

INDEPENDENT AUDITOR'S REPORT

To The Members of
Sterling Abrasives Limited
Ahmedabad

1. Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Sterling Abrasives Limited** ("the Company"), which comprise the Balance Sheet as at **31st March, 2017**, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

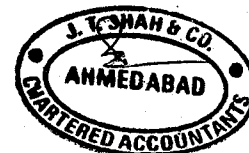
2. Management's Responsibility for the Stand alone Financial Statements

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 Ind AS financial statements that give a true and fair view of the state of affairs(financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) prescribed under section 133 of the Act.

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 standalone Ind AS 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 Ind AS 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 thereunder.



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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS 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 Ind AS financial statements.

4. Opinion

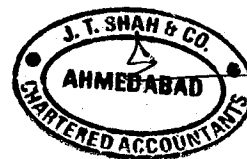
In our opinion and to the best of our information and according to the explanations given to us, the afore said standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

5. Other Matters

The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us, whose report for the year ended 31st March 2016 and 31st March 2015 dated 19th April, 2016 and 17th April, 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

6. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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.
 - a) 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.
 - b) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - c) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - d) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - e) 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".
 - f) 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 standalone Ind AS financial statements – Refer Note 33 to the financial statements;

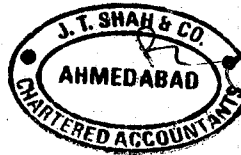


J. T. SHAH & CO.

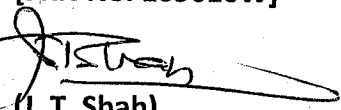
CHARTERED ACCOUNTANTS

- 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;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management— Refer Note 42 to the financial statements.

Place : Ahmedabad
Date : 19/04/2017



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


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

ANNEXURE-A TO THE AUDITORS REPORT

Referred to in paragraph 6(1) of our Report of even date to the Members of **STERLING ABRASIVES LIMITED** for the year ended **31st March, 2017**.

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:

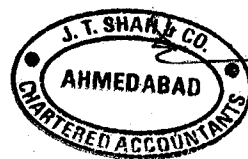
As regards the loans , the company has not granted any loans , secured or unsecured during the year under audit, to the companies firms and other parties covered in the register maintained under section 189 of the companies Act , 2013 and therefore, the clauses (iii) (a) to (c) of the companies (Auditor's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

4. Loans, Investments and Guarantees:

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.



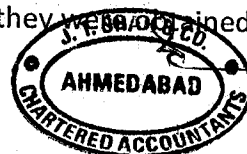
STERLING ABRASIVES LIMITED

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 31st March, 2017 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	2013-14	37,640	Commissioner of Income Tax (Appeals)
	Penalty	2010-11	1,167,595	Commissioner of Income Tax (Appeals)
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.

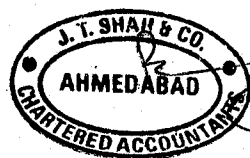


STERLING ABRASIVES LIMITED

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 its 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 : 19/04/2017



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

(J. T. Shah)

Partner

[M. No. 3983]

STERLING ABRASIVES LIMITED

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 2017**, 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

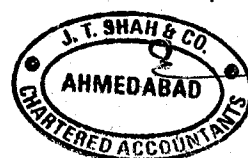
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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.



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

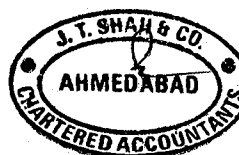
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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 2017, 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: 19/04/2017



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

(J. T. Shah)

Partner

[M. No. 3983]



Balance Sheet As at 31/03/2017

Particulars		Note No.	As at 31/03/2017 Rs.	As at 31/03/2016 Rs.	As at 01/04/2015 Rs.
A	ASSETS				
	1 Non-current assets				
	(a) Property, Plant and Equipment	3	28,49,71,036	28,73,91,984	14,93,59,239
	(b) Capital work-in-progress		38,46,011	64,55,706	13,22,78,092
	(c) Other Intangible assets	3	4,46,433	8,32,143	12,22,984
	(d) Financial Assets				
	(i) Investments		Nil	Nil	Nil
	(ii) Other Financial Assets	4	72,95,738	70,31,090	69,47,105
	(e) Deferred tax assets (net)		Nil	Nil	Nil
	(f) Other non-current assets	5	6,99,19,196	6,95,71,060	6,99,54,580
	Total Non - Current Assets		36,64,78,415	37,12,81,983	35,97,62,000
	2 Current assets				
	(a) Inventories	6	11,31,75,729	8,94,26,245	10,73,08,427
	(b) Financial Assets				
	(i) Investments		Nil	Nil	Nil
	(ii) Trade receivables	7	15,62,42,702	14,44,21,398	14,70,48,609
	(iii) Cash and Bank Balance	8	26,41,316	46,10,858	47,88,258
	(iv) Other Financial assets	9	49,42,200	11,71,138	16,46,351
	(c) Other current assets	10	1,19,79,047	2,61,78,664	2,14,74,219
	Total Current Assets		28,89,80,993	26,58,08,302	28,22,65,864
	Total Assets (1+2)		65,54,59,408	63,70,90,285	64,20,27,864
B	EQUITY AND LIABILITIES				
	1 Equity				
	(a) Share capital	11	90,00,000	90,00,000	90,00,000
	(b) Other Equity excluding non-controlling interests	12	41,93,40,600	37,20,94,527	36,80,72,347
	Total equity attributable to owners of the Company		42,83,40,600	38,10,94,527	37,70,72,347
	LIABILITIES				
	2 Non-current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	13	Nil	3,49,17,103	5,28,03,466
	(b) Provisions	14	69,06,715	48,91,847	66,26,571
	(c) Deferred tax liabilities (Net)	15	2,18,40,007	1,78,39,836	1,29,55,538
	(d) Other non-current liabilities	16	9,84,788	3,65,128	10,53,280
	Total Non - Current Liabilities		2,97,31,510	5,80,13,914	7,34,38,855
	3 Current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	17	9,09,78,863	9,23,22,795	7,32,41,955
	(ii) Trade payables	18	4,27,23,552	4,60,42,095	5,07,47,543
	(iii) Other financial liabilities	19	3,52,95,094	3,66,25,650	3,67,81,711
	(b) Provisions	20	10,72,428	17,91,100	68,07,290
	(c) Other current liabilities	21	2,73,17,360	2,12,00,204	2,39,38,162
	Total Current Liabilities		19,73,87,297	19,79,81,844	19,15,16,662
	Total Equity and Liabilities (1+2+3)		65,54,59,408	63,70,90,285	64,20,27,864
	Summary of Significant Accounting Policies	2			

