



WELSPUN SPECIALTY SOLUTIONS

Alloy & Stainless | Bars & Tubes

WELSPUN SPECIALTY SOLUTIONS LIMITED

(ERSTWHILE RMG ALLOY STEEL LIMITED)



38TH ANNUAL REPORT
2019-20

(ERSTWHILE RMG ALLOY STEEL LIMITED)

CIN:L27100GJ1980PLC020358

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Balkrishan Goenka	-	Chairman
Mr. Atul Desai	-	Independent Director
Mr. Myneni Narayana Rao	-	Independent Director
Ms. Amita Karia	-	Independent Director
Mr. Prakash Tatia	-	Director
Mr. Anuj Burakia	-	Whole Time Director

KEY MANAGERIAL PERSONNEL

Mr. Anuj Burakia	-	Whole Time Director
Mr. Narendra Kumar Bhandari	-	Chief Financial Officer
Ms. Rashmi Mamtura	-	Company Secretary

AUDITORS

Pathak H.D. & Associates LLP., Nariman Point, Mumbai – 400 021

BANKERS

Corporation Bank
Yes Bank Ltd

REGISTERED OFFICE AND FACTORY

Plot No. 1, G.I.D.C Industrial Estate, Valia Road, Jhagadia,
Dist. Bharuch, Gujarat-393110

CORPORATE OFFICE

C/8, BKT House, Trade World, Kamala City, S.B.Marg, Lower Parel
Mumbai – 400013, Tel: 022-66136000/24908000, Fax: 022-24908020
E-mail: companysecretary_wssl@welspun.com
Website: www.welspunspecialty.com

LISTING OF SHARES

BSE LTD, MUMBAI
Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai - 400 001

R&T AGENT

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

Contents

01	Directors' Report	69	Balance Sheet
25	Corporate Governance Report	70	Statement of Profit and Loss
42	Management Discussion & Analysis	72	Cash Flow Statement
48	Business Responsibility Report	73	Notes forming part of the Financial Statements
58	Independent Auditors' Report		



WELSPUN SPECIALTY SOLUTIONS LIMITED

(Erstwhile RMG Alloy Steel Limited)

CIN : L27100GJ1980PLC020358

Registered Office : Plot No 1, G I D C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat-393110.

Corporate Office : C/8, BKT House, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013.

Email : companysecretary_wssl@welspun.com Website: www.welspunspecialty.com

Tel: +91 -22-66136000 Fax: +91-22-2490 8020

NOTICE

To,
The Members,

NOTICE is hereby given that 38th Annual General Meeting of **Welspun Specialty Solutions Limited** (Erstwhile RMG Alloy Steel Limited) will be held via Video Conference or Other Audio-Visual Means on Friday, September 11, 2020, at 11.30 am to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2020 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Anuj Burakia (DIN: 02840211) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution.

“RESOLVED THAT subject to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and based on the recommendation of the Board, the appointment of M/s. Pathak H.D. & Associates LLP, Chartered Accountants (having Firm Registration Number 107783W), as the statutory auditors of the Company to hold office from the conclusion of the 38th Annual General Meeting until the conclusion of the 39th Annual General Meeting be and is hereby ratified by the members of the Company at a fee of Rs.9,50,000 (subject to deduction of tax at source at such rate as may be applicable) and out of pocket expenses.”

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass 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 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, (including any statutory modification or re-enactment thereof for the time being in force), the total remuneration of Rs.35,000/- approved by the Board of Directors of the Company to M/s. Kiran J. Mehta & Co. the Cost Auditors (Firm Registration No. 000025), appointed as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021 and the other duties in accordance with the applicable legal provisions, be and is hereby ratified”

5. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (“the Act”) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any amendment, modification, variation or re-enactment to any of the foregoing), and subject to such other approvals,

consents, permissions and sanctions of other authorities as may be necessary, and also pursuant to the recommendation by the Audit Committee and the Board of Directors, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board), to ratify/approve the transactions (including any modifications, alterations or amendments thereto) entered into/ to be entered into by the Company in the ordinary course of business and on arm’s length basis with related Party/ies within the meaning of the Act and Listing Regulations, as per below framework:

Sr. No.	Particulars	Framework for terms of contract
1.	Name of the Related Party	Welspun Corp Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Gujarat – 370110 (“WCL”)
2.	Name of the Director or Key Managerial Personnel who is/may be related	Mr. Balkrishan Goenka – Chairman (Non-Executive)
3.	Nature of Relationship	WCL is a company under same management.
4.	Nature and particulars of the contract / arrangement	Sale of finished goods
5.	Material terms of the contract / arrangement	In line with prevailing market terms with prevalent trading margin
6.	Monetary value of the contract / arrangement	Such amount as may be negotiated and agreed between the Company and WCL. Provided however that the contract amount shall not exceed : Rs.75 Crore during FY 2020-21; and Rs.100 Crore p.a. during FY 2021-22 and thereafter.
7.	Duration of the transaction	One year, renewable for one year at a time.
8.	The indicative base price or current contracted price and the formula for variation in the price, if any	Prices shall be based on arm’s length having reference to market price prevailing at the time of issuance of purchase order and shall remain static for the quantity and delivery period mentioned for that purchase order.
9.	Any other information relevant or important for the members to take a decision on the proposed resolution	None

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents and writings, on an ongoing basis, as may be necessary, proper or expedient for the purpose of giving effect to the above resolution.”

6. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Section 42, 48, 55, 62 and all other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), the policies, rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India or any other competent authority, from time to time, to the extent applicable, and subject to approval of any statutory/regulatory or other appropriate authorities and subject to such condition(s) as may be prescribed by one or more of them while granting any such approval(s), consent(s), permission(s) and/ or sanction(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “Board”, which term shall be deemed to include any Committee which the Board has constituted or may constitute to exercise its powers including the powers conferred under this resolution or any person duly authorised by the Board in this behalf) and

enabling 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 to alter the terms of 5,09,04,271 12% Cumulative Redeemable Preference Shares of Rs.10/- each ("CRPS") by way of extension of tenor of CRPS from existing redemption in "three equal installments from eight year onwards from the date of allotment" to make it redeemable on "19.02.2033 or any date before that based on the availability of cash flow" with other terms remaining unchanged.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts deeds and things as may be necessary in this regard including but not limited to the delegation of powers to any director or committee of directors or any others person as it may deem fit subject to the provision of the Companies Act, 2013."

Place: Mumbai
Date: August 1, 2020

By Order of the Board

Sd/-
Rashmi Mamtura
Company Secretary
FCS- 8658

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

RESOLUTION NO. 2

Disclosures pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Mr. Anuj Burakia, aged about 41 years is a qualified Chartered Accountant and has more than 18 years' experience in steel business of the group. Before assuming responsibility of heading the steel business in 2007, Mr. Burakia during his career remained involved with multiple functions and roles including Enterprise Resource Planning (ERP), operations, projects, commercial etc. He possesses strong business acumen and managerial capabilities and could therefore exercise effective controls over end to end aspects of the business including strategy, manufacturing, supply chain, marketing and finance.

Mr. Burakia does not hold directorship in any listed entity other than the Company. He is also a member of Audit Committee and Stakeholders' Relationship Committee of the Company.

Except Mr. Burakia, being the appointee herein, none of the other directors or key managerial personnel of the Company or their relatives may be deemed to be concerned or interested, financially or otherwise, in this resolution.

In terms of Regulation 17 of the SEBI (LODR) Regulations, 2015, the Board recommends passing of the ordinary resolution at Resolution No. 2 of the accompanying Notice for approval by the Members of the Company.

Members' approval is sought by way of ordinary resolution proposed under Resolution No. 2 of the accompanying Notice.

RESOLUTION NO. 4

As provided under the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the Board, on the recommendation of the Audit Committee, has appointed 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, 2021 and perform the other duties under the applicable provisions of the law, on the total remuneration of Rs.35,000/- subject to ratification in general meeting.

None of the Directors, Key Managerial Personnel of the Company and/or their relatives may be concerned or interested (financially or otherwise) in the resolution.

In terms of Regulation 17 of the SEBI (LODR) Regulations, 2015, the Board recommends passing of the ordinary resolution at Resolution No. 4 of the accompanying Notice for approval by the Members of the Company.

Members' approval is sought by way of ordinary resolution proposed under Resolution No. 4 of the accompanying Notice.

RESOLUTION NO. 5

In order to enhance business volume, particularly niche products such as seamless pipes, as well as to improve contribution / profit margin, your company has taken several initiatives like channelizing sale through pipe industry expert and global player in oil and gas like Welspun Corp Limited, by getting additional business through them. Welspun Corp Limited, a Related Party under the Companies Act,

2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Since the proposed arrangement between the Company and WCL would be in respect of the products the Company, it would be an arrangement in the ordinary course of business of the Company. Further, the price for products shall be determined on arm's length based on the prevailing market terms. Hence, the transaction proposed for members' approval is in ordinary course and at an arm's length.

Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 ('Rules') exempts a company from obtaining consent of the Board of Directors and the members in case the related party transactions entered into by the Company are in the ordinary course of business and on arm's length basis.

However, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') requires approval of the members through a resolution for all material related party transactions, even if they are entered into in the ordinary course of business and on arm's length basis, if the same is not exempt under Regulation 23(5) of the Listing Regulations. For this purpose, a transaction with a related party is considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements.

