	44	44
Provision for Compensated Absences	15	14
Staff Welfare Expenses	54	60
<b>Total</b>	<u>1,953</u>	<u>2,518</u>
<b>23 FINANCE COST</b>		
Interest Expense	4,673	4,368
Other Borrowing Cost	297	353
Net loss on foreign currency transactions and translation	-	129
<b>Total</b>	<u>4,970</u>	<u>4,850</u>
<b>24 OTHER EXPENSES</b>		
Manufacturing and Other Expenses		
Stores and Spare Consumed (Refer Note No. 35 (b))	2,399	2,056
Power and Fuel	6,619	6,846
Repairs to Buildings	24	23
Repairs to Plant & Machinery	248	441
Labour Charges	366	352
Job Work Charges	627	338
Insurance	52	70
Excise Duty on change in inventories	(42)	(3)
Lease Rentals and Hire Charges	74	69
Security charges	41	27
Safety Expenses	6	15
Vehicle Expenses	70	82
Communication expenses	33	30
Travelling and Conveyance	54	92
Rates and Taxes	25	20
Rent	38	53
Printing & Stationery	15	17
Listing Fees	4	4
Directors' Sitting Fees	2	2
Auditors' Remuneration		
- Audit Fees	9	9
- Certification Charges	1	1
Legal and Professional Fees and Expenses	124	130
Net loss on foreign currency transactions and translation	328	263
Freight	222	183
Discounts on Sales	312	496
Brokerage & Commission	1	5
Sales Promotion Expenses	2	9
Provision for Doubtful Debts	130	241
Bad Debt written off	-	33
Loss on assets sold/scrapped (Net)	2	3
Miscellaneous Expenses	129	102
<b>Total</b>	<u>11,915</u>	<u>12,009</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, the Company is eligible to avail unutilized incentive. Accordingly, the Company has exercised the option for remission of VAT/Sales tax and refund on purchase tax. Accordingly, the Company has accounted an amount of Rs. 3,519 lac (including interest provided up to 31st March 2014 Rs 152 lac) towards the remission of VAT/Sales tax based on the above stated letter. However, the Company has not accounted for the refund on the purchase tax, and same will be accounted as per assessment by the authority.

- 26 The prolonged slowdown in end user industries and weak business sentiment continue to weigh on and adversely impact the performance. However, operating performance of the Company has been improved as compared to previous year. The management has taken steps to reduce the finance cost by infusing fresh share capital, reduction in the rate of interest on borrowings from the bankers and extension of fiscal incentives eligibility which will result into reduction of finance cost and also improve liquidity of the company. Further, it is expected that demand from auto motive, infrastructure and engineering industry will see a pickup from the multiyear lows during the year, resulting in increased demand for company's products. Management expects substantial improvement in utilisation of capacity. Accordingly, the financial statements have been prepared on going concern basis and no adjustments are required to the carrying amount of assets and liabilities.

### 27 EARNING PER SHARE

Particulars	(Rs.in lac)	
	As at 31st March 2014	As at 31st March 2013
Net Profit / (Loss) for the year (Rs. lac)	(3,412)	(9,330)
Less: Cumulative Dividend on 12% CRPS	544	54
Net Profit / (Loss) for the year considered for calculating earnings per share	(3,956)	(9,384)
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:	(3.65)	(8.65)

- 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" as notified in the Companies (Accounting Standards) Rules 2006. The Company has no reportable geographical segment.

### 31 RELATED PARTY DISCLOSURE

As for Accounting Standard (AS – 18) 'Related Party Disclosures', notified in the Companies (Accounting Standards) Rules 2006, the disclosures of transactions with the related parties as defined in the Standard are given below:

Name of related party	Relationship
-Shashank Chaturvedi	Key Management Personnel
-Abhishek Mandawewala	Key Management Personnel (up to 1st April 2013)
- Welspun Steel Limited	Enterprise having significant influence over the Company
- Wide Screen Holding Pvt Ltd	Enterprise having significant influence over the Company

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

**RMG ALLOY STEEL LIMITED**  
(Formerly known as "Remi Metals Gujarat Limited")

Transactions with related parties

(Rs.in lac)

Particulars	Enterprise having significant influence	Key Management Personnel
<b>Welspun Steel Limited</b>		
Purchases	314( 787)	-
Sales	1 (13)	-
Reimbursement of Expenses	111(48)	-
Interest to Creditors	7(28)	-
Outstanding Payable	NIL (222)	-
Share Application Money received	2,232 (1,500)	-
Remuneration		
ShashankChaturvedi	-	65 (49)
AbhishekMandawewala	-	NIL(15)

(figures in bracket represent Previous year figures )

**32 DEFERRED TAX LIABILITY (Net)**

(Rs. in lac)

Particulars	As at 31st March 2014	As at 31st March 2013
Deferred Tax Liability		
Related to Fixed Assets	2,274	2,569
Deferred Tax Asset		
Other Disallowances under Income Tax Act, 1961	112	166
Unabsorbed Depreciation/ Business Loss (Refer note below)	2,162	2,403
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.95 lac (Previous year Rs.149 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, 2014:

(Rs.in lac)

Particulars	Gratuity Non Funded	
	As at 31st March 2014	As at 31st March 2013
Reconciliation of Present Value of Obligation PVO– defined benefit obligation		
PVO at the beginning of the year	173	168
Current Service Cost	21	30
Interest Cost	14	13
Actuarial (gain) / losses	9	1
Benefits paid	(90)	(39)
PVO at end of the year	127	173
Net cost for the year ended 31st March		
Current Service cost	21	30
Interest cost	14	13
Actuarial (gain) / losses	9	1
Net cost	44	44
Assumption used in accounting for the gratuity plan		
Discount rate (%)	9.00 % p.a.	8.25 % p.a.
Salary escalation rate (%)	5.00 % p.a.	5.00 % p.a.