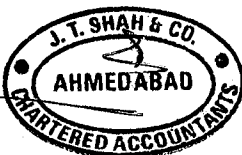
In terms of our report attached.

For, J. T. Shah & Co
Chartered Accountants
(Firm Regd. No.109616W)

For, STERLING ABRASIVES LIMITED

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

Place : Ahmedabad
Date : 19/04/2017



R. SRINIVASAN
CHAIRMAN
DIN: 00043658

Place: Chennai
Date : 18/04/2017

NIRAV PARIKH
MANAGING DIRECTOR
DIN: 00042146

Place: Chennai
Date : 18/04/2017



Statement of Profit and Loss for the year ended 31/03/2017

Particulars	Note No.	Period Ended 31/03/2017 Rs.	Period Ended 31/03/2016 Rs.
Continuing Operations			
I Revenue from operations	22	72,39,67,917	68,07,24,964
II Other Income	23	4,47,669	26,24,534
III Total Revenue (I + II)		72,44,15,586	68,33,49,498
IV EXPENSES			
(a) Cost of materials consumed	24	21,39,68,025	18,43,53,294
(b) Purchases of finished, semi-finished and other products	25	65,67,935	77,12,496
(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	26	(1,37,73,143)	1,58,95,971
(d) Excise duty on Sales		5,77,29,297	5,32,57,053
(e) Employee benefit expense	27	10,25,36,799	9,19,74,981
(f) Finance costs	28	1,61,32,090	1,63,56,309
(g) Depreciation and amortisation expense	29	3,04,82,860	2,62,75,048
(h) Impairment on Financial asset	30	(4,22,353)	7,53,151
(i) Other expenses	31	20,99,96,854	20,77,38,699
Total Expenses		62,32,18,364	60,43,17,002
V Profit/(loss) before tax (III- IV)		10,11,97,222	7,90,32,496
VI Tax Expense			
(1) Current tax	32	3,23,90,000	2,22,78,000
(2) Deferred tax	32	27,42,021	49,87,710
Total tax expense		3,51,32,021	2,72,65,710
VII Profit/(loss) after tax from continuing operations (V - VI)		6,60,65,201	5,17,66,786
VIII Profit/(loss) for the period (VII)		6,60,65,201	5,17,66,786
IX Other Comprehensive Income		14,91,227	(3,53,785)
A (i) Items that will not be reclassified to profit or loss			
(b) Remeasurements of the defined benefit liabilities / (asset)		(10,55,935)	(1,24,448)
(c) Equity instruments through other comprehensive income			
(ii) Income tax relating to items that will not be reclassified to profit or loss			
B (i) Items that may be reclassified to profit or loss			
(c) Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		38,05,312	(3,32,750)
(ii) Income tax on items that may be reclassified to profit or loss		(12,58,150)	1,03,412
X Total comprehensive income for the period (VIII+IX)		6,75,56,427	5,14,13,001
XI Basic & diluted earnings per share of face value of Rs.100 each Fully Paid up			
(1) Basic		734.06	575.19
(2) Diluted		734.06	575.19

As per our report of even date attached herewith.

For, J. T. Shah & Co
Chartered Accountants
(Firm Regd.No.109616W)

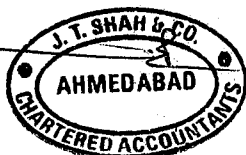
(J.T.Shah)

Partner

(M.No.3983)

