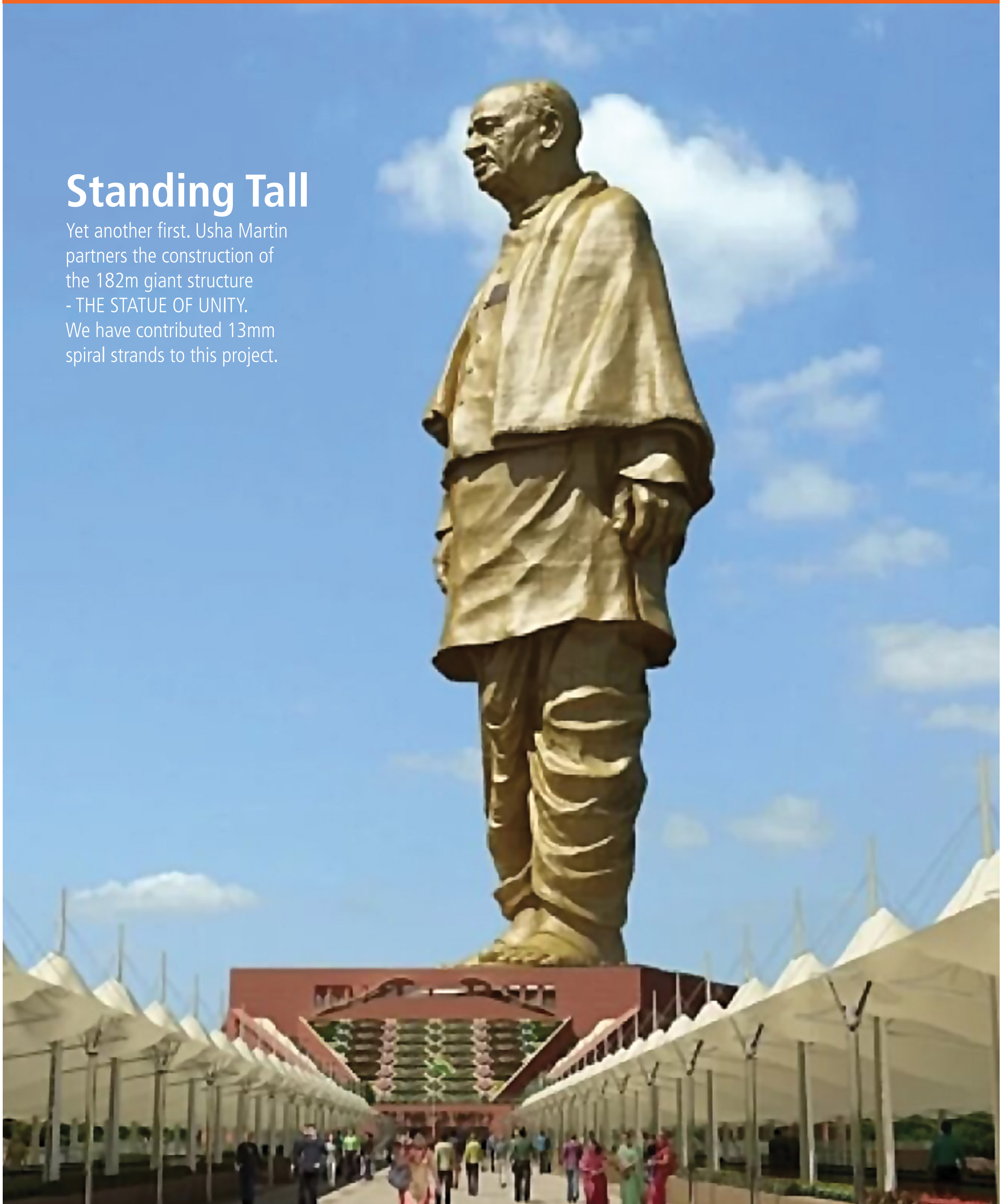
usha martin

Annual Report 2018-19

Standing Tall

Yet another first. Usha Martin partners the construction of the 182m giant structure - THE STATUE OF UNITY. We have contributed 13mm spiral strands to this project.



