



**37<sup>TH</sup>**

**ANNUAL REPORT**

**2015-16**

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**STERLING ABRASIVES LTD  
PLOT NO 45/46, GIDC INDUSTRIAL ESTATE  
ODHAV-AHMEDABAD-382415**

## INDEPENDENT AUDITORS' REPORT

To,  
The Members of  
**STERLING ABRASIVES LTD**  
Ahmedabad

**1. Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **STERLING ABRASIVES LIMITED ("the Company")**, which comprise the Balance Sheet as at **31st March, 2016**, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**2. Management's Responsibility for the Standalone 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 of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies.

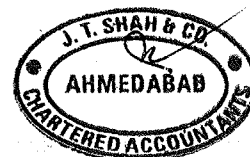
(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**3. Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone Financial Statements based on 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.

We conducted our audit 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.



# J. T. SHAH & CO.

CHARTERED ACCOUNTANTS

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

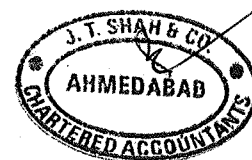
#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- ii. In the case of the Statement Profit and Loss Account, of the profit for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### 5. 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 Section 143(11) of the Act, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order.
- (ii) As required by Section 143(3) of the Act, we report that:
  - (a) 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.
  - (b) 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.



# J. T. SHAH & CO.

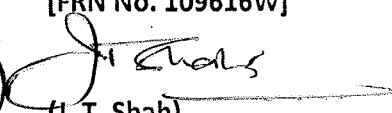
CHARTERED ACCOUNTANTS

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) 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 B".
- (g) 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:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 35 to the financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place : Ahmedabad  
Date : 19/04/2016



For, J. T. Shah & Co.  
Chartered Accountants,  
[FRN No. 109616W]

  
(J. T. Shah)  
Partner  
[M. No. 3983]

# STERLING ABRASIVES LTD

## ANNEXURE-A TO THE AUDITORS REPORT

Referred to in paragraph 5(i) of our Report of even date to the Members of **STERLING ABRASIVES LIMITED** for the year ended **31st March, 2016**.

**1. In respect of Fixed Assets :**

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets on the basis of available information.
- (b) As per the information and explanations given to us, the management at reasonable intervals during the year in accordance with a programme of physical verification physically verified the fixed assets and no material discrepancies were noticed on such verification as compared to the available records.
- (c) As explained to us, the title deeds of all the immovable properties are held in the name of the company.

**2. In respect of its Inventories :**

As per the information and explanations given to us, inventories were physically verified during the year by the management at reasonable intervals. No material discrepancies were noticed on such physical verification.

**3. In respect of Loans and Advances granted during the year:**

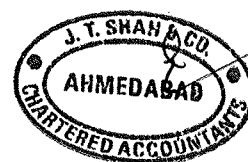
As regards the loans , the company has not granted any loans , secured or unsecured during the year under audit, to the companies firms and other parties covered in the register maintained under section 189 of the companies Act , 2013 and therefore, the clauses (iii) (a) to (c) of the companies (Auditor's Report) Order, 2016 are not applicable.

**4. Loans, Investments and gurantees:**

According to the information and explanation given to us, the company had neither given any loan, guarantee or security, nor made any investments during the year. Hence the provisions of section 185 and 186 are not applicable. Therefore clauses (iv) of companies (Auditor's Report) Order, 2016 is not applicable.

5. During the year, the company has not accepted any deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the company. Therefore clauses (v) of companies (Auditor's Report) Order, 2016 is not applicable.

6. According to the information and explanations given to us, the company is not required to maintain cost records as required by the central government under sub section (1) of section 148 of the Companies Act, 2013. Hence clause (vi) of the (Auditor's Report) Order, 2016 is not applicable.



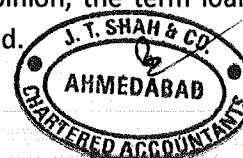
## STERLING ABRASIVES LTD

### 7. In respect of Statutory Dues :

- (a) According to the records of the Company, the Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect statutory dues were outstanding as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.
- (b) According to the records of the company, the dues of income tax, sales tax, wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Name of the Statute	Nature of the Dues	Year	Amount (Rs.)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax & Interest	2011-12	793,740	Commissioner of Income Tax (Appeals)
	Penalty	2010-11	1,167,595	Company is in process of filing an appeal before Commissioner of Income Tax (Appeals) and period of such filling has not expired.
Central Sales Tax Act	Sales Tax Demand	1986-87 to 1991-92	1,270,747	Commissioner Of Sales Tax (Appeals)
	Central Sales Tax Demand	2010-11	16,569,744	Deputy Commissioner of Sales Tax
	Central Sales Tax Interest & Penalty	2010-11	35,138,583	Deputy Commissioner of Sales Tax
Value Added Tax	Value Added Tax Demand	2010-11	4,859,719	Deputy Commissioner of Sales Tax
	Value Added Tax Interest & Penalty	2010-11	10,513,589	Deputy Commissioner of Sales Tax
Central Excise Act	Excise Duty Demand	1995-96	17,845	Dy. Commissioner Of Central Excise
Employee State Insurance Act	Misc. Demand	2001	50,000	ESI Court
		2006	65,483	

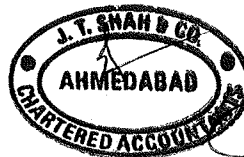
8. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a Financial Institutions, Banks or debenture holders.
9. According to the information and explanations given to us, the company had not raised any money by way of public issue during the year. According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, in our opinion, the term loans taken during the year were applied for the purpose for which they were obtained.



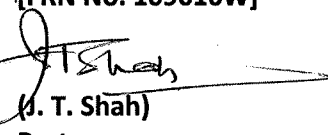
## STERLING ABRASIVES LTD

10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or any fraud on the company by it's officer or employees has been noticed or reported during the course of our audit.
11. In our opinion and according to the information and explanations given to us, the company had paid managerial remuneration which is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of The Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the provisions of special statute applicable to chit funds and nidhi / mutual benefit funds / societies are not applicable to the company. Hence, clause (xii) of the Company's (Auditor's Report) Order, 2016 is not applicable.
13. In our opinion and according to the information and explanations given to us, the transactions entered by the company with related parties are in compliance with the provisions of section 177 and 188 of The Companies Act, 2013 and details thereof are properly disclosed in the financial statements.
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, clause (xiv) of the Company's (Auditor's Report) Order, 2016 is not applicable.
15. The company had not entered in to any non-cash transactions with the directors or persons connected with him during the year, hence section 192 of the Companies' Act , 2013 is not Applicable. And clause (xvi) of Company's (Auditor's Report) Order, 2016 is not applicable.
16. As the company is not required to register under section 45-IA of Reserve Bank of India Act, 1934, hence, clause (xvi) of Company's (Auditor's Report) Order, 2016 is not applicable.

Place : Ahmedabad  
Date : 19/04/2016



For, J. T. Shah & Co.  
Chartered Accountants,  
[FRN No. 109616W]

  
(J. T. Shah)  
Partner  
[M. No. 3983]

# STERLING ABRASIVES LTD

## Annexure "B" To The Independent Auditor's Report of Even Date on The Standalone Financial Statements of Sterling Abrasives 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 **STERLING ABRASIVES LIMITED** as of **31st March 2016**, in conjunction with our audit of the standalone 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 controls 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 issued by the Institute of Chartered Accountants of India. 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.

#### Auditors' 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 on Audit of Internal Financial Controls Over Financial Reporting (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 Institute of Chartered Accountants of India. 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.



## STERLING ABRASIVES LTD

### 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

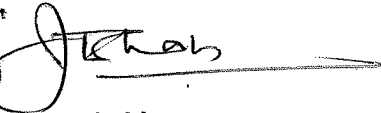
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria 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 issued by the Institute of Chartered Accountants of India.

Place: Ahmedabad

Date: 19/04/2016



For, J.T. Shah & Co.  
Chartered Accountants  
(FRN No.- 109616W)

  
(J. T. Shah)  
Partner  
[M. No. 3983]

# STERLING ABRASIVES LIMITED

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## 1. Corporate Information

Company is a subsidiary of Carborundum Universal Ltd. Company is one of the Leading Manufacturer of Grinding Wheels, making full range of Vitrified & Resin Bonded Grinding Wheels. The company caters to major industries like auto, auto ancillary, bearings, steel, blades and knives & general engineering. Company also caters to the need of agro industries in terms of Cone Polisher, Dal Roller, Rice Rollers etc.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (i) Basis of Accounting:

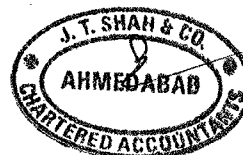
The financial statements have been prepared under the historical cost convention, with the exception of Land and Buildings (which were revalued), on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The said financial statements comply with the relevant provisions of the Companies Act, 2013 (the Act) and the Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006, as applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### (ii) Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

### (iii) Fixed Assets & Depreciation:

- (a) All assets are stated at historical cost (net of CENVAT wherever applicable) except Land and Building, which are shown as per the revaluation done on 31/12/1993.
- (b) Depreciation on fixed assets has been provided on straight line method at the rates specified in Schedule II to the Companies Act, 2013. Lease Rent on Land is amortised over unexpired life of lease. Revalued leasehold lands are amortised on the basis of its revalued figures over the balance lease period. Intangible assets are amortised over its estimated useful life of the software.
- (c) The difference between the depreciation for the year on revalued building and depreciation calculated on the original cost is recouped from the fixed assets revaluation reserve.



