Note 27 Significant Accounting Policy and Notes to the Financial Statements for the financial year ended 31st March, 2018.

A Reporting Entity

Welcast Steels Limited(the 'Company') is a Company domiciled in India, with its registered office situated at 115-116, G.V.M.M Estate, Odhav Road, Odhav, Ahmedabad-382410, Gujarat, India. The Company has been incorporated under the provisions of Companies Act applicable in India and its equity shares are listed on the BSE Ltd. in India. The Company is primarily involved in manufacturing of High Chrome Grinding Media Balls which mill Internals of cement and Mining industry.

B Basis of preparation

(a) Statement of compliance with Ind AS

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act. The financial statements were authorized for issue by the Company's Board of Directors on 07/05/2018

(b) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the functional currency. All the amounts have been rounded off to the nearest lakhs, unless otherwise indicated.

(c) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Employee Defined Benefit Plans	Plan Assets measured at fair value less present value of defined benefit obligation
Certain Financial Assets & Liabilities	Fair value / Amortized cost

(d) Use of Estimates and Judgements

In preparing these financial statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Revisions to the accounting estimates are recognized prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the respective note.

Assumptions and Estimation Uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the respective note.

Further information about the assumptions made in measuring fair values is included in the respective note.

C. Significant Accounting Policies

PROPERTY, PLANT & EQUIPMENT (PPE)

a) Property, Plant & Equipment are stated at the cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any. All direct costs and cost of financing relating to the specific borrowing attributable to the eligible PPE till they are commissioned are capitalized and CENVAT credit / VAT credit availed/GST available on the capital goods are deducted from the cost of the corresponding assets.Capital work-in-progress includes cost of assets at sites and construction expenditure.

b) Depreciation on fixed assets is charged on written down value method over the useful life of assets as prescribed by Schedule II (except for Plant & Machinery for which useful life determined as per technical estimate) of Companies Act, 2013 as follows:

Asset Class	Useful life of asset
Plant & Machinery	7.5-15 Years
Factory Building	30 Years
Furniture & Fixtures	10 Years
Office Equipment's	5 Years
Motor Cars	8 Years
End user devices, such as desktops, laptops etc	3 Years
Servers & Networks	6 Years
RCC Road	10 Years

c) Profit / Loss on disposal of fixed assets are credited / charged, as the case may be, to Statement Profit and Loss.

d) Intangible Assets are recognized at cost less any accumulated amortization and impairment losses if any.Acquired intangible assets are capitalised at acquisition price.

e) Computer Software being Intangible asset amortised over a period of 3 years on WDV basis.

III. INVENTORIES

a) Finished Goods and Work in process are valued at cost or net realizable value whichever is lower. Cost represents material cost, labour cost, and other appropriate overheads.

b) Raw Materials, Stores & Spares and other inputs are valued at cost after considering credit of refundable taxes or net realizable value whichever is lower, cost being determined on moving weighted average method. However raw materials and other inputs held for use in or in relation to production are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

c) Excess / shortage, if any, with in acceptable norms arising on physical verification are absorbed in the respective consumption accounts.

IV. REVENUE RECOGNITION

Revenue from sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer which generally coincide when the goods are dispatched from the factory as per the terms of contract of sale. Sales value are inclusive of Excise Duty and exclusive of Value Added Tax, Central Sales Tax and Goods and service Tax

V. EMPLOYEE BENEFITS

a) Defined Contribution plans:

These are plans in which the Company pays pre defined amounts to separate funds, and does not have any legal or informal obligation to pay any additional sums. These comprise of defined contribution plans for employees comprising of government administered employees provident fund and pension plans. The contribution paid / payable to these plans during the year is charged to statement of profit and loss for the year on accrual basis.

b) Defined benefit plans:

i. Gratuity: The Company makes contributions to the employees' group gratuity-cum-life assurance scheme of the Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits is determined on actuarial valuation conducted annually by an independent Actuary using the projected unit credit method, as adjusted for un recognized past service cost , if any, and as reduced by the fair value of the plan assets, is recognized in the accounts. Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

ii. Compensated absence: The Company has a scheme to compensate absence for employees. The liability of which is determined on the basis of an actuarial valuation carried out by an independent actuary at the end of the year. The actuarial gains or losses are recognized in full in the statement of profit and loss for the period in which they occur.

iii. Short term employee benefit: All employee benefits which are wholly due within twelve months of rendering the services are recognized in the period in which the employee renders the related services.