Place : Ahmedabad

Date : 19/04/2017



For, STERLING ABRASIVES LIMITED

R. SRINIVASAN

CHAIRMAN
DIN: 00043658

Place: Chennai

Date : 18/04/2017

NIRAV PARIKH

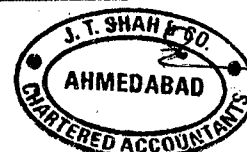
MANAGING DIRECTOR
DIN: 00042146

Place: Chennai

Date :18/04/2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2017

	31-03-2017	31-03-2016
A Cash from Operating Activity		
Net Profit Before Tax from Continuing Operation	10,11,97,222	7,90,32,496
Net Profit Before Tax from discontinuing Operation	Nil	Nil
	10,11,97,222	7,90,32,496
Non Cash Adjustment to reconcile profit before tax to net cash flows		
Depreciation	3,04,82,860	2,62,75,048
Non Cash General Expense	11,25,144	11,25,144
Bad Debts Written Off	Nil	Nil
(Profit)/Loss on sale of fixed assets (net)	19,68,907	(2,41,997)
Finance Cost	1,61,32,090	1,63,56,309
Impairment on Financial Asset	(4,22,353)	7,53,151
	4,92,86,647	4,42,67,655
Dividend Income	Nil	Nil
Interest Income	(4,47,669)	(5,16,049)
	(4,47,669)	(5,16,049)
Adjustment for Movements in Working Capital:		
Increase/(decrease) in trade Payable	(33,18,542)	(47,05,449)
Increase/(decrease) in Non Current Liability		
Provisions	9,58,934	(18,59,172)
Increase/(decrease) in Current liability Provisions	1,63,242	(12,53,937)
Increase/(decrease) in other current liability	41,40,605	44,20,882
Increase/(decrease) in Non Current liability	6,19,660	(6,88,152)
Decrease/(increase) in trade receivable	(1,13,98,950)	18,74,060
Decrease/(increase) in inventories	(2,37,49,484)	1,78,82,183
Decrease/(increase) in other non-current Financial assets	(2,64,648)	(83,985)
Decrease/(increase) in other non-current assets	(0)	65,266
Decrease/(increase) in other Financial Assets	34,250	1,42,464
Decrease/(increase) in other current assets	1,41,99,616	(47,04,445)
	(1,86,15,318)	1,10,89,715
CASH GENERATED FROM OPERATIONS	13,14,20,882	13,38,73,817
Direct Taxes paid	(3,29,57,767)	(2,71,27,723)
	(3,29,57,767)	(2,71,27,723)
NET CASH FLOW FROM OPERATIONS	9,84,63,115	10,67,46,094



B Cash flow from investing activities

Payment for Property, Plant & Equipment (Incl. WIP)	(2,77,76,727)		(4,59,21,229)
Sale of Property, Plant & Equipment	9,30,437		11,90,400
Interest Received	4,47,669		5,16,049
Dividend Income	Nil		Nil
NET CASH USED IN INVESTING ACTIVITY		(2,63,98,621)	(4,42,14,780)

C Cash flow from financing activities

Current Borrowing Repaid	(13,43,932)		1,90,80,840
Long Term Borrowing Taken	Nil		1,81,97,456
Interest Paid	(1,64,39,196)		(1,65,12,370)
Long Term Borrowing Repaid	(3,59,40,553)		(3,60,83,819)
Dividend paid on Equity Shares (Incl. Dividend Tax)	(2,03,10,355)		(4,73,90,821)
NET CASH USED IN FINANCING ACTIVITY		(7,40,34,036)	(6,27,08,714)

Net Increase/(Decrease) in cash and cash equivalents **(19,69,542)** **(1,77,400)**

Cash and cash equivalent Opening Balance	46,10,858		47,88,258
Cash and cash equivalent Closing Balance	26,41,316		46,10,858
Net Increase/(Decrease) in cash and cash equivalents	(19,69,542)		(1,77,400)

Notes:

=> The above Cash Flow Statement has been prepared under the Indirect Method set out in Ind AS 7 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)

For, STERLING ABRASIVES LIMITED

J. T. SHAH

PARTNER

(M.No. 3983)

PLACE: AHMEDABAD

DATE:19/04/2017



R. Srinivasan
R. SRINIVASAN
CHAIRMAN

Nirav N. Parikh
NIRAV N. PARIKH
MANAGING DIRECTOR

PLACE: CHENNAI

DATE :18/04/2017

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 all material aspect with Indian Accounting Standards (Ind As) notified U/s 133 of the Companies Act, 2013 and the Accounting Rules, 2015 and other relevant provisions of the Act. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The Financial Statements upto year ended 31st March, 2016 were prepared in accordance with the accounting Standard notified under Companies (Accounting Standard) Rules, 2006 as amended and other relevant provision of the Act.

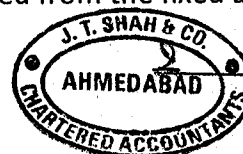
The Financial Statements are the first Financial Statements of Company under Ind As. Please refer Note No.46 for an explanation of the transition from previous GAAP to Ind As has affected the Companies Financial Positions, Financial Performance and Cash Flow.

(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) **Property, Plant and Equipment & Depreciation:**

- a) All assets are stated at historical cost (net of CENVAT wherever applicable) except 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. Revalued Building are amortised on the basis of its revalued figures over the balance life 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.



(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.

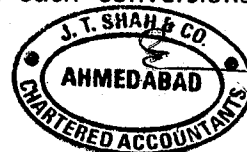
(viii) Revenue recognition :

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 .



(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.

(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.

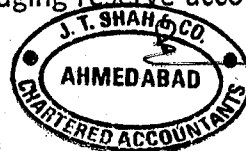
(xvi) Taxes on Income :

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.

