

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

August 13, 2019

Dear Sirs/ Madam,

Reg: Un-audited financial results for the quarter ended June 30, 2019, Limited Review Report, business update and disclosure pursuant to Regulation 30 read with Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/ Madam,

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Un-audited Financial Results for the quarter ended June 30, 2019 ("UFR") prepared in accordance with IND-AS, as reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held today.

Also attached herewith is the Limited Review Report of the Auditors of the Company on the UFR and a brief business update.

Commencement of Commercial Production:

We are pleased to inform that the Company has commenced commercial production of stainless steel long products and seamless tubes & pipes, pending installation of further specialized machines for value addition as planned in capex, installation/ commissioning of which are expected to be completed during Q3/Q4, FY 20.

The Board meeting commenced at 4.30 pm and concluded at 7.10 pm.

Kindly take note of the above.

Yours Faithfully,
For RMG Alloy Steel Limited


Rashmi Mamtura
Company Secretary
F-8658



Certificate No. 20004218 TS09 ISO/TS 16949:2009
Certificate No. 20004218 QM08 ISO 9001:2008
CIN : L27100GJ1980PLC020358

Corporate Office:

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

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

RMG ALLOY STEEL LTD

Regd. Office : Plot No. 1, GIDC Industrial Estate, Jhagadia, Dist. Bharuch, Gujarat-393110
Website : www.rmgalloysteel.com, Email ID : allcompanysecretaryofrmgl@welspun.com
CIN : L27100GJ1980PLC020358

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2019

		(Rs. In Lacs)			
Sr. No	Particulars	Quarter Ended			Year Ended
		30.06.2019	31.03.2019	30.06.2018	31.03.2019
		Un-Audited			Audited
1	Income				
a)	Revenue from Operations	9,906	7,900	11,046	43,621
b)	Other Income	51	95	196	395
	Total Revenue	9,957	7,995	11,242	44,016
2	Expenses				
a)	Cost of materials consumed	6,107	4,707	7,076	28,892
b)	Changes in inventories of finished goods, work in progress and stock in trade	50	(347)	(481)	(2,101)
d)	Employees benefits expenses	647	688	474	2,495
e)	Depreciation and Amortisation expenses	173	166	163	668
f)	Power & fuel	1,888	1,374	2,360	8,768
g)	Finance Costs	281	140	539	945
h)	Consumption of stores & spares	1,087	1,150	1,475	6,317
i)	Other expenses	512	811	717	2,995
	Total Expense	10,745	8,689	12,323	48,979
3	Profit/(Loss) before exceptional items and Tax (1-2)	(788)	(694)	(1,081)	(4,963)
4	Exceptional Items {Refer note - 5 (a), (b) and (c)}	(9)	-	2,949	2,949
5	Profit/(Loss) before tax (3+4)	(797)	(694)	1,868	(2,014)
6	Tax expenses	-	-	-	-
7	Net Profit/(Loss) for the period (5-6)	(797)	(694)	1,868	(2,014)
8	Other Comprehensive Income				
a)	Items that will be reclassified to profit or loss				
	Fair value change on derivatives designated as cash flow hedge	114	(127)	-	(127)
b)	Items that will not be reclassified to profit or loss				
	Remeasurement of defined benefit obligation	(2)	(18)	3	(8)
	Total Other Comprehensive Income Net of Income tax	112	(145)	3	(135)
	Total Comprehensive Income for the period	(685)	(839)	1,871	(2,149)
9	Paid-up equity share capital (Rs.6/- per equity share)	24,967	20,802	20,802	20,802
10	Earnings per share (Face Value of Rupees 6/ Each)				
	- Basic	(0.23)	(0.25)	0.84	(0.88)
	- Diluted	(0.23)	(0.25)	0.67	(0.88)

Notes :