VI. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains / losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currency as at the year end are recognized in the statement of profit and loss.

VII. TAXATION

Tax on income for the current period is determined on the basis of taxable income estimated in accordance with provisions of Income tax Act, 1961.Deferred tax asset is recognized for the future tax consequences of the temporary difference between the tax base and the carrying values of assets and liabilities. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized in future and are reviewed every year .The tax effect is calculated on the accumulated timing differences at the end of the year based on enacted or substantively enacted tax rates.

VIII. IMPAIRMENT OF ASSETS

At each Balance Sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre - tax discount rate that reflects the current market assessments of time value of money and risks specific to the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss.

Impairment losses recognized in prior years, if any, are reversed when there is an indication that recognized impairment losses for the asset, no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

IX. PROVISIONS AND CONTINGENT LIABILITIES

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligations. Contingent liabilities, if material, are disclosed by way of Notes to Accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

X. CASHFLOW STATEMENT

The Cash Flow Statement is prepared in accordance with Ind AS 7 " Statement of Cash Flows" and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand, Balances with Schedule Bank and fixed deposits which are readily convertible into cash.

XI. EARNINGS PER SHARE

Basic earnings per share is arrived at based on net profit after taxation available to the equity shareholders to the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated on the same basis as basic earnings per share after adjusting for the effects of potential dilutive equity shares.

₹. **In Lakhs**

C. NOTES ON ACCOUNTS:

1 Contingent liability to the extent not provided for Amount ₹. **In Lakhs**

Particulars	31.3.2018	31.3.2017
a. In respect of claims against the company not acknowledged as debt	7.60	7.60
b. In respect of disputed Service Tax	116.64	116.64
c. In respect of disputed Custom duty	835.43	791.24
d. Illegal strike wages under dispute - Workmen and Casual labour	110.20	73.67
e. Others	2.25	2.25
f. Charter of demands made by one of Labour Unions, pending for disposal at Industrial Tribunal (Labour Court), Bangalore, against which no reliable estimate can be made.		

2 **Balance Confirmations**

Request for confirmation of balance were sent to Trade receivables and Trade creditors. Responses from some of the parties are yet to be received. In certain cases confirmed balances differ from the company's book balances which are under reconciliations. Management is confident that there will not be any impact on the financials on completion of the reconciliations.

3 Estimated amount of contracts remaining to be executed and not provided for-

a. On capital account - ₹. 16.11 lakhs (previous year: Nil)

b. On revenue account (Material contracts for purchase of Raw Materials, stores & service contracts) - ₹. 24.50 lakhs (Previous Year: ₹. Nil Lakhs)

4 The company manufactures and deals with a single product, Alloy steel Cast Grinding Media. Also Company's operations are solely situated in India. Hence there are no reportable segments as required by Ind AS - 108 "Operating Segments" under the Companies (Indian Accounting Standards) Rules, 2015.

Further sales to a single customer amounting to 10 percent or more of the company`s revenue from sale of grinding media amounted to ₹. 22617.15 Lakhs (P.Y. ₹. 20834.74 Lakhs) excluding GST/CST.