(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



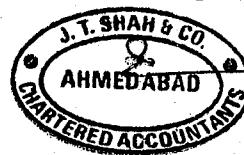
STERLING ABRASIVES LIMITED

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

3 Property, plant and equipment

Particulars	(Amt. in Rs.)							Intangible Assets
	Buildings	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicles	Total	Software & Licences	
Carring cost as at 1st April 2015	2,79,42,485	11,31,28,725	23,75,924	10,63,655	48,48,450	14,93,59,239	12,22,984	
Addition	9,81,94,433	5,19,45,047	1,28,96,071	6,17,284	10,81,596	16,47,34,431	1,30,924	
Disposal	Nil	(44,123)	Nil	Nil	(10,44,968)	(10,89,091)	Nil	
Balance as on 31-03-2016	12,61,36,918	16,50,29,650	1,52,71,994	16,80,939	48,85,078	31,30,04,579	13,53,908	
Addition	8,14,247	2,72,69,704	71,587	50,000	23,15,174	3,05,20,712	54,834	
Disposal	Nil	(34,76,566)	Nil	Nil	(2,13,558)	(36,90,124)	(85,645)	
Reclasification of Assets	Nil	(1,05,86,504)	Nil	1,05,86,504	Nil	Nil	Nil	
Balance as on 31-03-2017	12,69,51,165	17,82,36,284	1,53,43,581	1,23,17,443	69,86,694	33,98,35,167	13,23,097	
Accumulated depreciation and impairment as on 1st April 2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Addition	34,97,188	1,87,14,186	21,04,081	4,45,202	9,92,626	2,57,53,283	5,21,765	
Eliminated on disposal of Disposals	Nil	(2,834)	Nil	Nil	(1,37,854)	(1,40,688)	Nil	
Balance as on 31-03-2016	34,97,188	1,87,11,352	21,04,081	4,45,202	8,54,772	2,56,12,595	5,21,765	
Addition	45,97,636	1,94,12,696	8,94,058	41,78,580	9,60,338	3,00,43,309	4,39,551	
Eliminated on disposal of Disposals	Nil	(6,17,290)	Nil	Nil	(1,74,483)	(7,91,773)	(84,652)	
Balance as on 31-03-2017	80,94,824	3,75,06,758	29,98,139	46,23,782	16,40,627	5,48,64,131	8,76,664	



Net Carrying Amount As on 01-04-2015	2,79,42,485	11,31,28,725	23,75,924	10,63,655	48,48,450	14,93,59,239	12,22,984
Net Carrying Amount As on 31-03-2016	12,26,39,729	14,63,18,298	1,31,67,913	12,35,737	40,30,306	28,73,91,984	8,32,143
Net Carrying As on 31-03-2017	11,88,56,340	14,07,29,526	1,23,45,442	76,93,661	53,46,067	28,49,71,036	4,46,433

Capitalised borrowing cost :

Borrowing cost are capitalised on property, plant and equipment for the year ended 31st March 2017 of RS. Nil & 31st March 2016 of Rs.32,74,738/-

In accordance with Ind-AS transitional provisions, the company opted to consider previous GAAP carrying value of property, plant and equipment and intangible assets as deemed cost on transition date.

Details of Deemed cost

Particulars	Gross block		Written down value as on 31-03-15
	Cost	Depreciation	
Buildings	4,06,09,564	1,26,67,080	2,79,42,485
Plant & Machinery	17,42,11,666	6,10,82,940	11,31,28,725
Office Equipments	1,17,43,978	93,68,054	23,75,924
Furniture & Fixtures	41,13,172	30,49,517	10,63,655
Vehicles	72,34,407	23,85,957	48,48,450
Software & Licences	40,22,054	27,99,070	12,22,984
Total	24,19,34,840	9,13,52,617	15,05,82,223

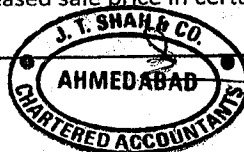
Capital Work in Progress Movement

Balance at April 1, 2015	13,22,78,092
Addition during the year	17,13,21,061
Capitalised during the year	29,71,43,447
Balance at March 31, 2016	64,55,706
Addition during the year	3,44,21,557
Capitalised during the year	3,70,31,252
Balance at March 31, 2017	38,46,011



