



INDEPENDENT AUDITORS' REPORT

To,

**The Members of
WELCAST STEELS LIMITED
Ahmedabad.**

Report on the IND AS Financial Statements

We have audited the accompanying IND AS financial statements of WELCAST STEELS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as financial statements).

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the state of affairs (financial position), Profit or Loss (financial performance including Other Comprehensive Income), the Cash Flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.

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

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143(11) of the Act.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including Ind AS, of the state of affairs (financial position) of the Company as at 31st March 2018, and its profit (financial performance including Other Comprehensive Income), the changes in equity and its cash flows for the year ended on the date.

Report on Other Legal and Regulatory Requirements

- i. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act and in terms of the information and explanations sought by us and given by the company, we give a statement on the matters specified in paragraphs 3 and 4 of the Order.
- (i) As per the books and records examined by us in the normal course of audit based on such audit check that we considered necessary and appropriate and to the best of our knowledge and belief, we state that :
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
 - (c) The title deeds of immovable properties are held in the name of the company.



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- (ii) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the nature of business and volume of operations and the same have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership Firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"), hence the question of grant of such loans being prejudicial to company's interest, schedule of repayment of interest and principal, receipt of principal and interest on regular basis and steps for recovery of overdue amount for more than 90 days as per clause (iii) of the Order does not arise.
- (iv) The company has not granted any loans, investments, nor given guarantees/security to any party attracting the provisions of Section 185 and 186 of the Companies Act 2013, hence the question of compliance with the said provisions as per clause (iv) of the Order does not arise.
- (v) The company has not accepted any deposits from the public, hence the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the rules framed there under as per clause (v) of the Order does not arise.
- (vi) We have broadly reviewed the books of accounts relating to materials, Labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the records of the Company, the company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods & Services Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues to the extent applicable to it.
- (b) According to the information and explanation given to us and based on the records verified by us, we state that no undisputed amount payable in respect of Provident fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Goods & Services Tax, Value Added Tax, Duty of Customs, Duty of Excise or Cess, which have remained outstanding as at 31st March 2018 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us there are no dues of Income Tax, Sales Tax, Value Added Tax, Service Tax, Goods & Services Tax, Duty of Customs, Duty of Excise or Cess, the dues which have not been deposited on account of dispute except as stated below-

Name of the Statute	Nature of Dues	Disputed Amount (₹. In Lakhs)	Period to which amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	116.64	September 2004 To August 2006	Customs, Excise & Service Tax Appellate Tribunal, Bangalore.
Foreign Trade Regulation Act (DEEC Scheme)	Customs Duty, Interest	835.43*@	March 2005 To December, 2008 And interest till 31st March, 2018	High Court of Karnataka.

*Excluding penalty.

@ ₹ 35 Lakhs has been deposited against the above.

- (viii) In our opinion, the Company has not defaulted in repayment of dues to banks. The company has neither borrowed any loans from Financial Institutions other than banks, Government nor issued any debentures and consequently the question of default in repayment does not arise.
- (ix) The company has not raised any money by way of initial public offer or further public offer and the company has not taken any term loans from banks or financial institutions during the year. Hence the question of application of moneys raised by way of initial public offer, further public offer and term loans for the purpose for which they were raised does not arise.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has not paid any managerial remuneration, other than Director sitting fee, within the meaning of sec 197 read with Schedule V to the Act. Hence the provisions of Clause XI of the Order are not applicable.
- (xii) The Company is not a Nidhi Company. Therefore the provisions of clause (xii) of the Order are not applicable to the Company.



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- (xiii) In our opinion, the company has complied with the provisions of Sections 177 and 188 of the Act and the disclosure of such transactions in the financial Statements etc., as required by applicable Accounting Standards in respect of transactions entered into with related parties.
- (xiv) The company has not made any preferential allotment/ private placement of shares/ fully or partly convertible debentures during the year, hence the requirement of compliance with provisions of Section 42 of the Act and utilization of amounts so raised for the purpose for which the funds were raised as per clause (xiv) of the Order does not arise.
- (xv) In our opinion the Company has not entered into any non-cash transactions with directors or persons connected with him; hence the requirement of compliance to provisions of Section 192 of the Act as per clause (xv) of the Order does not arise.
- (xvi) The company is not required to be registered under Sec 45-IA of the Reserve Bank of India Act, 1934, hence the requirements of clause (xvi) of the Order does not arise.
- II. As required by section 143(3) of the Act, we report that:
- (i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) 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;
- (iii) The Balance Sheet, Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (iv) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.
- (v) On the basis of the written representations received from the directors, as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- (vi) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; And
- (vii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (a) The Company has disclosed the impact of pending litigations on its financial position in its financial statements-Refer clause C (1) of Note 27 to the financial statements.
- (b) As explained to us, the Company does not foresee any loss on long-term contract entered in to. The company has not entered in to any derivative contracts. In view of the above the question of making provision does not arise;
- (c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (d) The disclosure requirement as envisaged in Notification G.S.R 308 (E) dated 30th March 2017 is not applicable to the Company for the year.

Place : Bengaluru
Date : 07-05-2018

for **GANAPATH RAJ & CO**
Chartered Accountants
(FRN 000846S)
(C. GANAPATH RAJ)
Partner
Membership No 022955



ANNEXURE A - TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE A - TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF WELCAST STEELS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of

Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Welcast Steels limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

Place : Bengaluru
Date: 07-05-2018

for **GANAPATH RAJ & CO**
Chartered Accountants
(FRN 000846S)
(C. GANAPATH RAJ)
Partner
Membership No 022955