CORPORATE INFORMATION

Board of Directors

Mr. Basant Kumar Jhawar	[DIN]	00086237	- Chairman Emeritus [till 31st March, 2019]
Mr. G N Bajpai	[DIN]	00946138	- Chairman [till 31st March, 2019]
Mr. Brij K Jhawar	[DIN]	00086200	- Director
Mr. Prashant Jhawar	[DIN]	00353020	- Director
Mr. S Singhal	[DIN]	00006629	- Director
Mr. Jitender Balakrishnan	[DIN]	00028320	- Director
Mr. P.S. Bhattacharyya	[DIN]	00329479	- Director
Mr. Mukesh Rohatgi	[DIN]	00136067	- Director
Mr. Vijay Singh Bapna	[DIN]	02599024	- Director [from 27th May, 2019]
Mr. V. Ramakrishna Iyer	[DIN]	02194830	- Nominee Director
Mrs. Aarthi Ramakrishnan	[DIN]	07672826	- Director [ceased wef 9th January, 2019]
Mr. Rajeev Jhawar	[DIN]	00086164	- Managing Director
Mr. P K Jain	[DIN]	02583519	- Jt. Managing Director [Wire & Wire Rope Business]

Key Managerial Personnel

Mr. Rohit Nanda - Chief Financial Officer [till 9th April, 2019]

Mr. Anirban Sanyal - Chief Financial Officer [from 10th April, 2019]

Mrs. Shampa Ghosh Ray - Company Secretary

Senior Management

India

Mr. D J Basu - President [HR]

Mr. Jayanta Bhowmik - Sr. Vice President [IT]

Mr. S B N Sharma - Vice President [Unit Head – Ranchi]

Europe

Mr. S Jodhawat - Chief Executive Officer, Usha Martin International Limited

Mr. Simon Hood - Director - Finance, Usha Martin International Limited

Mr. Richard Seaton - Operations Director, European Management & Marine Corporation Limited

Mr. Rajesh Sharma - Operations Director, Brunton Shaw UK Ltd.

Mr. Franco Clerici - Director - Group R & D and Technical Services, Usha Martin Italia SRL

Mr. Dimitri Branco Gartner - General Manager, De Ruiter Staalkabel, B.V.

South East Asia

Mr. S S Birla - Managing Director, Usha Siam Steel Industries Public Co. Ltd.

Mr. Tapas Ganguly - Chief Executive Officer, Usha Martin Singapore Pte Ltd.

Middle East

Mr. S. Mazumder - Managing Director, Brunton Wolf Wire Ropes, FZCo.

United States of America

Mr. Malay Vyas - Chief Executive Officer, Usha Martin Americas Inc.

Registered & Corporate Office

2A, Shakespeare Sarani

Kolkata – 700 071, India

CIN : L31400WB1986PLC091621

Phone : 033 – 71006300; Fax : 033 – 71006415

Email : investor@ushamartin.co.in; Website : www.ushamartin.com

Works

India

Tatilswai, Ranchi

Hoshiarpur, Punjab

Sri Perumbudur, Tamil Nadu

Silvassa, (U M Cables Ltd.)

Overseas

Navanakoran Industrial Estate, Thailand

(Usha Siam Steel Industries Public Co. Ltd.)

Jebel Ali Free Trade Zone, Dubai, UAE (Brunton Wolf Wire Ropes FZCo)

Worksop, Nottinghamshire, UK (Usha Martin UK Ltd.)

Bankers

State Bank of India

ICICI Bank Limited

Auditors

S.R. Batliboi & Co. LLP

Kolkata

Share Listings

NSE – Scripcode – USHAMART

BSE – Scripcode – 517146

Societe de la Bourse de Luxembourg - GDRs - US9173002042

ISIN No. INE228A01035

Registrar & Transfer Agent

MCS Share Transfer Agent Limited,

383, Lake Gardens, 1st Floor, Kolkata - 700045

Phone : (033) 4072 4051/52/53 ; Fax : (033) 4072 4050;

Email : mcssta@rediffmail.com

CONTENTS

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS OVERVIEW

Usha Martin Limited, started its journey as the first wire rope manufacturer in the country in 1960. It has traversed a long distance since its inception to become one of the largest wire & wire rope (WWR) manufacturers in the world. The Company owns two wire and wire rope manufacturing facilities in India at Ranchi (Jharkhand) and Hoshiarpur (Punjab). It also has three wire rope facilities overseas in UK, Thailand and Dubai. The Company started its steel business in 1974 at Jamshedpur (Jharkhand). In its quest to have a fully integrated business model, the Company also acquired Iron Ore mines which are at Barajamda (Jharkhand) and has a Coal mine at Brinda and Sasai (Jharkhand) being under development.