STERLING ABRASIVES LIMITED

4	Other Non Current Financial Assets	As at	As at	As at
		31/03/2017	31/03/2016	01/04/2015
		Rs.	Rs	Rs
a) Security Deposits				
- Secured, considered good		Nil	Nil	Nil
- Unsecured, considered good		72,95,738	70,31,090	69,47,105
- Doubtful		Nil	Nil	Nil
Total		72,95,738	70,31,090	69,47,105
5	Other Non Current Assets	As at	As at	As at
		31/03/2017	31/03/2016	01/04/2015
		Rs.	Rs	Rs
(a) Prepayments Expenses		6,03,98,593	6,15,23,737	6,26,48,881
(b) Advances For Capital Goods				
Considered good		25,90,310	8,02,883	10,83,463
Considered doubtful		2,20,000	2,20,000	2,20,000
Less : Allowance for bad and doubtful deposits		(2,20,000)	(2,20,000)	(2,20,000)
		25,90,310	8,02,883	10,83,463
(c) Advance income tax Unsecured, considered good				
Advance Payment Of Income Tax		28,07,22,595	25,87,58,742	22,56,81,272
Less : Provision For Income Tax		(27,38,89,302)	(25,16,11,302)	(21,96,21,302)
		68,33,293	71,47,440	60,59,970
(d) Other Bank balance				
Margin Deposit		95,102	1,19,762	59,471
(Amount disclosed under Cash & Bank Balance Note No.8)		(95,102)	(1,19,762)	(59,471)
		Nil	Nil	Nil
(e) Others				
Others - ESIC amounts paid under protest		97,000	97,000	1,62,266
Total		6,99,19,196	6,95,71,060	6,99,54,580
6	Inventories	As at	As at	As at
		31/03/2017	31/03/2016	01/04/2015
		Rs.	Rs	Rs
Raw materials (Including Goods in Transit- as on 31-03-2017 Rs. 19,88,735/- , as on 31-03-2016 Rs. Nil /- & as on 31-03-2015 Rs. 28,79,175/-)		3,38,83,128	2,49,32,951	2,33,88,769
Work-in-Process		2,37,47,961	1,58,75,821	2,51,02,100
Finished Stock (Including Goods in Transit- as on 31-03-2017 Rs.6,06,323/-, as on 31-03-2016 Rs. 414,500/-,as on 31-03-2015 Rs. NIL/-)		4,44,29,553	3,84,24,718	4,56,12,600
Stores & Spare parts (Including Packing Material)		83,75,433	73,49,269	1,08,79,661
Stock in Trade		27,39,654	28,43,486	23,25,297
Total		11,31,75,729	8,94,26,245	10,73,08,427
The cost of inventories recognised as an expense during the year was Rs. 251,577,844/- (for the year ended March 31, 2016: RS.258,357,731/-)				
The carrying amount of inventories at fair value less cost to sell amounts to Rs. 34,22,177/- (on 31.03.2016 : Rs.30,58,777/- On 31.03.2015 : 31,89,521/-).				
The cost of inventories recognised as an expenses includes Rs.59,577/- (during 2015-16 Rs.11,82,234/-) in respect of write-down of inventory to net realisable value, and has been reduced by Nil (during 2015-16 : Nil) in respect of the reversal of such write-down. Previous write-down have been reversed as a result of increased sale price in certain markets.				



STERLING ABRASIVES LIMITED

7	<u>Trade receivables</u>	Current		
		As at 31/03/2017 Rs.	As at 31/03/2016 Rs	As at 01/04/2015 Rs
	Trade Receivables (Unsecured)			
	Considered Good	15,62,42,702	14,44,21,398	14,70,48,609
	Considered Doubtful	22,76,268	26,98,621	19,45,470
		15,85,18,970	14,71,20,019	14,89,94,079
	Less: Allowance for Credit Losses	22,76,268	26,98,621	19,45,470
		15,62,42,702	14,44,21,398	14,70,48,609
	Total	15,62,42,702	14,44,21,398	14,70,48,609

The above figures of trade receivables includes Rs. 13,51,416/- receivable from Holding Company and its Associates as at 31.03.2017 (Rs. 3,28,291/- as at 31.03.2016)

The general credit period in respective on Domestic sale ranges between 60-90 days and for Export it ranges between 90 - 120 days, by and large company is not charging any interest on late payment.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix.

The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss is as follows:

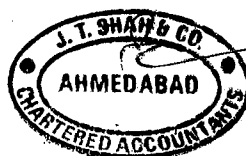
<u>Ageing</u>	Expected credit loss (%)
Within the credit period	0%
1-30 days past due	0%
31-60 days past due	0%
61-90 days past due	0%
90-180 days past due	0%
181-365 days past due	0%
More than 365 days past due	100%

Some trade receivable are due over 365 days, however no impairment has been considered on such trade receivable in the event of certainty of realisation by management.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

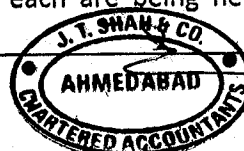
As of balance sheet date, the Company has not discounted trade receivables , hence no derecognition is required.

8	<u>Cash & Bank Balances</u>	Current		
		As at 31/03/2017 Rs.	As at 31/03/2016 Rs	As at 01/04/2015 Rs
	<u>Cash and cash equivalents</u>			
	Cash on hand	2,24,501	1,29,657	1,03,348
	Unrestricted Balances with banks	Nil	Nil	Nil
	With Other banks			
	In Current Account	23,21,713	43,61,439	46,25,439
		25,46,214	44,91,096	47,28,787
	<u>Other Bank balance</u>			
	Margin Deposit (Note No 5)	95,102	1,19,762	59,471
		95,102	1,19,762	59,471
	Total	26,41,316	46,10,858	47,88,258