## STERLING ABRASIVES LIMITED

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(iv) **Investments :**

Current Investments are stated at lower of cost and net realisable value.

(v) **Inventories:**

The closing stock of work in process and finished Goods is valued at lower of cost or net realizable value. Cost on weighted average basis includes all direct costs and applicable production overhead to bring the goods to the present location and condition. Excise duty on finished goods is added to the cost.

The closing stock of raw materials, accessories and stores and spare parts are valued at lower of cost or net realisable value. Cost on weighted average basis including freight, taxes and duties net of various tax credit wherever applicable.

(vi) **Cash and cash equivalents (for purposes of Cash Flow Statement):**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(vii) **Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(viii) **Revenue recognition :**

Domestic sales are accounted on transfer of significant risks and rewards of ownership to the buyer which generally coincides with dispatch of products to customers in case of domestic sales and on the basis of bill of lading in the case of export sales. Sales are accounted net of Sales Tax / VAT, Discounts and Returns as applicable.

Exports Incentives are treated as income in the year of Exports based on eligibility and when there is no uncertainty in receiving the same.

(ix) **Foreign Currency Transactions:**

Transactions in foreign currency are accounted at exchange rate prevailing on the date of transaction. Differences in exchange rate prevailing on the transaction date and settlement date is reflected in Statement of Profit & Loss. The transaction in foreign currency outstanding as on Balance Sheet date are converted at exchange rate prevailing on the date of Balance Sheet, Any Exchange difference arises on such conversions is reflected in Statement of Profit & Loss .



## STERLING ABRASIVES LIMITED

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(x) **Excise Duty & Cenvat:**

CENVAT / VAT credit on materials purchased for production / service availed for production / input service are taken into account at the time of purchase and CENVAT / VAT credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired.

The CENVAT credits so taken are utilized for payment of excise duty on goods manufactured. The unutilized CENVAT credit is carried forward in the books. The VAT credits so taken are utilized for payment of sales tax on goods sold. The unutilized VAT credit is carried forward in the books.

(xi) **Employee Benefits:**

- (a) The Employee and Company make monthly fixed Contribution to Government of India Employee's Provident Fund equal to a specified percentage of the Cover employee's salary, Provision for the same is made in the year in which service are render by employee.
- (b) The Liability for Gratuity to employees, which is a defined benefit plan, as at Balance Sheet date determined on the basis of actuarial Valuation based on Projected Unit Credit method is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India and the contribution thereof paid/payable is absorbed in the accounts.
- (c) Leave encashment benefits to eligible employees has been ascertained on actuarial basis and provided for.
- (d) Short Term benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.

(xii) **Impairment of assets**

At each balance sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the company estimates the recoverable amount of the group of assets as a whole and the impairment loss is recognised.



## STERLING ABRASIVES LIMITED

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(xiii) **Borrowing Cost :**

Borrowing costs include interest and amortisation of ancillary costs incurred to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

(xiv) **Earnings per Share**

Basic earnings per share is calculated by dividing net profit after tax for the year attributable to Equity Shareholders of the company by the weighted average number of Equity Shares issued during the year. Diluted earnings per share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

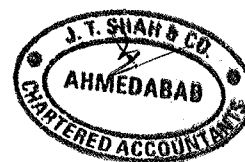
(xv) **Provisions, Contingent Liabilities and Contingent Assets :**

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements.

(xvi) **Taxes on Income :**

Current Tax is determined on income for the year chargeable to tax in accordance with the Income Tax Act, 1961.

Deferred tax is recognised for all the timing differences and is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred Tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.



## STERLING ABRASIVES LIMITED

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**(xvii) Hedge Accounting :**

The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuation relating to highly probable forecast transactions. The Company designate such forward contracts in cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments : Recognition & Measurement " .These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognized directly in " Hedging reserve accounts " under Reserve and surplus, and the ineffective portion is recognized immediately in the Statement of profit and Loss. Amounts accumulated in the "Hedging reserve account "are reclassified to the Statement of Profit and Loss in the same period during which the forecasted transaction affect profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on hedging instrument recognized in "Hedging reserve account "is retained until the forecasted transaction occurs. if the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in "Hedging reserve account " is immediately transferred to the Statement of Profit and Loss.

**(xviii) Derivative Contracts:**

The Company enters into derivative contracts in the nature of forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.





**STERLING ABRASIVES LIMITED**  
**Balance Sheet As at 31/03/2016**

Particulars	Note No.	As at 31/03/2016 Rs.	As at 31/03/2015 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>[1] Shareholders' Funds :</b>			
[a] Share Capital	3	9,000,000	9,000,000
[b] Reserves & Surplus	4	365,567,728	341,338,612
[c] Money received against Share Warrants		Nil	Nil
		374,567,728	350,338,612
<b>[2] Share Application money pending allotment</b>		Nil	Nil
<b>[3] Non-Current Liabilities :</b>			
[a] Long Term Borrowings	5	34,917,103	52,803,466
[b] Deferred Tax Liabilities (Net)	6	17,596,513	12,608,803
[c] Other Long term Liabilities	7	365,128	1,053,280
[d] Long-term Provisions	8	Nil	Nil
		52,878,744	66,465,549
<b>[4] Current Liabilities</b>			
[a] Short-term borrowings	9	92,322,795	73,241,956
[b] Trade Payables :			
(i) Total outstanding dues of micro enterprises and small enterprises	10	303,205	347,305
(ii) Total outstanding dues of other than micro enterprises and small enterprises	10	45,738,890	50,400,238
[c] Other Current liabilities	10	57,825,854	60,719,873
[d] Short term Provisions	8	13,453,069	40,514,334
		209,643,813	225,223,706
<b>Total .....</b>		<b>637,090,284</b>	<b>642,027,867</b>
<b>ASSETS :</b>			
<b>[1] Non-Current Assets</b>			
[a] Fixed Assets :			
(i) Tangible Assets	11	348,915,722	212,008,120
(ii) Intangible Assets	11	832,143	1,222,984
(iii) Capital Work in Progress		6,455,706	132,278,092
(iv) Intangible assets under Development		Nil	Nil
		356,203,571	345,509,196
[b] Non-Current Investments		Nil	Nil
[c] Deferred Tax Assets (Net)		Nil	Nil
[d] Long-term loans and Advances	12	14,981,413	14,090,538
[e] Other non-current assets	13	119,762	59,471
<b>[2] Current Assets</b>			
[a] Current Investments		Nil	Nil
[b] Inventories	14	89,426,244	107,308,426
[c] Trade receivables	15	144,421,398	147,048,610
[d] Cash & Bank Balances	16	4,491,096	4,728,787
[e] Short term Loans and advances	12	26,036,339	21,433,706
[f] Other Current assets	17	1,410,461	1,849,132
<b>Total .....</b>		<b>637,090,284</b>	<b>642,027,867</b>
Summary of Significant Accounting Policies	2		

As per our report of even date attached herewith

For, J.T. Shah & Company

Chartered Accountants

(FRN No. 109616W)

[J.T. Shah]  
Partner

(M. No. 3983)

Place : Ahmedabad

Date: 19/04/2016



For, Sterling Abrasives Ltd

[R. Srinivasan]  
CHAIRMAN

DIN : 00043658

Place : Chennai

Date: 18/04/2016

[Nirav Parikh]  
MANAGING DIRECTOR

DIN : 00042146

Place : Chennai

Date: 18/04/2016



**STERLING ABRASIVES LIMITED**  
**Statement of Profit & Loss for the year ended**

**31/03/2016**

Particulars	Note No.	Year Ended 31/03/2016 (Rs.)	Year ended 31/03/2015 (Rs.)
<b>INCOME</b>			
Revenue from Operations	18	681,461,910	684,058,318
Less : Excise Duty		53,257,053	50,351,005
Net Revenue from Operations		628,204,857	633,707,313
Other Income	19	2,624,534	2,166,148
<b>Total Revenue</b>		<b>630,829,391</b>	<b>635,873,461</b>
<b>EXPENDITURE</b>			
Cost of materials consumed	20	184,353,294	204,618,107
Purchase of Stock in Trade	21	7,712,496	3,503,533
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	22	15,895,973	(9,442,033)
Employee Benefits Expense	23	92,099,429	90,317,463
Finance Costs	24	13,916,203	7,407,253
Depreciation and Amortisation expense	25	27,400,192	24,943,282
Less : Transfer from Fixed Assets Revaluation Reserve		Nil	Nil
		27,400,192	24,943,282
Other Expenses	26	210,543,758	232,295,271
<b>Total Expenses</b>		<b>551,921,345</b>	<b>553,642,875</b>
<b>Profit before exceptional and extraordinary item and Tax</b>		<b>78,908,046</b>	<b>82,230,587</b>
Exceptional Items		Nil	Nil
<b>Profit before extraordinary item and Tax</b>		<b>78,908,046</b>	<b>82,230,587</b>
Extraordinary Items		Nil	Nil
<b>Profit before Tax</b>		<b>78,908,046</b>	<b>82,230,587</b>
<b>Less : Tax expense:</b>			
- Current Tax		22,278,000	31,990,000
- Short / Exceeds Provision of Earlier Year		Nil	(22,967)
- Deferred Tax		4,987,710	(3,249,242)
<b>Profit for the year from continuing operations</b>		<b>51,642,336</b>	<b>53,512,796</b>
Profit from Discontinuing Operations		Nil	Nil
Tax Expense of discontinuing Operations		Nil	Nil
Profit from Discontinuing Operation after Tax		Nil	Nil
<b>Profit for the year</b>		<b>51,642,336</b>	<b>53,512,796</b>
<b>Basic &amp; diluted earnings per share of face value of Rs.100 each Fully Paid up</b>	34	<b>573.80</b>	<b>594.59</b>
Summary of Significant Accounting Policies	2		