As on 31st March 2019, the Company had a steel making capacity of nearly 1 million tons and wire ropes capacity of 259,320 MT. The Company made alloy steel long products like wire rods, bars, blooms and bright bars mostly for commercial vehicles and tractors. It also manufactures high carbon wire rods for captive consumption in its WWR business. Its WWR division manufactures wire, strands, LRPC and wire ropes of various varieties which have various industrial uses. WWR business has a much diversified end use and is therefore relatively resilient to cyclical gyrations.

Steel business of Usha Martin Limited has gone through difficult times due to severe downturn in the steel industry. During the year, the Company entered into an arrangement with Tata Sponge Iron Limited, subsidiary of Tata Steel Limited to sell the steel business along with the mines by way of slump sale as a going concern. This was done with the objective to deleverage the balance sheet of the Company. The slump sale of the steel business undertaking (inter - alia comprising of steel manufacturing facility, an operative iron ore mine, coal mine under development, captive power plants, plant & machinery of straight bar facility) was completed on 9th April, 2019 except for transfer of mines and certain land parcels.

With this sale, the WWR business of the Company would get rejuvenated as the cash flow would improve with the release of stress on its balance sheet which had been created due to the Company's earlier heavy debt burden. WWR business of the Company which due to diverse end markets has generally been more resilient to downturns has nonetheless gone through its own share of turbulence in recent years.

After two straight years of deceleration, wire rope exports for the Company had witnessed a full year of recovery in FY 2017-18 and this trend saw further consolidation in the current fiscal. Wire rope export volume witnessed 8% growth in FY 2018-19 over previous year and sales as well as market share in domestic business has continued to remain strong. While demand for wire ropes continues to remain robust across global markets, prices and margins may get pressurised in the short to medium term outlook as a result of competition from emerging economies. In the aftermath of sale of the steel business undertaking, the Company is steadily consolidating its raw material coverage position from various sources and no crisis is envisaged due to raw material shortage. Growth momentum in the domestic economy as well as global recovery are expected to help reinforce the WWR business in the forthcoming year as well.

INDUSTRY OVERVIEW

The financial year ended 31st March, 2019 witnessed consolidation of business across various market segments and across geographies for the WWR business. With oil prices showing signs of firming up, overall market demand is expected to remain strong in the forthcoming year as well.

The global steel wire rope market, in terms of revenue has been expected to increase at 3.1% CAGR during the financial years 2018 to 2025 along with resurgence in demand due to growth in mining industry as well as oil and gas industry. The Indian steel wire rope market is expected to register a positive CAGR of approximately 5.3% growth during the financial years 2019 to 2025. GDP of India is expected to grow from 6.74% in 2017 to 8.15% in 2025. The resurgence in oil and gas industry is expected to increase the number of oil rigs which will further stimulate the growth of steel wire rope industry. Engineering and construction segment has contributed the largest share in terms of revenue in financial year 2018-19 from sale of wire ropes.

BUSINESS ENVIRONMENT

During 2018-19 the Company, from its continuing business generated 24.4% of its revenue from exports as compared to about 25.1% last year.

WWR Business

Wire rope business showed a significant improvement in its business performance. During Financial Year ended 31st March, 2019, Turnover & EBIDTA for the Wire & Wire Rope business increased by about 19.7% & 23.1% respectively compared to previous year. In the Indian market, the Company continues to hold about major market share. For wire rope exports, FY 2018-19 saw further consolidation across most market segments and across geographies. Volume of wire rope exports in FY 2018-19 was 8% higher than the previous year. The Company continued to increase sale of higher contributory products like crane ropes, high value mining ropes, aerial haulage ropes and structural ropes for bridges, which enriched the product mix. Riding on strong demand, the Company also focused upon maximizing production of LRPC strands where sales volume went up by 11% over the previous fiscal.

In view of the slump sale of steel business undertaking of the Company, analysis of the external environment vis a vis impact of the steel business has not been considered for discussion in Management Discussion and Analysis.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

During the year, consolidated turnover (from continuing operations) of the Company stood at Rs. 2,469.5 Cr, which is 17.6% higher than Rs.2,099.7 Cr in the previous year. On standalone basis, the Company's turnover (from continuing operations) increased to Rs. 1,690.5 Cr in the current Financial Year against Rs. 1,417.7 Cr in the previous year, increase by 19.2%.