- The above results have been reviewed by the Audit Committee and thereafter were approved and taken on record by the Board of Directors at its meeting held on 13th August, 2019.
- The Company is engaged in the business of steel & steel products which in the opinion of the Management is considered the only business segment in the context of IND AS 108 on "Operating Segment", as specified under section 133 of Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015.
- As the deferred tax asset is higher than the deferred tax liability as computed in accordance with the IND AS 12, specified under section 133 of Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, the Company, as a matter of prudence, has not recognised any deferred tax asset.
- Expansion project of the Company is at a very advance stage and upon start of commercial production, the Company expects improvement in operational performance. Further, the Company's continued thrust to improve operational efficiency and its initiative to raise funds are expected to result in sustainable cash flows. Accordingly, inspite of losses incurred by the Company during the quarter ended 30th June 2019, the statement of financial result has been prepared on a going concern basis and no adjustments are required to the carrying amount of assets and liabilities. This matter has been referred to by the Auditors in their report as a matter of emphasis.
- a) During the quarter ended 30th June 2018 and , the Company paid Rs.29,458 Lacs to lenders and got waiver of Rs. 3,091 Lacs.
b) As per the Judgment of Supreme Court of India in case of Civil Appeal Nos 13047-13048 of 2017 held that reduction in input tax credit in case of sale in course of inter-state would be applied whenever a case gets covered by sub-clause (ii) and again when sub-clause (iii) of section 11(3) of Gujarat Value Added tax Act, 2003 is attracted. Accordingly during the quarter ended 30th June 2018 the Company has calculated and reversed Vat refundable amount of Rs 142 lacs pertaining to the earlier years.
c) On account of completion of Value Added Tax Assessment for FY 2014-15, the company has received Rs.78 Lacs against refundable amount of Rs.102 Lacs, resulting into short refund of Rs.24 lacs. Further the company has reversed provision of Rs.15 Lacs made in Quarter ended 30th June 2018, resulting net impact of Rs.9 Lacs as on Quarter ended 30th June 2019.
- With effect from 1st April 2018, the Company has adopted Ind AS 115, 'Revenue from Contracts with Customers'. The Company has applied cumulative effect method which does not require comparative information to be restated in the above standalone financial results. Further, the standard is applied retrospectively only to contracts that were not completed as at the date of initial application (i.e. 1st April, 2018). There is no significant net impact on retained earnings as at 1st April, 2018 and net loss for the Quarter /year ended 31st March, 2019 and Quarter ended 30th June 2018.
- The Company has allotted 6,94,15,000 equity shares of Rs.6/- each at premium of Rs.6/- each on 9th April, 2019 upon exercise of 6,94,15,000 warrants.
- The figures for the previous periods have been regrouped / rearranged, wherever necessary, to make them comparable.

Date: 13th August, 2019
Place: Mumbai



For and on behalf of Board

[Signature]
Whole Time Director

Independent Auditor's Review Report

Limited Review Report on Unaudited Quarterly Financial Results of RMG ALLOY STEEL LIMITED Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

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

1. We have reviewed the accompanying statement of unaudited Financial Results ("the Statement") of **RMG Alloy Steel Limited ("the Company")** for the quarter ended 30th June, 2019, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation') as amended, read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March, 29 2019 ('the Circular').
2. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors in their meeting held on 13th August, 2019. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' specified under Section 143 (10) of the Companies Act, 2013 ('the Act'). This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited Financial results prepared in accordance with applicable Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with relevant circulars issued by SEBI, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

5. We draw attention to Note 4 of the accompanying statement; During the Quarter ended 30th June 2019 the Company have incurred continues losses indicating the existence of uncertainty that may cast doubt about the Company's ability to continue as a going concern. Considering the matters set out in the said note, this statement is prepared on a going concern basis.

Our Conclusion is not modified in respect of this matter.

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



Vishal D. Shah
Partner
Membership No:119303
UDIN: 19119303AAAADL9687



Date: August 13, 2019
Place: Mumbai

Challenging business environment

- **Production Volume** → 15,562 MT in Q1 FY20 vs 13,899 MT in Q4FY19
- **Sales Volume** → 16,102 MT in Q1FY20 vs 12,282 MT in Q4FY19

Mumbai, August 13, 2019: RMG Alloy Steel Limited (“RMG” or “Company”), today announced its Q1FY20 results.

Financial Highlights:

- Revenue in Q1 FY20 stands at Rs. 99.1 crs, up 25% QoQ with increase in volume.
- EBITDA in Q1 FY20 has marginally improved to Rs. (3.3) crs vs (3.9) crs in Q4FY19. The external environment remains challenging with weak demand, especially in the auto sector. On account of this, selling prices are under pressure.
- Finance cost was higher at Rs. 2.8 crs in Q1FY20 (vs. Rs. 1.4 crs in Q4FY19). Finance cost was lower in Q4FY19 as there was a reversal of Rs. 1.02 crs due to capitalisation.
- PAT in Q1 FY20 stood at Rs. (8.0) crs.