As per our report of even date attached herewith

For, J.T. Shah & Company  
Chartered Accountants  
(FRN No. 109616W)

[J. T. Shah]  
Partner  
(M. No. 3983)  
Place : Ahmedabad  
Date: 19/04/2016



For, Sterling Abrasives Ltd

R. SRINIVASAN  
CHAIRMAN  
DIN : 00043658  
Place : Chennai  
Date: 18/04/2016

Nirav Parikh  
NIRAV PARIKH  
MANAGING DIRECTOR  
DIN : 00042146  
Place : Chennai  
Date: 18/04/2016

**STERLING ABRASIVES LIMITED**

3	<b>Share Capital</b>	As at	As at
		31/03/2016	31/03/2015
		Rs.	Rs.
	[i] Authorised :		
	100000 ( Previous Year 100000) equity shares of par value of Rs.100/-	10,000,000	10,000,000
	[ii] Issued, Subscribed & Paid-up Capital :		
	90,000 (Pr. Year 90,000) Equity Shares of par value of Rs. 100/- each fully paid up	9,000,000	9,000,000
	<b>Total .....</b>	<b>9,000,000</b>	<b>9,000,000</b>

Refer Note Number 34 for details of basic and diluted shares

- (a) The company has only one class of shares referred to as Equity shares having face value of Rs. 100/-. Each Holder of equity share is entitled to 1 vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholder.

The Company declares and pays dividends in Indian Ruppes. The Dividend proposed by the Board of Director is subject to the approval of the shareholders in the ensuing Annual General Meeting.

For the year ended March 31, 2016, Final dividend of RS. 62.50/- per share has been proposed by the Board of Directors (previous year Rs. 250 per share). An interim dividend of Rs.187.50/- per share was declared at the meeting of the Board (previous year Rs. NIL per share).

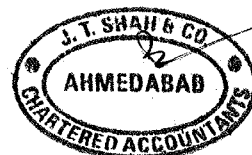
No Shares has been reserved for issue under options or contracts/commitments for the shares/disinvestment.

- (b) 54000 Equity Shares (PY 54000 Shares) of Rs.100/- each are being held by the holding Company "Carborundum Universal Limited".
- (c) Reconciliation of the number of shares outstanding and the amount of share capital as at 31/03/2016 & 31/03/2015 is set out below

Particulars	As at 31/03/2016		As at 31/03/2015	
	No. of Shares	Amt (Rs.)	No. of Shares	Amt (Rs.)
Shares at the beginning	90,000	9,000,000	90,000	9,000,000
Addition	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	90,000	9,000,000	90,000	9,000,000

- (d) The details of shareholders holding more than 5% shares is set out below.

Name of Shareholder	As at 31/03/2016		As at 31/03/2015	
	No. of Shares	% held	No. of Shares	% held
Carborundum Universal Ltd	54,000	60.00%	54,000	60.00%
Smt. Ashaben N Parikh	15,000	16.67%	15,000	16.67%
Shri Nirav N Parikh	10,000	11.11%	10,000	11.11%
Shri Nitin S Parikh	7,494	8.33%	7,494	8.33%



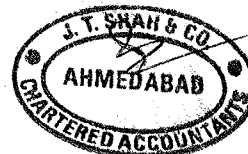
**STERLING ABRASIVES LIMITED**

4	<b>Reserves &amp; Surplus</b>	As at	
		31/03/2016	31/03/2015
		Rs.	Rs.
<b>(a)</b>	<b>Revaluation Reserve</b>		
	Balance as per last financial Statement	2,229,756	2,450,176
	Less: Amount transferred to the Statement of Profit and Loss as reduction from Depreciation	Nil	Nil
	Less: Amount transferred to General Reserve as portion of Depreciation on Revalued Assets	(220,420)	(220,420)
	Closing Balance	2,009,336	2,229,756
<b>(b)</b>	<b>General Reserve</b>		
	Balance as per last financial Statement	253,490,126	232,738,659
	Less : Amount of depreciation in respect of fixed assets whose useful life has expired on adoption to Schedule II of the Companies Act-2013	Nil	(6,615,280)
	Add : Amount of reversal of Deferred Tax Liability in respect of fixed assets whose useful life has expired on adoption of Schedule II of the Companies Act-2013	Nil	2,146,327
	Add : Amount transferred from Revaluation Reserve as portion of Depreciation on Revalued Assets	220,420	220,420
	Add : Amount transfer from surplus balance in the statement of profit and loss	25,000,000	25,000,000
	Closing Balance	278,710,546	253,490,126
<b>(c)</b>	<b>Surplus/(deficit) in the Statement of Profit and Loss</b>		
	Balance as per last financial Statement	84,550,043	83,117,719
	Add : Profit for the year	51,642,336	53,512,794
	Less: Appropriations Transferred to		
	General Reserve	25,000,000	25,000,000
	Interim Dividend	16,875,000	Nil
	Dividend tax on interim dividend	3,435,350	Nil
	Proposed Final Dividend	5,625,000	22,500,000
	Dividend tax on proposed final dividend	1,145,120	4,580,471
		52,080,470	52,080,471
	Net Surplus in the statement of profit and loss	84,111,908	84,550,043
<b>(d)</b>	<b>Currency Hedging Reserve</b>		
	Balance as per last financial Statement	1,068,687	2,541,624
	Add : Current year adjustment	(332,750)	(1,472,937)
	Closing Balance	735,937	1,068,687
	<b>Total .....</b>	<b>365,567,728</b>	<b>341,338,612</b>



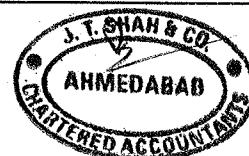
**STERLING ABRASIVES LIMITED**

5	<b>Long Term Borrowings</b>	<b>Non-Current</b>		<b>Current</b>	
		<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
		<b>31/03/2016</b>	<b>31/03/2015</b>	<b>31/03/2016</b>	<b>31/03/2015</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
	<b>Secured Borrowing</b>				
	Term Loan from Bank (Repayable in 40 Equal monthly Installement Starting from 01-04-2015)# [Indian rupee loan from Banks]	34,917,103	52,803,466	36,000,000	36,000,000
		<b>34,917,103</b>	<b>52,803,466</b>	<b>36,000,000</b>	<b>36,000,000</b>
	Amount disclosed under the head Other Current Liabilities' (Note No. 10(ii))	Nil	Nil	(36,000,000)	(36,000,000)
	<b>Total .....</b>	<b>34,917,103</b>	<b>52,803,466</b>	<b>Nil</b>	<b>Nil</b>
	<b>Security :</b>				
	# Secured by a hypothecation of Current Assets and Equitable Mortgage of Fixed Assets both Movable & Immovable relating to various manufacturing locations of the company.				
	<b>Interest :</b>				
	# Term Loans carry an interest rate which shall be State Bank of India base rate plus spread, payable on monthly basis.				
6	<b>Deferred Tax</b>			<b>Non Current</b>	
				<b>As at</b>	<b>As at</b>
	<b>Particulars</b>			<b>31/03/2016</b>	<b>31/03/2015</b>
				<b>Rs.</b>	<b>Rs.</b>
	<b>Deferred Tax Assets arising out of timing difference relating to :</b>				
	Provision for Bad and Doubtful Debts and Advances			875,568	631,208
	Provision for Expenses allowable in subsequent years			4,076,784	2,739,611
	<b>Total Deferred Tax Assets</b>			<b>4,952,352</b>	<b>3,370,819</b>
	<b>Deferred Tax Liability arising out of timing difference relating to :</b>				
	Difference of Depreciation as per Tax Provision and Company Law			22,548,864	15,979,621
<b>Total Deferred Tax Liability</b>			<b>22,548,864</b>	<b>15,979,621</b>	
<b>Net Deferred Tax</b>			<b>17,596,513</b>	<b>12,608,803</b>	
7	<b>Other Long term Liabilities</b>			<b>Non Current</b>	
				<b>As at</b>	<b>As at</b>
				<b>31/03/2016</b>	<b>31/03/2015</b>
				<b>Rs.</b>	<b>Rs.</b>
	Advance received against sale of Assets			365,128	1,053,280
	<b>Total .....</b>			<b>365,128</b>	<b>1,053,280</b>