The EBIDTA (from continuing operations) achieved by the Company on consolidated basis was Rs. 336.1Cr, being 13.6% of the reported turnover, and on standalone basis at Rs. 282.3 Cr, being 16.7%, for the reported turnover against Rs. 294.9 Cr and Rs. 226.8 Cr respectively in previous year.

The Steel business achieved a net turnover of Rs. 3,942.0 Cr in the current Financial Year against Rs. 3,446.3 Cr in the previous year, higher by 14.4%. The Earnings before Interest, Depreciation and Tax (EBIDTA) and EBIDTA margins were at Rs.388.7 Cr at 9.9% during the year against Rs. 335.4 Cr at 9.7% in the previous year.

During FY 2018-19 the export turnover of Steel business was Rs. 93.9 Cr, which is 2.4% of its turnover, against Rs. 91.5 Cr in the previous year.

Steel Production Volume – MT

	FY 18-19	FY 17-18
Iron Ore	2,496,005	2,499,658
Coke	340,432	335,549
Hot Metal	564,823	546,346
DRI	439,730	458,409
Pellet	359,935	367,267
Sinter	809,172	818,412
Billets	596,388	620,904
Rolled Products	581,996	581,799

The WWR business on a standalone basis, during FY 2018-19, achieved gross production of Wire Ropes and Conveyor cord of 64,706 MT against 61,818 MT in FY 2017-18. The gross production of strand, wire, bright bar was 123,270 MT in FY 2018-19 against 129,807 MT in FY 2017-18.

Total Value Added products production was lower by about 1.90% in FY 2018-19 compared to that in the previous financial year as the Company decided consciously to exit certain low margin products.

On standalone basis, the WWR business delivered net turnover of Rs. 1,687.5 Cr. in the current Financial Year against Rs. 1,410.3 Cr. in previous year. The EBIDTA and EBIDTA margins were at Rs 277.6 and 16.5% during the year against Rs. 225.6 Cr and 16.0% in previous year respectively.

Production Volume VA Products–Standalone

Qty in MT	FY 18-19	FY 17-18
Wire Ropes	63,777	60,636
Wire/ Strands/LRPC	1,12,514	1,15,119
Conveyor Cord	929	1,182
Bright Bar	10,756	14,688

Focus Areas & New Initiatives

Main focus of the Company in current business environment would be in:

- Increasing wallet share with existing customers
- Enrichment of product mix
- New market and customer development initiatives
- Process optimization and continuous cost improvement

INTERNATIONAL BUSINESS

During the year under review, level of activity from the international businesses of the Company improved. The turnover and EBIDTA from international businesses improved to Rs. 1,102.6 Cr and Rs. 74.9 Cr in 2018-19 from Rs.907.5 Cr and Rs.74.2 Cr respectively, the year before.

Usha Martin International Limited [UMIL]

UMIL enjoys a presence in the United Kingdom and parts of Europe through it's wholly owned subsidiaries, namely:

a. Usha Martin UK Limited, which comprises manufacturing distribution and end use solutions for wire ropes to offshore oil and gas sectors,

b. De Ruiter Staalkabel B.V. Netherlands, which has end use solutions and distribution facilities for wire ropes, and

c. Usha Martin Italia, which has set up R&D Centre for wire ropes.

The consolidated turnover of UMIL was GBP 44.6 Mn in 2018-19 as against GBP 38.6 Mn in 2017-18. UMIL reported a consolidated profit of GBP 1.6 Mn as against a profit of GBP 0.9 Mn in the previous year.

			GBP in Mn
UMIL	**FY'17**	**FY'18**	**FY'19**
Turnover	31.4	38.6	44.6
PAT	(0.04)	0.9	1.6

Substantial growth was registered in FY 2018-19 over previous year in large diameter rope (including Oceanmax) and fishing rope market segments.

Brunton Wolf Wire Ropes FZCo [BWWR]

BWWR, a joint venture with Gustav Wolf of Germany, reported a turnover and net profit of US$ 23.0 Mn and US$ 0.5 Mn respectively in 2018-19 as against US$ 20.7 Mn and US$ 1.3 Mn respectively in the previous year.

			USD in Mn
BWWR	**FY'17**	**FY'18**	**FY'19**
Turnover	16.9	20.7	23.0
PAT	0.5	1.3	0.5

Though turnover increased in FY 2018-19 by more than 11% over previous year as a result of strong demand in Middle East & Africa, profitability remained depressed as a result of stiff price competition from global suppliers.

Usha Siam Steel Industries Public Company Limited [USSIL]

USSIL is a subsidiary of the Company in which along with Usha Martin Singapore Pte Ltd., it holds 97.98% of the equity.