The proposed arrangement is estimated to exceed ten percent of the annual turnover of the Company as per the last audited financial statements, therefore, the approval of the shareholders is required.

Information required to be given in the explanatory statement pursuant to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 forms part of the resolution.

Except for Mr. Balkrishan Goenka, none of the Directors and/or any Key Managerial Personnel of the Company and/or their relatives may be concerned or interested (financially or otherwise) in the resolution.

In terms of Regulation 17 of the SEBI (LODR) Regulations, 2015, the Board recommends passing of the ordinary resolution at Resolution No. 5 of the accompanying Notice for approval by the Members of the Company.

Members' approval is sought by way of ordinary resolution proposed under Resolution No. 5 of the accompanying Notice in terms of Regulation 23 of the Listing Regulations. Related Party is not entitled to vote on this resolution.

RESOLUTION NO. 6

It is proposed to amend the terms of 5,09,04,271 12% Cumulative Redeemable Preference Shares of Rs.10/- each ("CRPS") by way of extension of redemption term of CRPS from existing redemption in "three equal installments from eight year onwards from the date of allotment" to make it redeemable on "19.02.2033 or any date before that based on the availability of cash flow" with other terms remaining unchanged. Since the Company is not likely to be in a position to redeem CRPS in short term, therefore it would be appropriate to extend the tenor of CRPS as mentioned in the proposed resolution.

Pursuant to the provisions of Section 48 of the Companies Act, 2013, the consent of three-fourths of CRPS holders have been obtained.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise, in the proposed Resolution except to the extent disclosed above and to the extent of their shareholding, if any, in the Company.

In terms of Regulation 17 of the SEBI (LODR) Regulations, 2015, the Board recommends passing of the special resolution at Resolution No.6 of the accompanying Notice for approval by the Members of the Company.

Members' approval is sought by way of a special resolution proposed under Resolution No. 6 of the accompanying Notice.

Place: Mumbai
Date: August 1, 2020

By Order of the Board

Sd/-
Rashmi Mamtura
Company Secretary
FCS- 8658

NOTES:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 and Circular number SEBI / HO / CFD / CMD1 / CIR / P/2020/79 issued by the Securities and Exchange Board of India (SEBI) ("Circulars"). The Annual General Meeting ("AGM") will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. In compliance with the Circulars, the Annual Report 2019-20, the Notice of the AGM, instructions for e-voting are being sent only through electronic mode to those members whose email addresses are registered with the Company / depository participant(s).
3. A statement pursuant to Section 102 (1) of the Companies Act, 2013 (the Act), relating to the Special Business to be transacted at the meeting is annexed hereto.
4. Since the General Meeting will be held through VC or OAVM in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited ("CDSL") for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL. Members who have cast their votes by remote e-voting prior to the General Meeting may participate in the General Meeting but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions for e-voting section which forms part of this Notice.
6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
8. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
9. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at

<http://www.welspunspecialty.com/notice.php>. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

10. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the General Meeting. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of General Meeting, i.e. September 11, 2020. Members seeking to inspect such documents can send an email to CompanySecretary_WSSL@welspun.com.
12. All correspondence pertaining to Equity Shares should be forwarded to the Company's Registrar and Transfer Agent M/s. Bigshare Services Pvt. Ltd., Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Next to Keys Hotel, Marol Maroshi Road, Andheri (East), Mumbai – 400059, Contact person: Mr. Vinod Yadav (Client Executive) Tel: 91-22-62638200/22/23, Fax: 91-22-6263 8261, Email: vinod.y@bigshareonline.com, and are also requested to immediately inform their change of address, change of e-mail address or consolidation of folios, if any, to the Company's said Registrar and Transfer Agent.
13. Members are requested to update their complete bank account details with their depositories where shares are held in dematerialized mode and with Registrar & Share Transfer Agent ("RTA") of the Company i.e. Bigshare Services Private Limited by sending the request at vinod.y@bigshareonline.com. Along with copy of the request letter signed by the Members mentioning the name, folio number, bank account details, self-attested copy of PAN card and cancelled cheque leaf.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participants and members holding shares in physical form can submit their PAN details to the Company.
15. The Company will send Notice of AGM 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 document in electronic form at the said e-mail address.
16. The shareholders who wish to nominate, any person to whom his securities shall vest in the event of his death, may do so by submitting the attached Nomination Form (Form SH - 13) to the Company or the Registrar and Transfer Agent of the Company. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of securities who has made the nomination, by giving a notice of such cancellation or variation.
17. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to M/s. Bigshare Services Pvt. Ltd, Registrar and Transfer Agent, for consolidation into a single folio.