**STERLING ABRASIVES LIMITED**

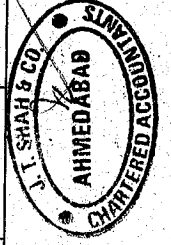
8	<u>Provisions</u>	Non Current		Current	
		As at	As at	As at	As at
		31/03/2016	31/03/2015	31/03/2016	31/03/2015
		Rs.	Rs.	Rs.	Rs.
	Provisions for employee benefits				
	For unavailed leave	Nil	Nil	4,329,485	4,341,499
	For Gratuity	Nil	Nil	1,125,715	4,102,362
	Proposed Dividend	Nil	Nil	5,625,000	22,500,000
	Provision for Income Tax (Net off Advance)	Nil	Nil	1,227,747	4,990,000
	Provision for Tax on Proposed	Nil	Nil	1,145,120	4,580,471
	<b>Total .....</b>	<b>Nil</b>	<b>Nil</b>	<b>13,453,067</b>	<b>40,514,332</b>
9	<u>Short Term Borrowings</u>			<u>Current</u>	
				As at	As at
				31/03/2016	31/03/2015
				Rs.	Rs.
	<b>Secured Borrowing</b>				
	Cash Credit from Bank (Repayable on Demand) #			92,322,795	73,241,956
				<b>92,322,795</b>	<b>73,241,956</b>
	<b>Security :</b>				
	# Secured by a hypothecation of Current Assets and Equitable Mortgage of Fixed Assets both Movable & Immovable				
10	<u>Trade payables and Other Current Liabilities</u>			<u>Current</u>	
				As at	As at
				31/03/2016	31/03/2015
				Rs.	Rs.
(i)	Trade payables			46,042,095	50,747,543
	(Refer Note No.32 for details of dues to micro and small enterprise				
				<b>46,042,095</b>	<b>50,747,543</b>
(ii)	<u>Other Current Liabilities</u>				
	current maturity of long term borrowings ( Note No. 5)			36,000,000	36,000,000
	Interest accrued but not due			625,650	781,711
	Salary & Wages Payable			1,835,610	2,336,948
	Bonus Payable			7,110,015	2,635,988
	Advance received from customers			1,026,484	2,782,551
	Payable for Purchase of Fixed Assets			707,020	7,865,860
	Remuneration Payable to Director			590,000	50,000
	Other Statutory dues			2,440,273	1,304,326
	Dealer Deposits			2,484,900	2,379,900
	Advance received against sale of Assets			782,544	347,949
	Provision for Excise Duty on Finished Goods			4,223,358	4,234,640
				<b>57,825,854</b>	<b>60,719,873</b>
	<b>Total .....</b>			<b>103,867,949</b>	<b>111,467,417</b>



**STERLING ABRASIVES LIMITED**

**11 Fixed Assets**

Particulars	Tangible Assets							Total	Intangible Assets Software & Licences
	Lease Hold Land	Buildings	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicles			
<b>Gross Block as on 01-04-2014</b>	67,118,929	40,439,989	164,188,216	10,916,386	4,097,044	5,930,990	292,691,555	3,621,703	
Addition		169,575	10,023,449	1,128,154	16,128	1,357,867	12,695,173	400,351	
Disposal				(300,563)		(54,450)	(355,013)		
<b>Gross Block as on 31-03-2015</b>	67,118,929	40,609,564	174,211,666	11,743,978	4,113,172	7,234,407	305,031,715	4,022,054	
Addition		98,194,433	51,945,048	12,896,071	617,284	1,081,596	164,734,432	130,924	
Disposal			(2,742,908)	(699,641)		(1,386,461)	(4,829,010)		
<b>Gross Block as on 31-03-2016</b>	67,118,929	138,803,997	223,413,806	23,940,407	4,730,456	6,929,542	464,937,137	4,152,978	
Depreciation Fund as on 01-04-2014	3,344,904	11,341,723	37,950,224	5,819,663	2,467,815	1,460,664	62,384,993	2,200,483	
Addition	1,125,144	1,325,357	18,500,908	2,044,970	419,330	946,102	24,361,811	581,471	
Addition( Transfer to Reserve)			4,631,809	1,803,984	162,372		6,598,164	17,115	
Disposal				(300,563)		(20,810)	(321,373)		



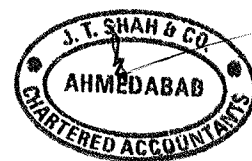
**STERLING ABRASIVES LIMITED**

<b>Depreciation Fund as on 31-03-2015</b>	4,470,048	12,667,080	61,082,940	9,368,054	3,049,517	2,385,957	93,023,595	2,799,070
Addition	1,125,144	3,497,188	18,714,186	2,104,081	445,202	992,626	26,878,427	521,765
Addition( Transfer to Reserve)	-	-	(2,701,619)	(699,641)	-	(479,347)	(3,880,607)	
Disposal	-	-	-	-	-	-	-	-
<b>Depreciation Fund as on 31-03-2016</b>	5,595,192	16,164,268	77,095,506	10,772,494	3,494,719	2,899,236	116,021,415	3,320,835
<b>Net Block As on 01-04-2014</b>	63,774,025	29,098,267	126,237,993	5,096,723	1,629,229	4,470,326	230,306,562	1,421,219
<b>Net Block As on 31-03-2015</b>	62,648,881	27,942,485	113,128,725	2,375,924	1,063,655	4,848,450	212,008,120	1,222,984
<b>Net Block As on 31-03-2016</b>	61,523,737	122,639,729	146,318,299	13,167,913	1,235,737	4,030,306	348,915,722	832,143



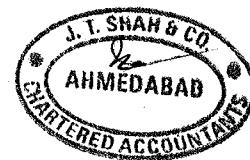
**STERLING ABRASIVES LIMITED**

12	<b>Loans and Advances</b> (Unsecured, Considered Good, unless otherwise stated)	Non-Current		Current	
		As at 31/03/2016	As at 31/03/2015	As at 31/03/2016	As at 31/03/2015
		Rs.	Rs.	Rs.	Rs.
	Security Deposites	7,031,090	6,947,105	Nil	Nil
	Advances For Capital Goods				
	Considered good	802,883	1,083,463	Nil	Nil
	Considered doubtful	220,000	220,000		
	Less: Provision for Doubtful Advance	(220,000)	(220,000)	Nil	Nil
		802,883	1,083,463	Nil	Nil
	Advance Payment Of Income Tax	258,758,742	225,681,272	Nil	Nil
	Less : Provision For Income Tax	(251,611,302)	(219,621,302)	Nil	Nil
		7,147,440	6,059,970	Nil	Nil
	Advance to Suppliers	Nil	Nil	236,586	1,403,958
	Balance With Govt Authorities	Nil	Nil	20,725,527	18,201,180
	Employee Advance	Nil	Nil	435,200	577,664
	Other Advances	Nil	Nil	4,639,026	1,250,905
	<b>Total .....</b>	<b>14,981,413</b>	<b>14,090,538</b>	<b>26,036,339</b>	<b>21,433,706</b>
13	<b>Other non-current assets</b>	Non-Current			
		As at 31/03/2016	As at 31/03/2015		
		Rs.	Rs.		
	Particularas				
	Non Current Bank balance (Amount disclosed under Cash & Bank Balance in Note No.16)			119,762	59,471
	<b>Total .....</b>			<b>119,762</b>	<b>59,471</b>
14	<b>Inventories (Valued at Lower of Cost and Net Realisable Value)</b>	As at	As at		
		31/03/2016	31/03/2015		
		Rs.	Rs.		
	Raw materials (Including Goods in Transit- Rs. 28,79,175/-, Previous Year Rs. 14,62,996/-)	24,932,951	23,388,769		
	Work-in-Process	15,875,821	25,102,100		
	Finished Stock ( Including Goods in Transit- Rs.414,500/-, Previous Year Rs. Nil)	38,424,718	45,612,600		
	Stores & Spare parts (Including Packing Material)	7,349,269	10,879,661		
	Stock in Trade	2,843,486	2,325,297		
	<b>Total .....</b>	<b>89,426,244</b>	<b>107,308,426</b>		