The operations of USSIL achieved a turnover of Thai Baht 1,470.7 Mn during the year under review as against Thai Baht 1,368.9 Mn in the previous year. It reported a loss of Thai Baht 6.6 Mn against loss of Thai Baht 2.4 Mn in the previous year.

			THB in Mn
USSIL	**FY'17**	**FY'18**	**FY'19**
Turnover	1,145.5	1,368.9	1,470.7
PAT (including OCI)	0.8	(2.4)	(6.6)

In spite of topline growing by 7%, profitability declined due to margins getting pressurized and with a higher mix of lower contributory products in overall sales. Going forward, we plan to reduce volumes of low margin products and increase in high performance ropes like non-rotating and crane ropes.

Usha Martin Singapore Pte Limited [UMSPL]

UMSPL a wholly owned Singapore based subsidiary of the Company is in business of warehousing and distribution of wire ropes in Asia Pacific region by itself and through its following wholly owned subsidiaries –

- Usha Martin Australia Pty Limited
- Usha Martin Vietnam Company Ltd
- PT Usha Martin Indonesia, and
- Usha Martin China Company Limited.

UMSPL reported a consolidated turnover of US$ 22.4 Mn and loss of US$ 0.7 Mn during the year under review as against US$ 21.6 Mn and net profit of US$ 0.01 Mn respectively in the previous year.

			USD in Mn
UMSPL	**FY'17**	**FY'18**	**FY'19**
Turnover	15.2	21.6	22.4
PAT	(2.8)	0.01	(0.7)

Business in China which catered largely to new built vessels, platforms, drill rigs, etc. was badly affected as the activity came to a standstill. Vietnam, Indonesia, Australia standalone businesses have increased their business as they are less dependent on oil and offshore segments. With an aim to cut down on losses, China market will now be serviced from Singapore.

Usha Martin Americas Inc [UMAI]

During the year, UMAI reported a turnover of US$ 8.4 Mn as against US$ 5.3 Mn in the previous year. The Company during the FY 18–19 reported profit of USD 0.2 Mn as compared to the loss of USD 0.9 Mn in FY 17–18.

			USD in Mn
UMAI	**FY'17**	**FY'18**	**FY'19**
Turnover	4.8	5.3	8.4
PAT	(1.5)	(0.9)	0.2

The market witnessed a reasonable revival in the general engineering rope market segment in FY 2018-19 while business remained stable in remaining market segments.

DOMESTIC BUSINESS: SUBSIDIARIES

U M Cables Limited [UMCL]

UMCL, a wholly owned Indian subsidiary of the Company, engaged in business of telecommunication cables achieved turnover (Revenue from Operations) of Rs.103.1 Cr against Rs.117.1Cr in the previous year. The loss for the year was Rs. 33.3 Cr as against a profit of Rs.4.1 Cr in FY 17-18.

			Rs. in Cr
UMCL	**FY'17**	**FY'18**	**FY'19**
Turnover	154.9	117.1	103.1
PAT (including OCL)	9.6	4.1	(33.3)

Sales and profitability were adversely affected due to intense competition, high input cost and increased finance costs. During the year under review UMCL sold approx 115 acres of land to Tata Sponge Iron Limited at Jamshedpur in the State of Jharkhand.

FOREX MANAGEMENT

During FY 2018-19, Indian Rupee (INR) depreciated against US Dollar by about 6.5% to close the year at Rs. 69.1550.

The upward movement in USD/INR was mainly driven by rising Crude Oil prices resulting from planned output cut by OPEC and non OPEC oil producing countries, three Fed-rate hikes of 25 bps each leading to FII fund outflow, escalating US-China trade war triggering risk-off sentiments and US Sanctions on Iran and Venezuela. Deteriorating trade talks between the US and China, caused sharp FPI outflows from most EMs, with India not being immune.

The company's direct foreign currency exposure from imports has come down significantly due to the change in mode of procuring bulk raw-materials, though it continues to have an economic exposure against the same. Due to increase in exports, the company has now become a net exchange earner. It also does not have any long term foreign currency loan on its Balance Sheet.

FINANCE COST

The average cost of debt as on 31st March, 2019 was at 12.26%. The net interest charge [excluding other borrowing costs] of the Company increased from Rs.539.33 Cr to Rs. 550.23 Cr during the financial year mainly on account of increase in rate of interest.