Standalone Financials: (since the company does not have subsidiary, joint venture and associate companies, it need not have consolidated financial statements)

Income Statement Snapshot (Rs. Crs)			
Particulars	Q1 FY20	Q4 FY19	Q1 FY19
Revenue from Operations	99.1	79.0	110.5
Other Income	0.5	0.9	2.0
Total Income	99.6	79.9	112.4
EBITDA	-3.3	-3.9	-3.8
<i>EBITDA margin</i>	<i>-3.4%</i>	<i>-4.9%</i>	<i>-3.4%</i>
Depreciation and Amortisation expenses	1.7	1.7	1.6
Finance Costs	2.8	1.4	5.4
PBT	-7.9	-6.9	-10.8
Exceptional Gain/Loss	-0.1	0.0	29.5
Reported PBT	-8.0	-6.9	18.7
PAT	-8.0	-6.9	18.7
<i>PAT margin</i>	<i>-8.0%</i>	<i>-8.7%</i>	<i>16.6%</i>
Cash PAT	-6.2	-5.3	-9.2

Note: Cash PAT = PBDT before exceptionals – Current tax

Project Status

The Company is undertaking Capex for:

- Foray into Stainless Steel and Stainless Steel Pipe / tubes
- Modernizing existing steel melting shop (SMS) to enhance its efficiency to produce quality special and alloy steel
- Modernizing existing Rolling Mill (RM) to produce smaller diameter rolled bars

Of this, capex of around Rs. 134 crs has been incurred till 30th June 2019. Commercial production of Stainless Steel has started in Q2 FY20.

Industry Scenario and Outlook:

- The automobile industry was reeling under intense pressure during the first quarter of FY20. The Indian auto industry has witnessed double digit negative growth.
- Similar down trend was felt in other sectors such as Engineering & Bearing.
- As a result most of the OEMs as well as Tier 1 and 2 suppliers have down sized their operations by resorting to frequent block closures. Inventories in all supply chain segments have been extremely high. This has in turn affected collections as well. Cancellation & deferment schedules/ orders have become very frequent and there by disrupting operations in the industries.
- Significantly reduced demand has forced many players to reduce price.
- The decline in the CV industry is very pronounced and Total Industry Volumes have dropped drastically.
- The continued fiscal and liquidity concerns, lack of real demand for vehicles and absence of the budgetary and policy stimulus to the sector is reflected in the worsening weak sentiments. First half is expected to remain flat and in second-half, while the industry is anticipating volume recovery led by BS VI per-buying and liquidity easing, it is expected that transition to the new emission norms will have an impact on the buying decisions of customers.
- The government's proposed amendments in CMVR norms allowing scrapping of vehicles older than 15 years and need for half yearly vehicle fitness test will definitely help in increasing demand.
- It is expected that sentiment will turn positive and volumes will pick up in Q3/Q4.

Alloy Steel:

In order to reduce excessive dependence on Auto Industry, the Company is planning to focus on Engineering and Bearing segments. The Company is also working to increase its share of business in value added products, mainly in Ingot route material. The Company is pursuing increased volumes of 'As Cast' Ingots, Ingot rolled products, Bearing Steel and Development products for Oil & Gas.

Stainless Steel (SS):

The Company's stainless steel products have been well received by the market. The Company has planned launch of several SS products during the quarter, for oil & gas as well as engineering sectors.

The Company intends to focus on value added products in Alloy Steel and on higher volumes of Stainless Steel.

Seamless and Welded Tubes

The Company has received approvals from several marquee clients. Approval process is underway for several other clients.

About RMG Alloy Steel Ltd.

RMG Alloy Steel Ltd (formerly known as Remi Metals Gujarat Ltd.) is an ISO 9001:2008 & TS: 16949 accredited company with more than two decades of reputation as a trusted partner to all major OEMs across the globe catering to their various requirements. RMG operates an Alloy & Special steel plant with 150,000 MT annual production capacity in Bharuch, Gujarat producing various grades of Carbon, Alloy and Special steels.

About Welspun Group

A US\$ 2.7 billion enterprise, Welspun Group is one of India's fastest growing conglomerates with businesses in Line Pipes, Home Textiles, Infrastructure, Oil & Gas, Advanced Textiles and Floorings. The Group has a strong foothold in over 50 countries with 26,000 employees and over 100,000 shareholders. Headquartered in Mumbai, Welspun Group's manufacturing facilities are strategically located in India, USA and Saudi Arabia. Known for technological and operational excellence, the Group has established a leadership position in the Line Pipe & Home Textiles sectors globally. Its clients include most of the Fortune 100 companies.

For further information please visit www.rmgalloysteel.com

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The information in this release has been included in good faith and is for general purposes only. It should not be relied upon for any specific purpose and no representation or warranty is given as regards to its accuracy or completeness. No information in this release shall constitute an invitation to invest in RMG Alloy Steel Ltd. or any of its affiliates. Neither RMG Alloy Steel Ltd, nor their affiliates' officers, employees or agents shall be liable for any loss, damage or expense arising out of any action taken on the basis of this release, including, without limitation, any loss of profit, indirect, incidental or consequential loss.