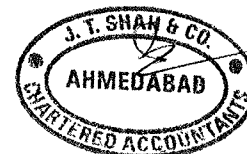
**STERLING ABRASIVES LIMITED**

15	<u>Trade receivables</u>	Current			
		As at	As at		
		31/03/2016	31/03/2015		
		Rs.	Rs.		
	<b>Trade Receivables (Unsecured)</b>				
	(Outstanding for a period exceeding Six Months from the date they are due for Payment)				
	Considered Good	5,556,255	1,535,627		
	Considered Doubtful	2,698,621	1,945,470		
		<b>8,254,877</b>	<b>3,481,097</b>		
	Less: Provision for doubtful receivable	2,698,621	1,945,470		
		<b>5,556,255</b>	<b>1,535,627</b>		
	<b>Other Receivables</b>				
	Others - Considered Good	138,865,142	145,512,983		
	Others - Considered Doubtful	Nil	Nil		
		138,865,142	145,512,983		
	Less : Provision for doubtful receivable	Nil	Nil		
		<b>138,865,142</b>	<b>145,512,983</b>		
	<b>Total .....</b>	<b>144,421,398</b>	<b>147,048,610</b>		
16	<u>Cash &amp; Bank Balances</u>	Non-current		Current	
		As at	As at	As at	As at
		31/03/2016	31/03/2015	31/03/2016	31/03/2015
		Rs.	Rs.	Rs.	Rs.
	<u>Cash and cash equivalents</u>				
	Cash on hand	Nil	Nil	129,657	103,348
	Balance With Banks	Nil	Nil	4,361,439	4,625,439
	<b>Total .....</b>	<b>Nil</b>	<b>Nil</b>	<b>4,491,096</b>	<b>4,728,787</b>
	<u>Other Bank balance</u>				
	Margin Deposit	119,762	59,471	Nil	Nil
	(Amount disclosed under Non Current Assets Note No.13)	(119,762)	(59,471)	Nil	Nil
	<b>Total .....</b>	<b>Nil</b>	<b>Nil</b>	<b>4,491,096</b>	<b>4,728,787</b>
17	<u>Other Current Assets</u>	As at			
		31/03/2016	31/03/2015		
		Rs.	Rs.		
	<b>(Unsecured, considered good))</b>				
	Export Cash Aid Receivable	674,525	780,444		
	Forward Premium Receivable	735,937	1,068,688		
	<b>Total .....</b>	<b>1,410,462</b>	<b>1,849,132</b>		



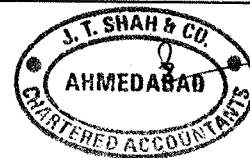
**STERLING ABRASIVES LIMITED**

18	<b>Revenue from operation</b>	Year ended	Year ended
		31/03/2016	31/03/2015
	<b>Sale of Product</b>	Rs.	Rs.
	Finished Goods	665,208,793	669,512,399
	Traded Goods	8,247,932	5,345,310
		<u>673,456,725</u>	<u>674,857,709</u>
	<b>Other Operating Revenue</b>		
	Scrap Sales	5,159,081	5,609,921
	Commission Income	262,849	168,850
	Export Incentive	2,583,255	3,421,838
		<u>8,005,184</u>	<u>9,200,609</u>
	<b>Total .....</b>	<b><u>681,461,910</u></b>	<b><u>684,058,318</u></b>
	<b>Details of products sold</b>		
	<b>Finished Goods Sold</b>		
	Grinding Wheels, Stones & Finished Slips	665,208,793	669,512,399
	<b>Traded Goods Sold</b>		
	Grinding Wheels	8,247,932	5,345,310
	<b>Total .....</b>	<u>673,456,725</u>	<u>674,857,709</u>
19	<b>Other Income</b>	Year ended	Year ended
		31/03/2016	31/03/2015
		Rs.	Rs.
	Interest Income From Bank	6,373	10,068
	Interest Income From Others	509,676	1,056,392
	Foreign Exchange Gain/ ( Loss)	1,866,488	1,091,280
	Profit/ (Loss) From Sale Of Fixed Assets	241,997	8,408
	<b>Total .....</b>	<b><u>2,624,534</u></b>	<b><u>2,166,148</u></b>
20	<b>Cost of Raw Material Consumed</b>	Year ended	Year ended
		31/03/2016	31/03/2015
		Rs.	Rs.
	Inventory at the beginning of the year	23,388,769	23,022,442
	Add: Purchase	185,897,477	204,984,434
	Less: Inventory at the end of the year	24,932,951	23,388,769
	<b>Cost of Raw Material Consumed</b>	<b><u>184,353,294</u></b>	<b><u>204,618,107</u></b>
	<b>Details of Raw Material Consumed</b>		
	Grain	155,151,372	166,804,536
	Other Raw Material	29,201,922	37,813,571
		<u>184,353,294</u>	<u>204,618,107</u>
	<b>Details of Inventories</b>		
	Grain	17,565,955	17,570,016
	Others materials	7,366,996	5,818,753
	<b>Total .....</b>	<b><u>24,932,951</u></b>	<b><u>23,388,769</u></b>



**STERLING ABRASIVES LIMITED**

21	<b>Purchase of Stock in Trade</b>	Year ended	Year ended
		31/03/2016	31/03/2015
		Rs.	Rs.
	Trading Purchase	7,712,496	3,503,533
	<b>Total .....</b>	<b>7,712,496</b>	<b>3,503,533</b>
	<b>Details of Purchase of Stock in Trade</b>		
	Grinding Wheels & Accessories	7,712,496	3,503,533
	<b>Total .....</b>	<b>7,712,496</b>	<b>3,503,533</b>
22	<b>Change In Inventories Of Finished Goods, Work In Progress And Stock In Trade</b>	Year ended	Year ended
		31/03/2016	31/03/2015
		Rs.	Rs.
	Inventory at the beginning of the year		
	Work-in-process	25,102,100	22,546,950
	Stock in Trade	2,325,297	1,473,490
	Finished Stock (including Goods in Transit)	45,612,600	39,577,523
		<b>73,039,996</b>	<b>63,597,963</b>
	Inventory at the end of the year		
	Work-in-process	15,875,821	25,102,100
	Stock in Trade	2,843,486	2,325,297
	Finished Stock (including Goods in Transit)	38,424,718	45,612,600
		<b>57,144,024</b>	<b>73,039,996</b>
	<b>Decretion / (Accretion) to Stock</b>	<b>15,895,973</b>	<b>(9,442,033)</b>
	<b>Details of Inventory</b>		
	<b>Finished Goods</b>		
	Grinding Wheels & Finished Slips	38,424,718	45,612,600
	Other Wheels	2,843,486	2,325,297
		<b>41,268,204</b>	<b>47,937,897</b>
	<b>Work in Progress</b>		
	Grinding Wheels & Finished Slips	15,875,821	25,102,100
		<b>15,875,821</b>	<b>25,102,100</b>
23	<b>Employee Benefit Expense</b>	Year ended	Year ended
		31/03/2016	31/03/2015
		Rs.	Rs.
	Salary, Wages & Bonus	82,292,739	76,720,039
	Contribution to Provident Fund & Other Funds	7,101,031	10,379,578
	Welfare Expenses	2,705,658	3,217,846
	<b>Total .....</b>	<b>92,099,429</b>	<b>90,317,463</b>



**STERLING ABRASIVES LIMITED**

<b>Retirement Benefits</b>		
As per revised Accounting Standard 15 "Employees Benefits" , the Company has recognized in the financial statements in respects of Employee Benefits Schemes as per Actuarial Valuation as on 31st March, 2016.		
<b>A. Amount of Defined Benefit Obligation in respect of Gratuity liability is recognized in the Balance Sheet as follows:</b>		
<b>Particulars</b>	<b>Defined Benefit Obligation 2015-16 Rs.</b>	<b>Defined Benefit Obligation 2014-15 Rs.</b>
Present Value of Funded Obligations	15,011,527	13,433,664
Fair value of plan assets	13,885,812	9,331,302
Present value of unfunded obligations	Nil	Nil
Unrecognized past service cost	Nil	Nil
Net liability/(Asset)	Nil	Nil
Amounts in the balance sheet:		
Liabilities	15,011,527	13,433,664
Assets	13,885,812	9,331,302
Net liability/(Asset)	1,125,715	4,102,362
<b>B. Amount of defined benefit obligation in respect of Gratuity liability is recognized in the profit and Loss account as follows:</b>		
<b>Particulars</b>	<b>Defined Benefit Obligation 2015-16 Rs.</b>	<b>Defined Benefit Obligation 2014-15 Rs.</b>
Current service cost	1,503,788	986,829
Interest on obligation	1,001,811	800,277
Expected return on plan assets	(928,685)	(848,697)
Net actuarial losses / (gains) recognized in year	155,431	3,440,190
Past service cost	Nil	Nil
Losses / (Gains) on curtailments and settlement	Nil	Nil
Total included in 'Employee Benefit Expense'	1,732,345	4,378,599
Actual Return on plan assets		
<b>C.Details of changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof in respect of Gratuity are as follows:</b>		
<b>Particulars</b>	<b>Defined Benefit Obligation 2015-16 Rs.</b>	<b>Defined Benefit Obligation 2014-15 Rs.</b>
Opening Defined Benefit Obligation	13,433,664	9,145,525
Service cost	1,503,788	986,829
Interest cost	1,001,811	800,277
Actuarial losses (gains)	119,713	3,128,683
Losses (gains) on curtailments	Nil	Nil
Liabilities extinguished on settlements	Nil	Nil
Liabilities assumed in an amalgamation in the nature of Purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	(1,047,449)	(627,650)
Closing defined benefit obligation	15,011,527	13,433,664



