



BOARDS' REPORT

Your Directors have pleasure in presenting the Forty-Sixth Annual Report together with Audited Financial Statements of the Company for the financial year ended 31st March, 2018.

FINANCIAL HIGHLIGHT :

₹. In Lakhs

PARTICULARS	Year ended 31st March 2018	Year ended 31st March 2017
Revenue from Operations	23,996.95	21,901.20
Other Income	52.20	60.79
Total Revenue	24,049.15	21,961.99
Profit before Finance Cost, Depreciation & Amortization and Tax Expenses.	352.10	325.54
Less : Finance Cost	36.04	2.83
Less : Depreciation & Amortization	89.74	82.01
Profit Before tax	226.32	240.70
(i) Provision for Taxation (Current)	74.70	62.90
(ii) Taxes for earlier years	(14.10)	—
(iii) Provision for Taxation (Deferred)	6.36	1.29
Total Tax (i+ii+iii)	66.96	64.19
Profit/ (Loss) after Tax	159.36	176.51
Other Comprehensive Income	(3.54)	(8.27)
Total Comprehensive Income/(Expenses)	155.82	168.24

1. **PRODUCTION:**

During the year under review the Company produced 37,972 tons of Grinding Media as compared to 36,980 tons in the previous year.

2. **SALES & PROSPECTS:**

The Company sold 37,930 tons of Grinding Media during the year under review as against 36,646 tons in the previous year. The sales prospects for the current year are quite encouraging.

3. **DIVIDEND & RESERVES:**

Your Directors are pleased to recommend a dividend of 20% (₹. 2.00 per share) for the Financial Year 2017-18.

4. **FINANCE:**

The liquidity position of the Company remained satisfactory. Canara Bank, Citi Bank and State Bank of India , extended their full co-operation to the Company.

5. **EMPLOYEES RELATIONS:**

The relationship with the employees, in general, remained cordial. However, a number of cases related to disciplinary actions taken against some workmen who had indulged in misconduct during and after the illegal labour strike in November/December 2014, are still pending in the Honourable Labour Court, alongwith the issue of Charter of demands put up by one of the two Labour Unions in the Company.



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6. DIRECTORS:

Mr. Vinod Narain, Director of the Company retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. A brief resume of Mr. Vinod Narain is given as annexure to the notice.

7. NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE:

During the year under review, Four Board Meetings and Audit Committee meetings were convened and held. The detail of composition of Audit Committee is as under:-

Mr. D.P.Dhanuka, Chairman
Mr. Bhadresh K.Shah, Member
Mr. Pradip R.Shah, Member
Mr. Ashok A.Nichani, Member
Mr. Rajendra S. Shah, Member
Mr. Sanjay S.Majmudar, Member

All recommendations made by the Audit Committee during the year were accepted by the Board. The details of Composition of other Committees and dates of the meetings are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and SEBI Listing Regulations.

8. AUDITORS:

The Statutory Auditors M/s.Ganapath Raj & Co., Chartered Accountants (FRN:000846S) Statutory Auditors of the Company will hold office till the conclusion of the 50th Annual General Meeting.

In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

9. AUDITORS' REPORT AND NOTES ON ACCOUNTS:

The Board has duly reviewed the Statutory Auditors' Report for the Financial Year ended 31st March, 2018. There were no qualifications/observations in the Report.

10. COST AUDITORS:

The Cost Auditors has filed the cost audit report for the financial year ended 31st March, 2017 within stipulated time frame.

The Board of Directors on the recommendation of the Audit Committee has appointed M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditors of the Company to audit the cost accounting records of the Company for the financial year 2018-19. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the members of the Company for their ratification at the ensuing Annual General Meeting. Accordingly, a resolution seeking member's ratification of the remuneration payable to M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad is included in the Notice convening the 46th Annual General Meeting.

11. INTERNAL CONTROL AND AUDIT:

Company has a proper and adequate system of Internal Control commensurate with its size and the nature of its operations to ensure that all assets are safeguarded and protected against loss from un-authorized use or disposition and all transactions are authorized, recorded and reported correctly. The Board of Directors at the recommendation of the Audit Committee appointed M/s. Talati & Talati, Chartered Accountants, Ahmedabad as Internal Auditors of the Company for financial year 2018- 19.

Internal Auditors monitor and evaluate the efficacy and adequacy of internal Control System in the Company. Significant Audit Observation and corrective actions thereon are presented to the Audit Committee of the Board.

12. DEPOSITS:

The Company has not accepted any deposit from the public during the year under review within the meaning of Section 73(a) of the Companies Act, 2013.

13. INSURANCE:

The Company has taken adequate insurance coverage of all its Assets and Inventories against various calamities, viz. fire, floods, earthquake, cyclone, accidents etc.



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14. CORPORATE GOVERNANCE:

In line with the Company's commitment to good Corporate Governance Practices, your Company has complied with all the mandatory provisions of Corporate Governance as prescribed in Regulations 17 to 27 of the SEBI Listing Regulations.

A separate report on Corporate Governance and Practicing Company Secretaries Certificate thereon is included as a part of the Annual Report.

15. MANAGEMENT DISCUSSION AND ANALYSIS (MDA):

MDA covering details of operations, opportunities and threats etc. for the year under review is given in a separate section included in this report and forms a part of this Annual Report.

16. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The additional information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, stipulated under Section 134 (3)(m) of the Companies Act, 2013 read with the rule 8 to the Companies (Accounts) Rules, 2014 are provided as an Annexure - A to this report.

17. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (3) (c) of the Companies Act, 2013 your Directors hereby confirm that:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgement 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 of the Company for that year.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the Annual Accounts on a going concern basis.
- (v) The Directors have laid down Internal Financial controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively and
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

The Company has neither given any loans, guarantees nor made any investments under section 186 of the Companies Act, 2013 during the financial year 2017 – 18.

19. TRANSACTIONS WITH RELATED PARTIES:

All transactions entered with the related parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. Your directors draw attention of the members to para 6 of note No.27-significant accounting policies and notes to the financial statement which sets out material contracts / arrangements/ transactions with related parties on arms' length basis. There are no materially significant Related Party Transactions made by the Company with the Promoters, Directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

The Company has developed a Related Party Transactions framework through Standard Operating Procedures for the purpose of identification and monitoring of such transactions. All related party transactions including those which are repetitive in nature are reviewed by the Audit Committee on quarterly basis. The Board approved all the related party transactions that are recommended by the Audit Committee. The policy on Related Party Transactions as approved by the Board of Directors is available on the web site of the Company i.e. www.welcaststeels.com.

During the financial year 2018-19, the transactions of sale of material with the Holding Company i.e. AIA Engineering Limited may exceed threshold limit of ten percent (10%) of the annual consolidated turnover of the company as per the audited financial statements for the year ended 31st March 2018. Pursuant to Regulation 23 of SEBI Listing Regulations, Company proposes to take the approval of members of the Company by way of an Ordinary Resolution to be passed at the ensuing Annual General Meeting.



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The details of the material Related Party transactions entered by the Company during the year under review are disclosed in Form AOC – 2 as Annexure – B to this Report.

20. RISK MANAGEMENT:

The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. Corporate Risk Evaluation and Management is an ongoing process within the Organization. The Company has a well-defined Risk Management framework to identify, monitor and minimizing/mitigating risks. The Risk Management framework has been developed and approved by the senior management in accordance with the business strategy. The key elements of the framework include:

- Risk Structure;
- Risk Portfolio;
- Risk Measuring & Monitoring and
- Risk Optimizing.

The implementation of the framework is supported through criteria for Risk assessment, Risk forms & MIS.

The objectives and scope of Risk Management Committee broadly comprises of:

- Oversight of risk management performed by the executive management:
- Reviewing the Corporate Risk Management Policy and framework within the local legal requirements and Listing Regulations;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownerships as per a predefined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

21. SECRETARIAL AUDIT REPORT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder the Company has appointed M/s Tushar Vora & Associates, Company Secretaries in Practice (C P No 1745) to conduct the Secretarial Audit of the Company's secretarial and related records for the year ended 31st March 2018. The Secretarial Audit Report of the Company is annexed herewith as Annexure – C and forms an integral part of this report.

22. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The vigil mechanism of the Company which also incorporates a whistle blower policy in terms of the Regulations 22 of SEBI Listing Regulations may be accessed on the Company's website. The company has nominated the Chief Financial Officer as the Chief Vigilance officer. Protected disclosures can be made by a whistle blower through e-mail or by anonymous letter addressed to the Chief Financial Officer.

23. NOMINATION AND REMUNERATION COMMITTEE:

The Board has on recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report which is a part of the Board's Report. The detailed policy is placed on the investor section of website of the Company www.welcaststeels.com.

24. BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations, a structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was carried out by the Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.



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25. **FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:**

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter alongwith necessary documents, reports and internal policies to enable them to familiarize with the Company's Procedures and practices. The Company has through presentations at regular intervals, familiarized and updated the Independent Directors with the strategy, operations and functions of the Company and Engineering Industry as a Whole. Site visit to plant location is organized for the Directors to enable them to understand the operations of the Company. The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at <http://www.welcaststeels.com/newsite/CorporateGovernance.html>.

26. **DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has zero tolerance for sexual harassment at work place and has adopted a policy on prevention, prohibition and redressal of sexual harassment at work place in line with the provisions of sexual harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the year under review, the Company has not received any complaint in this regard.

27. **EXTRACT OF ANNUAL RETURN:**

The details forming part of the Annual Return in Form MGT-9 are annexed herewith as Annexure – D to this Report.

28. **PARTICULARS OF EMPLOYEES:**

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment of Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company forms part of this report. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

Disclosures in respect of the Remuneration of the Managerial Personnel are given in Annexure "E".

29. **ENVIRONMENT, HEALTH AND SAFETY:**

The Company is committed to health and safety of its employees, contractors and visitors. The Company is compliant with all Environment, Health and Safety (EHS) Regulations stipulated under the Water (Prevention and Control of Pollution), the Air (Prevention and Control of Pollution) Act, the Environment Protection Act and the Factories Act and Rules made thereunder. Our mandate is to go beyond compliance and we have made a considerable improvement.

30. **SECRETARIAL STANDARDS:**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

31. **ACKNOWLEDGMENTS:**

Your Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees. The Directors also wish to place on record their gratitude to the members for their continued support and confidence. Your Directors also have pleasure in placing on record their sincere appreciation for the continued co-operation and support extended to the Company by the Bankers, Canara Bank, State Bank of India and Citibank N.A., Ahmedabad and various other Government authorities.

Place : Bengaluru
Date : 07-05-2018

For and on behalf of the Board of Directors

VINOD NARAIN
Chairman
(DIN.00058280)