STERLING ABRASIVES LIMITED

9	Other Financial Assets (Unsecured, Considered Good, unless otherwise stated)	Current		
		As at	As at	As at
		31/03/2017	31/03/2016	01/04/2015
		Rs.	Rs	Rs
	Employee Advance	4,00,950	4,35,200	5,77,664
	Forward Premium Receivable	45,41,250	7,35,938	10,68,687
	Total	49,42,200	11,71,138	16,46,351
10	Other Current Assets (Unsecured, Considered Good, unless otherwise stated)	Current		
		As at	As at	As at
		31/03/2017	31/03/2016	01/04/2015
		Rs.	Rs	Rs
(a)	Advances to supplier	11,13,649	2,36,586	14,03,952
(b)	Prepaid Expenses	10,51,711	24,11,744	12,50,905
(c)	Insurance claims Receivable	Nil	22,27,282	Nil
(d)	Export Cash Aid Receivable	1,42,602	6,74,525	7,80,444
(e)	Balances with government authorities	96,71,085	2,06,28,527	1,80,38,918
	Total	1,19,79,047	2,61,78,664	2,14,74,219
11	Equity Share Capital	As at	As at	As at
		31/03/2017	31/03/2016	01/04/2015
		Rs.	Rs	Rs
	[i] Authorised Share Capital: 100,000 equity shares of Rs.100 each (as at March 31, 2016 : 100,000 equity shares & as at March 31, 2015 : 100,000 equity shares of Rs. 100 each)	1,00,00,000	1,00,00,000	1,00,00,000
	[ii] Issued, Subscribed & Paid-up Capital : 90,000 equity shares of Rs. 100 each fully paid (as at March 31, 2016 : 90,000 equity shares & as at March 31, 2015 : 90,000 equity shares of Rs.100 each)	90,00,000	90,00,000	90,00,000
	Total	90,00,000	90,00,000	90,00,000
	Refer Note Number 34 for details of basic and diluted shares			
(a)	<p>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.</p> <p>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.</p> <p>The Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Director is subject to the approval of the shareholders in the ensuing Annual General Meeting.</p> <p>No Shares has been reserved for issue under options or contracts/commitments for the shares/ disinvestment.</p>			
(b)	54000 Equity Shares (Previous year 54000 Shares) of Rs.100/- each are being held by the holding Company "Carborandum Universal Limited".			



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(c) Reconciliation of the number of shares outstanding and the amount of share capital as at 31/03/2017 & 31/03/2016 is set out below:-

Particulars	As at 31/03/2017		As at 31/03/2016	
	No. of Shares	Amt(Rs.)	No. of Shares	Amt(Rs.)
Shares at the beginning	90,000	90,00,000	90,000	90,00,000
Addition	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	90,000	90,00,000	90,000	90,00,000

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

Name of Shareholder	As at 31/03/2017		As at 31/03/2016	
	No. of Shares	% held	No. of Shares	% held
Carborandum 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%

12 Other Equity excluding non-controlling interests

As at
31/03/2017
Rs.

As at
31/03/2016
Rs.

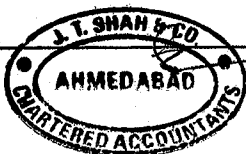
As at
01/04/2015
Rs

(a) Revaluation Reserve

Balance as per last financial Statement	20,09,336	22,29,756	
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	Nil	(2,20,420)	
Closing Balance	20,09,336	20,09,336	22,29,756

(b) General Reserve

Balance as per last financial Statement	27,87,10,546	25,34,90,126	23,27,38,659
Less : Amount of depreciation in respect of fixed assets whose useful life has expired on adoption to Schedule of the Companies Act-2013	Nil	Nil	Nil
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	Nil	Nil
Add : Amount transferred from Revaluation Reserve as portion of Depreciation on Revalued Assets	Nil	2,20,420	Nil
Add : Amount transfer from surplus balance in the statement of profit and loss	2,50,00,000	2,50,00,000	Nil
Closing Balance	30,37,10,546	27,87,10,546	25,34,90,126



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(c) Surplus/(deficit) in the Statement of Profit and Loss

Balance as per last financial Statement			
	9,08,82,031	11,16,30,514	8,31,17,719
Add : Profit for the year	6,60,65,201	5,17,66,786	5,35,12,794
Add: Other Comprehensive income	(10,55,935)	(1,24,448)	Nil
Less: Appropriations Transferred to			
General Reserve	2,50,00,000	2,50,00,000	2,50,00,000
Interim Dividend Paid 1,12,50,000		1,68,75,000	Nil
Dividend tax on interim dividend Paid 22,90,235		34,35,350	Nil
Final Dividend Paid 56,25,000		2,25,00,000	Nil
Dividend tax on final dividend Paid 11,45,120		45,80,471	Nil
	2,03,10,355	7,23,90,821	2,50,00,000
Net Surplus in the statement of profit and loss	11,05,80,941	9,08,82,031	11,16,30,514

(d) Currency Hedging Reserve

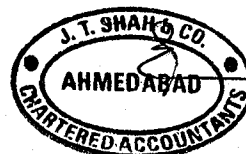
Balance as per last financial Statement	7,35,938	10,68,687	25,41,624
Add : Current year adjustment	38,05,313	(3,32,750)	(14,72,937)
Closing Balance before IND AS Adjustment	45,41,250	7,35,938	10,68,687
Tax on Hedging Reserve	(15,01,473)	(2,43,323)	(3,46,736)
Closing Balance after IND AS Adjustment	30,39,777	4,92,614	7,21,951
Total	41,93,40,600	37,20,94,527	36,80,72,347

Fixed assets revaluation reserve: Land and Building added upto the year ended 1992 were revalued based on the valuation done by an independent valuer. The value added on revaluation amounting to Rs.20,00,000/- was credited to fixed asset revaluation reserves. The depreciation charged on the revalued portion was recouped every year from this reserve.

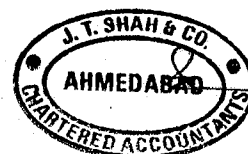
General Reserve : The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, and the items included in the general reserve will not be reclassified subsequently to profit or loss.