CAPITAL EXPENDITURE

The Company, on a standalone basis, has incurred Rs.57.91 Cr on projects and normal capital expenditure excluding effect of depreciation.

DEBT MOBILIZATION, PAYMENTS & MANAGEMENT

During FY 2018-19, the Company on standalone basis, has raised long term rupee debt of Rs. 12.50 Cr. The Company repaid long term loans of Rs. 342.75 Cr during the year 2018-19.

Overall, there is decrease in debt by Rs. 178.79 Cr. on a standalone basis and Rs. 203.47 Cr on a consolidated basis.

The Company had a net debt of Rs. 3,258.44 Cr (including working capital loans, current maturities of long term debt and net of cash & bank balance of Rs. 33.86 Cr) as on 31st March, 2019 on standalone basis.

A significant portion of the debt has been prepaid by the Company after receiving the cash consideration from Tata Sponge Iron Limited on 9th April, 2019 towards sale of steel business undertaking.

RATINGS

As at 31st March, 2019, the Company had a rating of "CARE A4+ " for short term bank facilities and other short term funds by CARE Ratings Limited (formerly known as Care Analysis & Research Limited [CARE]). India Ratings & Research Private Limited (formerly known as Fitch Ratings India Private Limited) has given a rating of "IND BB+" with Rating Watch Positive for long term bank loans and facilities.

RELATIONSHIPS

The Company continued to enjoy excellent relationship with all its lenders. During the year under review it has made all payments of loans and interest to banks and financial institutions.

INVESTOR SERVICES

The Company has an investors' complaint redressal system in place and all complaints are being attended to by the Company either directly or through its Registrar and Share Transfer Agent.

The Company has appealed to all shareholders and depositors who could not encash warrants/cheques for dividends, interest and fixed deposits for making claims with the Company before the same become due for deposit with the Government. During the year, the Company deposited Rs 0.1 Cr with the Investors Education & Protection Fund constituted by the Central Government, being matured dues remaining unpaid for a period of 7 years.

The equity shares of the Company continues to remain listed at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd while GDRs are listed at Societe de la Bourse de Luxembourg.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

During the year, the Company had an in-house audit team and also availed services of an external firm of chartered accountants to help the Company strengthen the internal audit and risk management functions.

KEY FINANCIAL RATIOS

The key financial ratios of the Company for the current financial year as compared to the previous financial year for continuing operations are provided herein under:

Particulars	FY18-19	FY17-18	Change%	Reasons for change
Debtors Turnover	7.8	7.3	6.8	During the year under review the Debtors Turnover Ratio improved mainly due to increased sales and improvement of collection cycle from debtors.
Inventory Turnover	5.0	4.5	11	A favourable increase in Inventory Turnover Ratio was achieved through a better inventory management cycle.
Interest Coverage Ratio	3.1	3.0	3.3	Improvement in Earnings before Interest, Depreciation achieved a higher Interest Coverage Ratio for the Company.
Current Ratio	0.4	0.5	(20)	The Current Assets of the Company as on 31st March, 2019 was reduced due mainly due to lower Inventories, however, since there were no corresponding reduction in Current Liabilities during the said period had impacted the Current Ratio negatively.
Debt Equity Ratio	14.3	19.9	(28.1)	Repayment of existing debts resulted in significant improvement of the Debt Equity Ratio.
Operating Profit Margin (%)	15.0	14.3	4.9	Improvement in efficiency in operations resulted in improvement of Operating Profit margin.
Net Profit Margin (%)	23.6	8.8	168.2	Improvement in efficiency in operations resulted in improvement of EBIDT and recognition of Deferred Tax Assets improved the Net Profit Margin
Return On Net worth	1.7	0.7	142.9	Improvement in efficiency in operations resulted a turnaround in Profit after Tax which resulted in significant improvement of Return on Net Worth

HUMAN RESOURCE

The Company continues to leverage the potential of Human Resource (HR) through job rotation, job enrichment and developing competencies through various HR development programmes. The Company identifies high potential and high performing individuals and focuses on their career development programmes for future succession planning. The Company creates future talent pool by recruiting fresh graduate/diploma engineers and ensures proper training and mentoring for developing them into future leaders.

The HR department is involved in CSR activities and has been working in the surrounding villages of its plants for sustainable development in areas of livelihood, capacity building, new techniques in agriculture, health, natural resource management and education.