5 The company has not entered into any non cancellable lease arrangement.

6 Related party disclosures:

Parties where control exists:

Related PartyRelationship

AIA Engineering Ltd.	Holding Company (Controlled By Mr Bhadresh K. Shah - Director)
Vee Connect Travels Pvt Ltd	Associate
Pradip R Shah & Co	Associate
Key Managerial Personnel:	Mr. Bhadresh K. Shah
	Mr Vinod Narain
	Mr D.P.Dhanuka
	Mr Pradip R Shah
	Mr Rajendra S Shah
	Mr Sanjay S Majmudar
	Mr Ashok A Nichani
	Mrs Khushali S Solanki

₹. In Lakhs

Transactions with related parties	Current Year 2017-18			Previous Year 2016-17		
	Holding Company	**KMP Directors**	**Associate**	Holding Company	KMP Directors	Associate
Purchases of Goods/Services AIA Engineering Ltd.	**579.12**			53.74		
Vee Connect Travels Pvt Ltd			**1.84**			2.35
Consultancy Fees- Pradip Shah & Co			**2.11**			2.06
Sales of Goods	**25,528.93**			20,835.75		
Sales -Others stores items	**20.53**			2.12		
Sitting Fees		**0.75**			0.70	
Consultancy Fees		**1.20**			1.20	
Dues Receivable as at last date of the financial year	**754.55**			613.31		
Dues payable as at last date of the financial year - Vee Connect	**-**		**-**			0.40
Dues payable as at last date of the financial year	**-**	**0.27**	**0.48**	-	0.27	0.47

7. Earnings Per Share:

Particulars	**2017-18**	2016-17
Net Profit for the Year (₹.In lakhs):	**159.36**	176.50
Number of Shares	**638,161**	638,161
Nominal Value of each Share (in ₹.)	**10**	10
Earnings per Share (Basic and Diluted)(in ₹.):	**24.98**	27.66

8. Disclosure pursuant to Section 22 of "The Micro, Small & Medium Enterprises Development Act 2006" is as follows:

The company has identified micro and small enterprises to whom the company owes the dues which are outstanding as at the year end:

Particulars	**2017-18**	2016-17
i) Principal amount remaining unpaid at the end of the year	41.44	71.24
ii) Interest accrued at the end of the year	NIL	NIL
iii) Interest remaining unpaid, out of above, as at the end of the year	NIL	NIL
iv) 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, For the purpose of disallowance as a deductible expenditure under Section 23 of the Act.	NIL	NIL

Note: This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

9 Figures for the previous reporting period have been recast in line with current year's presentation.

10 As per Ind AS 19 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting standard are given below and this disclosure Employee benefits:

i. Defined Contribution Plan

I. Defined Contribution Plan	**For the year ended 31-03-2018**	For the year ended 31-03-2017
Contribution to Defined Contribution Plan, recognized as expense for the year are as under: **Particulars**		
Employer's Contribution to Provident Fund	**35.93**	36.38