### c) OTHER DISCLOSURES

	2013-14	2012-13	2011-12	2010-11	2009-10
Present value of defined benefit obligation	127	173	168	131	93
Fair value of plan assets	—	—	—	—	—
(Deficit)/ Surplus of the plan	(127)	(173)	(168)	(131)	(93)
Experience adjustments on plan liabilities [loss / (gain)]	19	8	23	31	30
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, 2014, based on actuarial valuation carried out using the Projected Unit Credit Method, amounting to Rs.14 lac (Previous year Rs.14 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			
	2014	2013	2014	2013
<b>Foreign Currency Hedged</b>				
Short Term Loan	-	-	-	-
Long Term Loan	-	-	-	-
<b>Foreign Currency Unhedged</b>				
Buyers' Credit	1,391	1,832	23	34
Current Liabilities	514	464	9	8

**RMG ALLOY STEEL LIMITED**  
(Formerly known as "Remi Metals Gujarat Limited")

**35 ADDITIONAL INFORMATION**

Pursuant to the provisions of paras 3 and 4 of Part II of Schedule VI to the Companies Act, 1956:

Sr. No.	Particulars	For the year ended 31st March			
		2014		2013	
		Amount (Rs.in lac)	(%)	Amount (Rs.in lac)	(%)
a)	Value of Raw Material Consumed				
	- Imported	3,213	12	4,681	22
	- Indigenous	22,774	88	16,659	78
	<b>Total</b>	<b>25,987</b>	<b>100</b>	<b>21,340</b>	<b>100</b>
b)	Value of Stores and Spares Consumed				
	- Imported	380	16	403	20
	- Indigenous	2,019	84	1,653	80
	<b>Total</b>	<b>2,399</b>	<b>100</b>	<b>2,056</b>	<b>100</b>

(Rs.in lac)

Particulars	For the year ended 31st March	
	2014	2013
c) Value of Imports on CIF Basis in respect of		
- Raw Materials	2681	3,554
- Stores and Spares	377	471
d) Expenditure in Foreign Currency		
- Interest / Bank Charges	38	234
- Foreign Travels	-	7
- Others	0.56	9
e) Earnings in Foreign Exchange		
- FOB Value of Export	-	806

	As at 31st March	
	2014	2013
f) Contingent Liability		
Capital Commitments not provided for (net of advances)	23	23
Bank Guarantees	1035	1,104
Bills Discounted	561	1,177
Service Tax	184	119
Excise Duty	34	34
Disputed Sales Tax Demands	48	49
Disputed Income Tax Demand	86	86
Claim against the Company not acknowledged as debts	153	73
Dividend on Cumulative Redeemable Preference Shares (CRPS)	544	54

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

## 32ND ANNUAL REPORT 2013-14

the said Act as given below :

(Rs.in lac)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Principal amount remaining unpaid as on 31st March	-	4
Interest due thereon as on 31st March	1	1
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, 2013	-	-
Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

**37** Pursuant to resolution passed in the shareholders' meeting held on 14th May, 2013, name of company be and is hereby changed from Remi Metals Gujarat Limited to RMG Alloy Steel Limited . The approval from Central Government/Registrar of Companies is received on 31st May, 2013.

### **38 PREVIOUS YEAR'S FIGURES**

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

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As per our attached report of even date

**For CHATURVEDI & SHAH**

*Chartered Accountants*

For and on behalf of the Board of Directors

**Parag D Mehta**

*Partner*

Membership No. 113904

Place: Mumbai

Date: 27th May, 2014

**Shashank Chaturvedi**

*Executive Director*

**Abhishek Mandawewala**

*Director*

**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** (Formerly known as "Remi Metals Gujarat Limited")

**Registered Office :** G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat 393110, India. Tel No.: +91 2645 619700, Fax No. + 91 2645 619800, Email : [allcompanysecretaryofrmgl@welspun.com](mailto:allcompanysecretaryofrmgl@welspun.com) Website: [www.rmgalloysteel.com](http://www.rmgalloysteel.com)

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

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

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

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

Folio No / Client ID

DPID

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 32nd Annual General Meeting of the Company to be held on Monday, 29th September, 2014 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
1	Adoption of Audited Statement of Profit & Loss, Balance Sheet, Report of Board of Directors and Auditors for year ended 31st March, 2014
2	Appointment of Mr Shashank Chaturvedi as director retiring by rotation
3	Appointment of Mr Abhishek Mandawewala as director retiring by rotation
4	Reappointment of Auditors
5	Appointment of Mr.Atul Desai as an Independent Director
6	Appointment of Mr. Ashok Jain as an Independent Director
7	Issue of preference shares to Promoters/Co-promoters / Strategic Investor.
8	Keeping of Register and Index of members to any other place
9	Ratification of remuneration of Cost Auditor
10	Adoption of Articles of Association as per Companies Act, 2013.

Signed this ..... day of .....2014.

Signature of shareholder

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

Affix Re. 1  
Revenue  
stamp

Note: 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.



# RMG ALLOY STEEL LIMITED

(Formerly known as "Remi Metals Gujarat Limited")

CIN : L27100GJ1993Plc020358

**Registered Office :** G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat 393110, India.  
Tel No.: +91 2645 619700, Fax No. + 91 2645 619800, 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 (Formerly known as "Remi Metals Gujarat 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)	:			

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**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 (Formerly known as "Remi Metals Gujarat 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 Registrars & 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.