APPRECIATION

The Company has been getting all necessary support and cooperation from all sections of customers, suppliers, service providers, investors, authorities, lenders and all employees of the Company to whom the Company expresses its sense of appreciation.

Cautionary Statement

Statements in the management discussion and analysis report describing the Company's objectives, projections, estimates may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to Company's operations include, among others, economic conditions affecting demand / supply and price conditions in the domestic and overseas market in which the Company operates, changes in the government regulations, tax law and other statutes and incidental factors.

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

The Board of Directors of Usha Martin Limited ("the Company") present the 33rd Annual Report and Audited Accounts for the Financial Year ended 31st March, 2019.

FINANCIAL SUMMARY / HIGHLIGHTS (Rs. in Crore)

	Stand Alone		Consolidated	
	FY 2018–19	**FY 2017–18**	**FY 2018–19**	**FY 2017–18**
Net Turnover	**1,690.48**	1,417.67	**2,469.52**	2,099.67
Earnings before Interest, Tax, Depreciation and Amortizations	**282.32**	226.78	**336.10**	294.93
Depreciation	**28.10**	28.96	**60.86**	60.26
Finance costs	**90.22**	76.48	**113.53**	92.48
Profit before tax from continuing operations	**164.00**	121.34	**161.71**	142.19
Tax expenses	**(234.68)**	-	**(227.46)**	5.11
Profit after tax from continuing operations	**398.68**	121.34	**389.17**	137.08
Profit after tax from discontinuing operations	**(339.68)**	(403.67)	**(342.71)**	(405.87)
Profit after tax	**59.00**	(282.34)	**49.30**	(267.95)
Other comprehensive income / (loss)	**(1.60)**	0.15	**6.97**	53.56
Total comprehensive income / (loss)	**57.40**	(282.19)	**56.27**	(214.39)

Review of Operations

The turnover (net of excise) for the year was Rs. 2469.52 Cr on consolidated basis and Rs. 1,690.48 Cr on standalone basis as compared to Rs.2,099.67 Cr and Rs.1,417.67 Cr respectively in the previous year. The Earnings before Interest, Depreciation and Tax was Rs. 336.10 Cr on consolidated basis as compared to Rs.294.93 Cr in previous year and on standalone basis was Rs. 282.32 Cr as compared to Rs. 226.78 Cr in previous year.

A detailed discussion on review of operations under Steel and Wire & Wire Rope businesses has been included in Management Discussion and Analysis which forms part of this Report.

Dividend & Reserves

The Board of Directors has decided it would be prudent not to recommend dividend for the year under review nor do they propose to carry any amount to reserves.

Slump Sale of Steel Business Undertaking

During the year under review, with an objective to deleverage the Balance Sheet of the Company, a business transfer agreement was executed with Tata Sponge Iron Limited (TSIL) for transfer of the Steel Business Undertaking (inter alia comprising of steel manufacturing facility, an operative iron ore mine, coal mine under development, captive power plants, plant & machinery of straight bar facility) of the Company by way of slump sale on going concern basis.

Outlook and Business

During the year under review, Wire & Wire Rope (WWR) business of the Company witnessed recovery and also an overall uptick in the demand scenario which continued across most market segments. Though the Oil & Offshore market segment is yet to witness the anticipated upswing after prolonged slump for four years now, the Company's sale of large diameter ropes to this segment has substantially increased in the current fiscal. Other product segments such as general engineering ropes and LRPC strands continued to remain important areas of growth for your Company. There will be focused effort to increase market share in high contributory items like crane, elevator, fishing & mining ropes.

TPM & Quality

During the year under review, the Company's steel division continued to have certification that includes ISO 9001:2015 Quality Management System, IATF 16949:2016 QMS for Automotive Industries, ISO 14001:2015 Environment Management System, ISO 50001:2011 Energy Management System and OHSAS 18001:2007. Further steel division was also certified by JIPMS, Japan for TPM excellence.

WWR division's Quality Management System Certification has transitioned from ISO 9001:2008 to ISO 9001:2015. The Environmental Management System Certification has transitioned from ISO 14001:2004 to ISO 14001:2015. Approval of manufacturing (AOM) by DNV-GL, ABS & Lloyd's are in place. The Division has approvals for manufacture of ropes of specification API Spec 9A issued by American Petroleum Institute. The Division continues to have product certification by SNI of Indonesia, Inmetro of Brazil, SONCAP of Nigeria & CCS of China. LRPC product is certified by ACRS of Australia & Testing Laboratory and has accreditation under ISO 17025: 2017.