ii. Defined Benefit plans: **₹. In Lakhs**

1. Funded Status of Plan **Gratuity**

	Particulars	31.03.2018	31.03.2017
1.	Present value of unfunded obligations	-	-
	Present value of funded obligations	**312.46**	279.62
	Fair value of plan assets	**164.28**	138.19
	Net Liability (Asset)	**148.18**	141.43
2.	Expenses recognised in the statement profit and loss		
	Particulars	**31.03.2018**	31.03.2017
	Current Service cost	**20.68**	19.95
	Interest cost	**9.18**	12.20
	Past service cost and loss/(gain) on curtailments and settlement	**18.97**	**-**
	Adjustment to the Opening Fund		
	Total Expenses recognised in the statement profit and loss for the year	**48.82**	32.15
	Other comprehensive Income		
	Actuarial gain or loss due to financial assumptions	**(5.38)**	14.87
	Actuarial gain or loss due to Demographic compositions		
	Actuarial gain or loss due to experience adjustments	**13.12**	(1.06)
	Return on plan assets	**(2.45)**	(1.46)
	Amounts recognised in other Comprehensive income	**5.29**	12.35
3.	Reconciliation of net defined liability		
	Particulars	**31.03.2018**	31.03.2017
	Opening DBO	**279.62**	277.18
	Current service cost	**20.68**	19.95
	Interest cost	**16.96**	18.90
	Actuarial gain or loss due to financial assumptions	**(5.38)**	14.87
	Past service cost	**18.97**	-
	Actuarial gain or loss due to experience adjustments	**13.12**	(1.06)
	Benefits paid	**(31.50)**	(50.22)
	Closing defined benefit obligations	**312.45**	279.62
4.	Reconciliation of plan assets		
	Particulars	**31.03.2018**	31.03.2017
	Fair value of plan assets at the beginning of the year	**138.19**	112.78
	Adjustment to the Opening Fund	**-**	-
	Interest Income	**7.78**	6.70
	Return on planned assets	**2.45**	1.46
	Contributions	**15.86**	17.25
	Benefits paid	**-**	-
	Expenses deducted from the fund	**-**	-
	Fair value of plan assets at the end of the year	**164.28**	138.19
5.	Reconciliation of net defined benefit liability		
	Particulars	**31.03.2018**	31.03.2017
	Net opening provision in books of accounts	**141.43**	164.40
	Employee benefit expenses	**48.82**	32.15
	amount recognised in OCI	**5.29**	12.35
	Total	**195.54**	208.90
	Benefit paid	**(31.50)**	(50.22)
	Contributions to plan assets	**(15.86)**	(17.25)
	Closing provision in books of accounts	**148.18**	141.43

₹. In Lakhs

6. Composition of the plan assets — Gratuity

Particulars	**31.03.2018**	31.03.2017
Policy of insurance	**100%**	100%

7. Principle Acturial assumptions — Gratuity - Funded

Particulars	**31.03.2018**	31.03.2017
Discount Rate (Per annum)	**7.30%**	7.00%
Salary Growth rate	**7.00%**	7.00%
Withdrawal rates	10% at younger ages reducing to 1% at older ages	

8. Sensitivity to key assumptions — 31.03.2018

Particulars		DBO	Change in DBO (%)
Discount rate varied by 0.50%	+0.50%	303.96	-2.72%
	-0.50%	321.54	2.91%
Salary growth rate varied by 0.50 %	+0.50%	321.42	2.87%
	-0.50%	303.90	-2.74%
Withdrawal rate (W.R) varied by 10%			
W.R X 110%		312.55	0.03%
W.R X 90%		311.76	-0.22%

9. Expected benefits payments — Gratuity

Year ended 31st March		Cashflows	%
	2019	106.79	20.0%
	2020	37.94	7.1%
	2021	22.31	4.2%
	2022	12.96	2.4%
	2023	15.44	2.9%
	2024-2028	101.77	19.0%

10. The above disclosures are based on information certified by the independent actuary.
11. The financial statements are presented in INR and all values are rounded to nearest lakhs, except when otherwise indicated.
12. Board of Directors have recommended dividend @ ₹. 2/- per Equity Share.
13. Reconciliation of tax expense and the accounting profit multiplied by Indian's domestic tax rate:

	31.03.2018	31.03.2017
Accounting Profit before Income tax	226.32	240.69
Less: Depreciation/Amortisation adjustment	-11.49	-23.47
Add/(Less): Adjustment for employee benefits allowed on payment basis under income tax	10.94	-27.14
Profit as per Income tax	225.77	190.08
At India's statutory income tax rate of 30% +7% SC +3% Ed Cess	74.70	62.90

For and on behalf of the Board

As per our Report attached
for **GANAPATH RAJ & CO**
Chartered Accountants
(FRN 000846S)

GANAPATH RAJ .C.
Partner Directors
Membership No 022955

VINOD NARAIN
Chairman
DIN : 00058280

D.P. DHANUKA **BHADRESH K. SHAH**
Directors

S. N. JETHELIYA
Company Secretary
ACS : 5343

YASHRAJ
Chief Financial Officer

Place : Bengaluru
Date : 07-05-2018