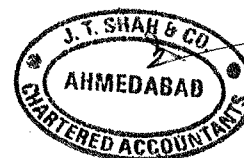
**STERLING ABRASIVES LIMITED**

<b>D. Details of changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof in respect of gratuity are as follows:</b>					
<b>Particulars</b>	<b>Defined Benefit Obligation</b>		<b>Defined Benefit Obligation</b>		
	<b>2015-16</b>		<b>2014-15</b>		
	<b>Rs.</b>		<b>Rs.</b>		
Opening fair value of plan assets	9,331,302		9,289,738		
Adjustment to Opening Funds	Nil		21,244		
Expenses incurred in the Fund	4,708,993		110,780		
Expected return	928,685		848,697		
Actuarial gains and (losses)	(35,719)		(311,507)		
Assets distributed on settlements	Nil		Nil		
Contributions by employer	Nil		Nil		
Assets acquired in an amalgamation in the nature of purchase	Nil		Nil		
Exchange differences on foreign plans	Nil		Nil		
Benefits paid	(1,047,449)		(627,650)		
Closing fair value of plan assets	13,885,812		9,331,302		
<b>E. Details of the major categories of plan assets as a percentage of total plan assets in respect of Gratuity are as follows:</b>					
<b>Particulars</b>	<b>Defined Benefit Obligation</b>		<b>Defined Benefit Obligation</b>		
	<b>2015-16</b>		<b>2014-15</b>		
	<b>Rs.</b>		<b>Rs.</b>		
Government of India Securities	0.00%		0.00%		
High quality corporate bonds	0.00%		0.00%		
Equity shares of listed companies	0.00%		0.00%		
Property	0.00%		0.00%		
Insurance Company	100%		100%		
Bank Balance	0.00%		0.00%		
<b>F. Details of Principal actuarial assumptions at the balance sheet date in respect of Gratuity (expressed as weighted averages):</b>					
<b>Particulars</b>	<b>Defined Benefit Obligation</b>		<b>Defined Benefit Obligation</b>		
	<b>2015-16</b>		<b>2014-15</b>		
	<b>Rs.</b>		<b>Rs.</b>		
Discount rate	7.76%		8.00%		
Expected return on plan assets	8.00%		8.00%		
Proportion of employees opting for early retirement	0.00%		0.00%		
Annual increase in Salary costs	7.00%		7.00%		
Future Changes in Maximum State health care benefits	0.00%		0.00%		
<b>G. Details of Defined benefit pension plans for the current and previous periods are as follows:</b>					
<b>Particulars</b>	<b>31/03/2016</b>	<b>31/03/2015</b>	<b>31/03/2014</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Defined Benefit Obligation	15,011,527	13,433,664	9,145,525	10,009,944	8,089,919
Plan assets	13,885,812	9,331,302	9,289,738	8,460,095	7,365,756
Surplus / (deficit)	(1,125,715)	(4,102,362)	144,213	(1,549,849)	(724,163)
Experience adjustments on plan liabilities	119,713	1,654,318	(178,438)	90,269	285,827
Experience adjustments on plan assets	35,719	311,507	88,506	95,617	(39,165)
<b>The expected benefits are based on the same assumptions used to measure Group's gratuity obligations as at 31st March,2016.The Company is expected to contribute Rs.11,25,000/- to gratuity funds by the year ended 31st March,2017.</b>					



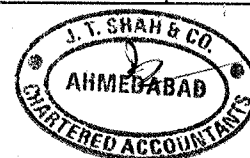
**STERLING ABRASIVES LIMITED**

<b>Details of the Key actuarial assumptions used in the determination of long term compensated absences are as under</b>		
<b>A. The Amounts (In Rs.) Recognized In the Balance Sheet Are As Follows:</b>		
<b>Particulars</b>	<b>Defined Benefit Obligation 31/03/2016 (Rs.)</b>	<b>Defined Benefit Obligation 31/03/2015 (Rs.)</b>
Present value of funded obligations	Nil	Nil
Fair value of plan assets	Nil	Nil
Present value of unfunded obligations	4,329,485	4,341,499
Unrecognized past service cost	Nil	Nil
Net liability	4,329,485	4,341,499
Amounts in the balance sheet:	Nil	Nil
Liabilities	4,329,485	4,341,499
Assets	Nil	Nil
<b>Net liability</b>	<b>4,329,485</b>	<b>4,341,499</b>
<b>B. The Amounts (In Rs.) Recognized In The Statement Of Profit And Loss Are As Follows :</b>		
<b>Particulars</b>	<b>Defined benefit obligation 31/03/2016 (Rs.)</b>	<b>Defined benefit obligation 31/03/2015 (Rs.)</b>
Current service cost	389,413	1,051,136
Interest on obligation	264,048	258,191
Expected return on plan assets	Nil	Nil
Net actuarial losses (gains) recognized in year	1,212,171	439,401
Past service cost	Nil	Nil
Losses (gains) on curtailments and settlement	Nil	Nil
Total, included in 'employee benefit expense'	1,865,632	1,748,728
Actual return on plan assets	Nil	Nil
<b>C. Changes In The Present Value Of The Defined Benefit Obligation Representing Reconciliation Of Opening And Closing Balances Thereof Are As Follows:</b>		
<b>Particulars</b>	<b>Defined benefit obligation 31/03/2016 (Rs.)</b>	<b>Defined benefit obligation 31/03/2015 (Rs.)</b>
Opening defined benefit obligation	4,341,499	2,909,659
Service cost	389,413	1,051,136
Interest cost	264,048	258,191
Actuarial losses (gains)	1,212,171	439,401
Losses (gains) on curtailments	Nil	Nil
Liabilities extinguished on settlement	Nil	Nil
Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	(1,877,646)	(316,888)
Closing defined benefit obligation	4,329,485	4,341,499



**STERLING ABRASIVES LIMITED**

<b>D. Changes In The Fair Value Of Plan Assets Representing Reconciliation Of The Opening And Closing Balances Thereof Are As Follows:</b>		
<b>Particulars</b>	<b>Defined benefit obligation 31/03/2016 (Rs.)</b>	<b>Defined benefit obligation 31/03/2015 (Rs.)</b>
Opening fair value of plan assets	Nil	Nil
Expected return	Nil	Nil
Actuarial gains and (losses)	Nil	Nil
Assets distributed on settlements	Nil	Nil
Contributions by employer	Nil	Nil
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
closing balance of fair value of plan assets	Nil	Nil
<b>E. The Major Categories Of Plan Assets As A Percentage Of Total Plan Assets Are As Follows:</b>		
<b>Particulars</b>	<b>Defined Benefit Obligation 31/03/2016 (Rs.)</b>	<b>Defined Benefit Obligation 31/03/2015 (Rs.)</b>
Government of India Securities	0.00%	0.00%
High quality corporate bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Insurance Company	0.00%	0.00%
<b>F. Principal Actuarial Assumptions At The Balance Sheet Date (Expressed As Weighted Averages):</b>		
<b>Particulars</b>	<b>Defined benefit obligation 31/03/2016 (Rs.)</b>	<b>Defined benefit obligation 31/03/2015 (Rs.)</b>
Discount rate	7.76%	8.00%
Expected return on plan assets	0.00%	0.00%
Proportion of employees opting for early retirement	Nil	Nil
Annual increase in Salary costs	7.00%	7.00%
Future changes in maximum state health care benefits	Nil	Nil
The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
<b>G. Amount For The Current And Previous Periods In Respect Of Defined Benefit Pension Plans Are As Follows:</b>		
<b>Particulars</b>	<b>31/03/2016 (Rs.)</b>	<b>31/03/2015 (Rs.)</b>
Defined benefit obligation	4,329,485	4,341,499
Plan assets	Nil	Nil
Surplus/(deficit)	(4,329,485)	(4,341,499)
Experience adjustments on plan liabilities	358,379	(104,796)
Actuarial Loss/(Gain) due to change in assumptions	853,792	544,197
Experience adjustments on plan assets	Nil	Nil
<b>Movement In Net Liability Recognized In Balance Sheet:</b>		
Net opening liability	4,341,499	2,909,659
P&L Charge	1,864,632	1,748,728
Contribution paid	(1,877,646)	(316,888)
Closing Net liability	4,328,485	4,341,499



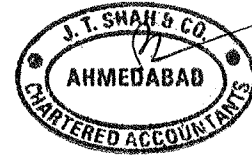
**STERLING ABRASIVES LIMITED**

24	<b>Finance Costs</b>	Year ended	Year ended
		31/03/2016	31/03/2015
		Rs.	Rs.
	Interest Paid to Bank	13,916,203	6,987,253
	Interest Paid to Others	Nil	420,000
	<b>Total .....</b>	<b>13,916,203</b>	<b>7,407,253</b>
25	<b>Depreciation And Amortisation Expense</b>	Year ended	Year ended
		31/03/2016	31/03/2015
		Rs.	Rs.
	Depreciation of Tangible Assets	26,878,427	24,361,811
	Depreciation of Intangible Assets	521,765	581,471
	<b>Total .....</b>	<b>27,400,192</b>	<b>24,943,282</b>
26	<b>Other Costs</b>	Year ended	Year ended
		31/03/2016	31/03/2015
		Rs.	Rs.
	Stores & Spares consumed	25,295,482	25,718,494
	Packing material consumed	25,100,488	27,158,657
	Electricity & Fuel charges	52,603,881	63,349,356
	<b>Repairs To:</b>		
	Building	1,798,061	1,750,737
	Machinery	9,060,591	13,462,819
	Other	2,877,516	2,317,633
	<b>Total .....</b>	<b>13,736,168</b>	<b>17,531,189</b>
	Insurance	1,931,720	1,402,228
	Rent	135,945	64,700
	Rates & Taxes	1,217,478	342,289
	Stationery, Printing & Communication	1,372,315	1,438,471
	Advertisement & Sales Promotion Exps.	3,159,835	4,598,185
	Traveling & Conveyance Exps.	8,899,989	8,520,355
	Professional Fees	12,993,863	14,872,769
	Cash & Turnover Disc.	4,234,285	5,285,760
	Freight & Delivery charges	30,424,513	31,211,932
	(Increase)/decrease of excise duty on inventory	(11,282)	558,950