In order to make fundamental changes in our way of thinking and working, the TQM journey of WWR Division is being pursued upon. The concept of Daily Management has successfully been implemented in operation, maintenance and service areas. All the Key Process Indicators of different functions are being monitored regularly in a centralized place called Wire Rope Excellence Center. The TQM journey will further strengthen the competitiveness with respect to Quality, Cost and Delivery of Rope business.

Environment

Steel Division and WWR Division operate under ISO 14001 Environment Management Systems (EMS) Standards.

WWR Division is ensuring improvement in environmental performance by periodic environmental monitoring, legal compliance & online monitoring of emission & effluent at its captive power plant. Fly ash utilization has gone up above 100% to ensure disposal of fly ash accumulated in last few years. Consumption of water has reduced as water is recycled and reused. In order to protect, maintain and improve natural environment, plantation of 2,500 saplings of native & ornamental tree species has been done for greenery and greenbelt development.

Subsidiaries & Joint Ventures

The international subsidiaries provide significant synergy and support to the Company's WWR business and performance. All the operating subsidiaries of the Company have continued to perform reasonably well in the economic and business circumstances which prevailed during the year under review. A key joint venture formed by the Company namely Pengg Usha Martin Wires Private Limited has reported satisfactory results in the year under review. During the year under review there were no other entities which became or ceased to be subsidiaries, joint ventures and associates of the Company. A statement covering report on the performance and financial position of each of the subsidiaries, associates and joint ventures is provided separately and forms part of this Report.

Deposits

During the year under review, the Company has not accepted any deposit under Section 73 of the Companies Act, 2013 ("the Act") and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). As on 31st March, 2019, there are no unclaimed deposits with the Company. The Company has not defaulted in repayment of deposits or payment of interest on deposits thereon in the past.

Share Capital

The paid–up Equity Share Capital as on 31st March, 2019 stood at Rs. 30.54 Crore. The Company has not issued any shares with or without differential voting rights, granted stock options or issued sweat equity shares, during the year under review.

Significant and material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future

During the year, no significant material orders were passed by any regulatory authority or court against the Company which may affect the going concern status of the Company.

Details in respect of adequacy of internal financial controls with reference to the financial statements

Based on the framework of internal financial controls and compliance systems established and maintained by the Company (with its inherent weaknesses), work performed by the internal, statutory, cost and secretarial auditors and external consultants specially appointed for this purpose, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and relevant board committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the year ended on 31st March, 2019.

Directors and Key Managerial Personnel

Mr. Prashant Jhawar (DIN: 00353020) is retiring by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting. A brief profile of Mr. Jhawar is given in the Notice convening the forthcoming Annual General Meeting.

Since the tenure of Mr. Pravin Kumar Jain (DIN: 02583519) as Joint Managing Director [Wire & Wire Rope Business] of the Company ended on 15th January, 2019, the Board of Directors at its Meeting held on 5th February 2019 have, in accordance with the recommendation of the Nomination and Remuneration Committee reappointed him as Joint Managing Director [Wire & Wire Rope Business] for a further period till 31st January, 2020. The Members at the Extra Ordinary General Meeting held on 30th March, 2019 have approved the aforementioned re-appointment of Mr. Jain.

During the year under review Mrs. Aarthi Ramakrishnan (DIN: 07672826), an Independent Non-Executive Director of the Company had due to her various professional and personal commitments resigned from the Board effective 9th January, 2019. Mrs. Ramakrishnan has confirmed that there was no other material reason attributing to her resignation.

Consequent to the insertion of Regulation 17 (1A) in SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 every non-executive director who has attained the age of 75 years be appointed or continue to be in office as director beyond 31st March, 2019 subject to a special resolution passed by the shareholders for their appointment or continuation in office. Accordingly, an Extra Ordinary General Meeting of the Company was held on 30th March, 2019, wherein the Members approved the continuation of Mr. Brij Kishore Jhawar (DIN: 00086200) aged about 81 years as non–executive director and did not approve the Special Resolution for continuation of Mr. Basant Kumar Jhawar (DIN:00086237) aged about 83 years.

Mr. G N Bajpai (DIN: 00946138) due to his preoccupation expressed his intention not to continue as a Director beyond 31st March, 2019. Hence Mr. Bajpai has ceased to be an Independent Non–Executive Director of the Company effective 1st April, 2019. Further consequent to his cessation as a Director he also ceased to be the Chairman of the Board and of the Company.