Hedging reserve: The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

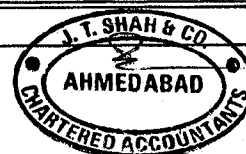
Retained earnings: The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.



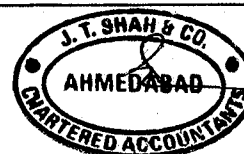
13	Long Term Borrowings	Non Current		
		As at 31/03/2017 Rs.	As at 31/03/2016 Rs	As at 01/04/2015 Rs
	Secured Borrowing			
	Term Loan from Bank (Repayable in 40 Equal monthly Installment Starting from 01-04-2015)#	3,49,76,550	7,09,17,103	8,88,03,466
	[Indian rupee loan from Banks]			
	Amount disclosed under the head Other Financial Liabilities' (Note No. 16)	(3,49,76,550)	(3,60,00,000)	(3,60,00,000)
	Total	Nil	3,49,17,103	5,28,03,466
	Security :			
	# Secured by a hypothecation of Current Assets and Equitable Mortgage of Fixed Assets both Movable & Immovable relating to various manufacturing locations of the company.			
	Interest :			
	# Term Loans carry an interest rate which shall be State Bank of India base rate plus 0.75% payable on monthly basis.			
14	Provisions	Non Current		
		As at 31/03/2017 Rs.	As at 31/03/2016 Rs	As at 01/04/2015 Rs
	Provisions for employee benefits			
	For unavailed leave	43,18,744	39,20,909	40,17,001
	For Gratuity	25,87,971	9,70,938	26,09,570
	Total	69,06,715	48,91,847	66,26,571
15	Deffered Tax	Non Current		
		As at 31/03/2017 Rs.	As at 31/03/2016 Rs	As at 01/04/2015 Rs
	Recognised in P&L			
	Deferred Tax Assets arising out of timing difference relating to :			
	Provision for Bad and Doubtful Debts and Advances	7,52,603	8,75,568	6,31,208
	Provision for Expenses allowable in subsequent years	22,04,588	40,76,784	27,39,611
	Total Deferred Tax Assets	29,57,190	49,52,352	33,70,819
	Deferred Tax Liability arising out of timing difference relating to :			
	Difference of Depreciation as per Tax Provision and Company Law	2,32,95,724	2,25,48,864	1,59,79,621
	Provision for Hedge Reserve	Nil	Nil	Nil
	Total Deferred Tax Liability	2,32,95,724	2,25,48,864	1,59,79,621



	Recognised in OCI	As at 31/03/2017 Rs.	As at 31/03/2016 Rs	As at 01/04/2015 Rs
	Deferred Tax Liability arising out of timing difference relating to :			
	Provision for Hedge Reserve	15,01,473	2,43,323	3,46,736
	Total Deferred Tax Liability	15,01,473	2,43,323	3,46,736
	Net Deferred Tax Liability	2,18,40,007	1,78,39,836	1,29,55,538
16	<u>Other Non-Current Liabilities</u>	Non Current		
		As at 31/03/2017 Rs.	As at 31/03/2016 Rs	As at 01/04/2015 Rs
	Advance received against sale of Assets	9,84,788	3,65,128	10,53,280
	Total	9,84,788	3,65,128	10,53,280
17	<u>Borrowings</u>	Current		
		As at 31/03/2017 Rs.	As at 31/03/2016 Rs	As at 01/04/2015 Rs
	Secured Borrowing			
	Cash Credit from Bank (Repayable on Demand) #	9,09,78,863	9,23,22,795	7,32,41,956
		9,09,78,863	9,23,22,795	7,32,41,956
	Security :			
	# Secured by a hypothecation of Current Assets and Equitable Mortgage of Fixed Assets both Movable & Immovable			
18	<u>Trade payables</u>	Current		
		As at 31/03/2017 Rs.	As at 31/03/2016 Rs	As at 01/04/2015 Rs
	Payable to Micro and Small Enterprise	1,53,542	3,03,205	3,47,305
	Payable to others	4,25,70,010	4,57,38,890	5,04,00,238
		4,27,23,552	4,60,42,095	5,07,47,543
	The above figures in respect of trade payables include an amount of Rs. 1,25,30,426/- payable to Holding Company and its associates as at 31.03.2017 (Rs. 1,11,25,714/- as at 31.03.2016)			
19	<u>Other Financial Liabilities</u>	Current		
		As at 31/03/2017 Rs.	As at 31/03/2016 Rs	As at 01/04/2015 Rs
	current maturity of long term borrowings	3,49,76,550	3,60,00,000	3,60,00,000
	Interest accrued	3,18,544	6,25,650	7,81,711
	Total	3,52,95,094	3,66,25,650	3,67,81,711