**STERLING ABRASIVES LIMITED**

<b>Auditor'S Remuneration:</b>		
Audit Fees	175,000	175,000
In other capacity	51,690	42,100
For Tax Audit	50,000	50,000
For Income Tax Consultancy Fee	90,000	110,000
For Sales Tax Matter	35,000	35,000
For Certification	17,000	18,500
<b>Total .....</b>	<b>418,690</b>	<b>430,600</b>
Director Sitting Fees	13,890	26,392
Sales Tax Expenses	2,365,436	2,048,343
Commission paid	13,746,200	14,482,712
Donation (Including amount of Rs 1796000/- in the nature of CSR Exp. (previous year Rs 1926000)	2,021,000	2,058,500
Bad debts written off	Nil	95,859
Provision for doubtful debts	2,698,622	1,945,471
Less : Write back of provision no longer required	(1,945,471)	(821,894)
<b>Total .....</b>	<b>753,151</b>	<b>1,123,577</b>
Bank Charges	2,440,106	1,924,896
General Charges (including Watch & Ward Charges , Calibration Charges, water charges, House Keeping Charges & Misc.Expenses)	7,690,605	8,051,056
<b>Total .....</b>	<b>210,543,758</b>	<b>232,295,271</b>



## STERLING ABRASIVES LIMITED

**27 Contingent liabilities in respect of:**

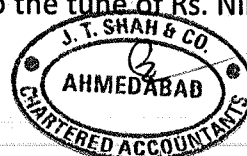
Particulars	31/03/2016 (Rs.)	31/03/2015 (Rs.)
1. Disputed demand of Income Tax and T.D.S. [Against which the company has paid Rs.104.50 Lacs as under Protest (Previous Year Rs. 80.73 )]	12,519,298	8,974,233
2. Disputed demand of Value Added Tax and Central Sales Tax [Against which the company has paid Rs.18.81 Lacs (Previous Year Rs. 11.98 Lacs)]	70,233,391	70,233,391
3. Disputed demand of ESI [Against which the company has paid Rs.0.90 Lacs (Previous Year Rs.0.90 Lacs.)]	205,483	205,483
4. Show Cause notice received/Disputed demand of Service Tax & Penalty thereon [Against which the company has paid Rs. Nil Under Protest (Previous Year Nil)]	8,346,249	11,470,267
5. Disputed demand of Central Excise & Penalty [Against which the company has paid Rs.0.75 Lacs under Protest (Previous Year Rs.0.75 Lacs)]	878,124	130,550
6. Estimated amount of Contracts remaining to be executed on Capital account [Against which the company has paid advances of Rs. 2.50 Lacs (Previous Year Rs.7.76 Lacs)]	2,970,020	9,938,659
7. Bank Guarantees	200,000	50,000
8. Employees demands pending before labour court	Amount Not ascertainable	Amount Not ascertainable

**28** The difference between excise duty on opening and closing stock of finished goods is recognized separately in the Statement of Profit & Loss.

**29** The Company has not received information from vendors regarding their status under the Micro, Small & Medium Enterprise Development Act, 2006 and hence disclosure relating to amount unpaid as at year end together with interest paid/payable under this act has been not given.

**30** Borrowing costs attributable to the acquisition or construction of Qualifying Assets amounting to Rs. 3,274,738/- (Previous Year Rs. 4,949,691/-) is capitalized by the company.

**31** During the year, the company has impaired the assets to the tune of Rs. Nil (Previous year Rs. Nil).



## STERLING ABRASIVES LIMITED

- 32 Due to Small Scale Industrial Undertaking units of Rs. 303,205/- (Previous Year Rs. 347,305/-) is on the basis of such parties having been identified by the management. At the year end, the amount due to S.S.I. units outstanding for period in excess of 30 days is Rs. Nil (Previous Year Nil)

The list of small Scale Unit to whom amt is due follows:

Abelin Polymers

- 33 The company is primarily engaged in the business of Bonded Abrasives and all the other activities of the company revolve around the same, as such, there is no separate reportable business segment. The company has identified India and Rest of world as their secondary segment.

Particulars	31/03/2016 (Rs.)	31/03/2015 (Rs.)
<b>Revenue by Geographical market</b>		
India	408,571,273	401,455,391
Rest of world	211,628,399	223,051,313
<b>Carrying amount of Segment Assets</b>		
India	581,199,925	577,126,420
Rest of world	55,890,358	64,817,565
<b>Addition to Fixed Assets and Intangible Assets</b>		
India	164,865,542	13,095,524

- 34 **Earning per Share**

Particulars	Unit	31/03/2016 (Rs.)	31/03/2015 (Rs.)
Numerator used for calculating Basic and Diluted Earnings per Share (Profit after Tax)	Rs.	51,642,336	53,512,796
Weighted average No. of shares used as denominator for calculating Basic and Diluted	No. of Shares	90,000	90,000
Nominal Value of Share	Rs.	100	100
<b>Basic and Diluted Earnings per Share</b>	<b>Rs.</b>	<b>573.80</b>	<b>594.59</b>



## STERLING ABRASIVES LIMITED

### 35 Disclosure in respect of Derivatives

(a) The Company has entered into forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecast transactions. The Company designates them as effective cash flow hedges. The Company does not use derivative financial instruments for speculative purpose.

The Company has adopted the measurement principles as laid down in the AS-30 Financial Instruments: Recognition and Measurement with respect to above mentioned effective cash flow hedges.

Pursuant to the application of the said measurement principles, the exchange difference arising on these transactions when marked to market as on 31<sup>st</sup> March, 2016 to Rs.735,938/- (Previous Year Rs. 1,068,688/-) has been credited to Hedging Reserve.

(Amount in Rs.)

b)	31/03/2016	31/03/2015
i) Quantum of Derivatives(all of Which identified as hedges) Outstanding at the end of the year on Forward Exchange contract	44,900,768/-	54,766,950/-
ii) Foreign currency exposure not hedged by a derivative instrument or otherwise	Nil	9,677,488/-

### 36 Related Party Disclosure

#### A. Parties where Control Exists:

Sr. No.	Name
1	Carborundum Universal Limited – Holding Company

#### B. List of Related Parties with whom transactions have taken place during the year :

Sr. No.	Name
	<b>Associates</b>
1	Wendt India Limited
2	Murugappa Morgan Thermal Ceramics Limited
3	Murugappa Management Services Ltd.
4	Net Access India Ltd.
5	CUMI America Inc
	<b>Key Management Personnel</b>
1	Mr.Nitin S. Parikh
2	Mr.Nirav N. Parikh



## STERLING ABRASIVES LIMITED

### C. Details of Transactions with Key Management Personnel and Related Parties of the Key Management Personnel are as follows :

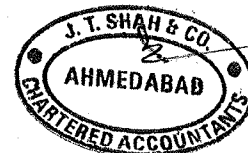
Sr. No	Nature of Transaction	Holding Company		Associates		Key Mgt. Personnel		Total	
		31/03/16 (Rs.)	31/03/15 (Rs.)	31/03/16 (Rs.)	31/03/15 (Rs.)	31/03/16 (Rs.)	31/03/15 (Rs.)	31/03/16 (Rs.)	31/03/15 (Rs.)
1	Sales	804,746	794,001	1,039,036	837,297	Nil	Nil	1,843,782	1,631,298
2	Purchases	80,632,180	105,393,882	99,040	1,309,801	Nil	Nil	80,731,220	106,703,683
3	Debtors	Nil	Nil	328,291	182,718	Nil	Nil	328,291	182,718
4	Creditors	11,000,186	12,771,483	125,528	1,112,322	Nil	Nil	11,125,714	13,535,781
5	Purchase of Fixed Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6	Payment to and provision for employees	Nil	Nil	Nil	Nil	8,738,716	9,076,878	8,738,716	9,076,878
7	Professional Fees Paid	9,944,000	101,57,344	946,597	727,876	Nil	Nil	10,890,597	10,503,196
8	Reimbursement of Expenses	115,654	171,475	7,922	22,738	Nil	Nil	123,576	194,213

#### Notes :

- Dividend paid has not been considered by the company as transaction falling under the pervue of Accounting Standard – 18 Related Party Disclosure.
- No amount pertaining to related parties have been provided as doubtful debts. Also, no amount have been written off or written back during the year.
- List of transaction, out of the transactions reported in the above table, where the transactions entered in to with single party exceed the 10% of the total related Party transactions of similar nature are as under:

#### 1. Carborandum Universal Ltd:

- Purchase made during the Year Rs. 80,632,180/- (P.Y.Rs. 105,393,882/-)
- Purchase of Capital Goods made during the Year Rs.Nil (P.Y.Rs. Nil)
- Sales made during the Year – Rs.804,746/- (P.Y.Rs. 794,001/-)
- Professional & Consultancy Fees Paid during the Year Rs.9,944,000/-(P.Y.Rs. 9,775,320/-)
- Debtors having closing balance of Rs.170,973/- (P.Y.Rs. NIL/-)
- Creditors having closing balance of Rs.11,000,186/-(P.Y.Rs. 12,423,459/-)
- Reimbursement of expenses of Rs.115,654/-(P.Y.Rs. 171,475/-)



## STERLING ABRASIVES LIMITED

**2. Wendt India Ltd. :**

- Sales made during the Year Rs.977,366/- (P.Y. Rs. 837,297/-)
- Debtors having closing balance of Rs.95,648/- (P.Y. Rs. 182,718/-)

**3. Murugappa Morgan Thermal Ceramics Limited. :**

- Purchase of Capital Goods made during the Year Rs.Nil/- (P.Y.Rs. Nil/-)

**4. Key Mgt. Personnel :**

- Mr.Nitin S. Parikh  
Remuneration and perquisites paid to the director Rs.4,368,105/- (P.Y.Rs 4,527,618/-)
- Mr.Nirav N. Parikh  
Remuneration and perquisites paid to the director Rs.4,370,611/- (P.Y.Rs 4,549,260/-)

**37 Value of Imported & Indigenous Raw Materials, Stores, Components & Spares parts consumed:-**

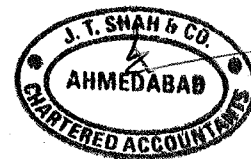
Particulars	Raw Materials				Components & Spare Parts			
	%		Value (Rs.)		%		Value (Rs.)	
	31/03/16	31/03/15	31/03/16 (Rs.)	31/03/15 (Rs.)	31/03/16	31/03/15	31/03/16 (Rs.)	31/03/15 (Rs.)
i. Imported	18.98	31.37	34,987,583	64,185,242	1.93	2.82	489,011	725,104
ii. Indigenous	81.02	68.63	149,365,711	140,432,865	98.07	97.18	24,806,471	24,993,390
<b>Total ...</b>	<b>100.00</b>	<b>100</b>	<b>184,353,294</b>	<b>204,618,107</b>	<b>100.00</b>	<b>100.00</b>	<b>25,295,482</b>	<b>25,718,494</b>

**38 Details in respect of CIF Value of imports**

Particulars	31/03/2016 (Rs.)	31/03/2015 (Rs.)
i. Raw Materials	27,790,784	52,689,599
ii. Component, Spares and Packing Material	489,011	696,148
iii. Trading Purchase	Nil	397,468

**39 Earning in Foreign Currencies**

Particulars	31/03/2016 (Rs.)	31/03/2015 (Rs.)
Export of goods (F.O.B) value Through Export house / Direct	215,714,375	220,271,134
Commission Income	262,489	168,850



## STERLING ABRASIVES LIMITED

### 40 Expenditure in Foreign Currency

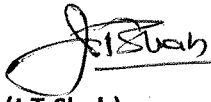
Particulars	31/03/2016 (Rs.)	31/03/2015 (Rs.)
i. Travelling Expenses	2,362,203	3,773,787
ii. Foreign Bank Charges	526,529	496,275
iii. Exhibition Expense	Nil	264,796

As per our report of even date

For, J.T.Shah & Co.

Chartered Accountants

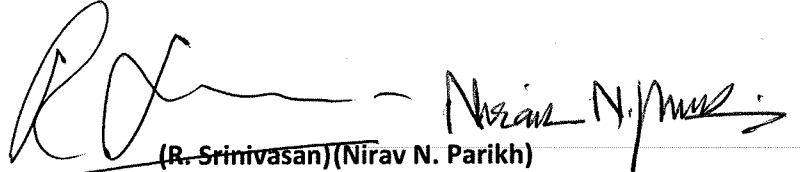
(FRN No. 109616W)



(J.T.Shah)  
Partner  
(M.No.3983)



Sterling Abrasives Ltd.



(R. Srinivasan) (Nirav N. Parikh)  
Chairman Managing Director  
DIN: 00043658 DIN: 00042146

Place : Ahmedabad

Date : 19/04/2016

Place : Chennai

Date : 18/04/2016

**STERLING ABRASIVES LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2016**

	31-03-2016	31-03-2015
<b>A Cash from Operating Activity</b>		
<b>Net Profit Before Tax from Continuing Operation</b>	<b>7,89,08,046</b>	<b>8,22,30,585</b>
<b>Net Profit Before Tax from discontinuing Operation</b>	<b>-</b>	<b>-</b>
	<b>7,89,08,046</b>	<b>8,22,30,585</b>
Non Cash Adjustment to reconcile profit before tax to net cash flows		
Depreciation	2,74,00,192	2,49,43,282
Bad Debts Written Off	-	95,859
(Profit)/Loss on sale of fixed assets (net)	(2,41,997)	(8,408)
Provision for doubtful Advances	7,53,151	-
Provision for Doubtful debt and advances	-	11,23,577
	<b>2,79,11,346</b>	<b>2,61,54,310</b>
Dividend Income	-	-
Interest and Finance Charges	5,16,049	69,87,253
	<b>5,16,049</b>	<b>69,87,253</b>
Adjustment for Movements in Working Capital:		
Increase/(decrease) in trade Payable	(47,05,449)	69,36,459
Increase/(decrease) in long-term Provision	-	-
Increase/(decrease) in short-term Provision	(29,88,661)	55,34,202
Increase/(decrease) in other current liability	42,64,821	3,27,55,365
Increase/(decrease) in other long-term liability	(6,88,152)	4,44,736
Decrease/(increase) in trade receivable	18,74,063	(3,50,95,302)
Decrease/(increase) in inventories	1,78,82,182	(1,20,90,816)
Decrease/(increase) in long term loans and advances	1,96,595	(21,42,146)
Decrease/(increase) in short term loans and advances	(46,02,632)	(67,39,855)
Decrease/(increase) in other non-current assets	(60,291)	(7,230)
Decrease/(increase) in other current assets	1,05,919	4,15,602
	<b>1,12,78,394</b>	<b>(99,88,984)</b>
<b>CASH GENERATED FROM OPERATIONS</b>	<b>11,86,13,835</b>	<b>10,53,83,165</b>
Direct Taxes paid	(2,71,27,723)	(2,27,53,127)
	<b>(2,71,27,723)</b>	<b>(2,27,53,127)</b>
<b>NET CASH FLOW FROM OPERATIONS</b>	<b>9,14,86,112</b>	<b>8,26,30,038</b>



**STERLING ABRASIVES LIMITED**

<b>B Cash flow from investing activities</b>			
Purchase of Fixed Assets (Incl. WIP)	(4,62,01,810)		(12,74,48,418)
Sale of Fixed Assets	11,90,400		42,048
Purchase of non-current Investments	-		-
Sale of of non-current Investments	-		-
Investment in bank deposit(having original maturity of more than three months)	-		-
Redemption of bank deposit(having original maturity of more than three months)	-		-
Dividend Income	-		-
<b>NET CASH USED IN INVESTING ACTIVITY</b>		<b>(4,50,11,410)</b>	<b>(12,74,06,370)</b>

<b>C Cash flow from financing activities</b>			
Short Term Borrowing Taken	1,90,80,839		1,65,72,594
Long Term Borrowing Taken	1,81,97,456		5,28,03,466
Long Term Borrowing Repaid	(3,60,83,819)		-
Interest Received	(5,16,049)		(69,87,253)
Dividend paid on Equity Shares (Incl. Dividend Tax)	(4,73,90,821)		(1,58,63,850)
<b>NET CASH USED IN FINANCING ACTIVITY</b>		<b>(4,67,12,393)</b>	<b>4,65,24,957</b>

**Net Increase/(Decrease) in cash and cash equivalents** **(2,37,692)** **17,48,624**

Cash and cash equivalent Opening Balance	47,28,787	29,80,163
Cash and cash equivalent Closing Balance	44,91,096	47,28,787
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(2,37,692)</b>	<b>17,48,624</b>

**Notes:**

=> The above Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3 issued by the Institute of Chartered Accountants of India.

As per our report of even date

For J. T. SHAH & CO  
CHARTERED ACCOUNTANT  
(FRN NO.109616W)

J. T. SHAH  
PARTNER  
(M.No. 3983)  
PLACE: AHMEDABAD  
DATE: 19/04/2016



For, STERLING ABRASIVES LIMITED

R. SRINIVASAN  
CHAIRMAN

NIRAV N. PARIKH  
MANAGING DIRECTOR

PLACE: CHENNAI  
DATE : 18/04/2016