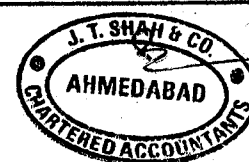


20	Provisions	Current		
		As at	As at	As at
		31/03/2017	31/03/2016	01/04/2015
		Rs.	Rs	Rs
	Provisions for employee benefits			
	For unavailed leave	3,40,529	4,08,576	3,24,498
	For Gratuity	3,86,066	1,54,777	14,92,792
	Provision for Income Tax (Net off Advance)	3,45,833	12,27,747	49,90,000
	Total	10,72,428	17,91,100	68,07,290
21	Other Current Liabilities	Current		
		As at	As at	As at
		31/03/2017	31/03/2016	01/04/2015
		Rs.	Rs	Rs
	Salary & Wages Payable	28,92,141	18,35,610	23,36,948
	Bonus Payable	68,67,688	71,10,015	26,35,988
	Advance received from customers	30,59,801	10,26,484	27,82,551
	Payable for Purchase of Fixed Assets	26,83,571	7,07,020	78,65,360
	Remuneration Payable to Director	7,80,000	5,90,000	50,000
	Other Statutory dues	27,43,466	24,40,273	13,04,326
	Dealer Deposits	26,09,900	24,84,900	23,79,900
	Advance received against sale of Assets	8,11,544	7,82,544	3,47,949
	Provision for Excise Duty on Finished Goods	48,69,248	42,23,358	42,34,640
	Total	2,73,17,360	2,12,00,204	2,39,38,162



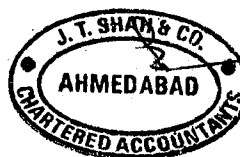
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22	<u>Revenue from operation</u>	Year ended	Year ended
		31/03/2017	31/03/0216
	Sale of Product	Rs.	Rs.
	Finished Goods	71,19,23,073	66,44,71,848
	Traded Goods	46,57,982	82,47,932
		71,65,81,055	67,27,19,780
	Other Operating Revenue		
	Scrap Sales	51,47,196	51,59,081
	Commission Income	4,51,247	2,62,849
	Duty drawback and other export incentives	17,88,419	25,83,255
		73,86,862	80,05,184
	Total	72,39,67,917	68,07,24,964
	<u>Details of products sold</u>		
	Finished Goods Sold		
	Grinding Wheels, Stones & Finished Slips	71,19,23,073	66,44,71,848
	Traded Goods Sold		
	Grinding Wheels	46,57,982	82,47,932
	Total	71,65,81,055	67,27,19,780
23	<u>Other Income</u>	Year ended	Year ended
		31/03/2017	31/03/0216
		Rs.	Rs.
	Interest Income From Bank	6,000	6,373
	Interest Income From Others	4,41,669	5,09,676
	Foreign Exchange Gain/ (Loss)	Nil	18,66,488
	Profit/ (Loss) From Sale of Fixed Assets	Nil	2,41,997
	Total	4,47,669	26,24,534
24	<u>Cost of Raw Material Consumed</u>	Year ended	Year ended
		31/03/2017	31/03/0216
		Rs.	Rs.
	Inventory at the beginning of the year	2,49,32,951	2,33,88,769
	Add: Purchase	22,29,18,202	18,43,53,294
	Less: Inventory at the end of the year	3,38,83,128	2,49,32,951
	Cost of Raw Material Consumed	21,39,68,025	18,43,53,294
	<u>Details of Raw Material Consumed</u>		
	Grain	17,71,27,369	15,51,51,372
	Other Raw Material	3,68,40,656	2,92,01,922
		21,39,68,025	18,43,53,294
	<u>Details of Inventories</u>		
	Grain	2,44,91,742	1,75,65,955
	Others materials	93,91,386	73,66,996
	Total	3,38,83,128	2,49,32,951



STERLING ABRASIVES LIMITED

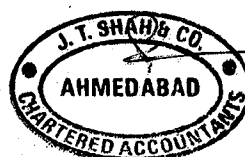
25	<u>Purchase of Stock in Trade</u>	Year ended 31/03/2017	Year ended 31/03/0216
		Rs.	Rs.
	Trading Purchase	65,67,935	77,12,496
	Total	65,67,935	77,12,496
	Details of Purchase of Stock in Trade		
	Grinding Wheels & Accessories	65,67,935	77,12,496
	Total	65,67,935	77,12,496
26	<u>Change In Inventories Of Finished Goods, Work In Progress And Stock In Trade</u>	Year ended 31/03/2017	Year ended 31/03/0216
		Rs.	Rs.
	Inventory at the beginning of the year		
	Work-in-process	1,58,75,821	2,51,02,100
	Stock in Trade	28,43,486	23,25,297
	Finished Stock (including Goods in Transit)	3,84,24,718	4,56,12,600
		5,71,44,025	7,30,39,996
	Inventory at the end of the year		
	Work-in-process	2,37,47,961	1,58,75,821
	Stock in Trade	27,39,654	28,43,486
	Finished Stock (including Goods in Transit)	4,44,29,553	3,84,24,718
		7,09,17,167	5,71,44,025
	Decretion / (Accretion) to Stock	(1,37,73,143)	1,58,95,971
	Details of Inventory		
	Finished Goods		
	Grinding Wheels & Finished Slips	4,44,29,553	3,84,24,718
		4,44,29,553	3,84,24,718
	Work in Progress		
	Grinding Wheels & Finished Slips	2,37,47,961	1,58,75,821
		2,37,47,961	1,58,75,821
	Stock in trade		
	Assembly of Grinding Wheels	27,39,654	28,43,486
		27,39,654	28,43,486
27	<u>Employee Benefit Expense</u>	Year ended 31/03/2017	Year ended 31/03/0216
		Rs.	Rs.
	Salary, Wages & Bonus	9,13,17,170	8,22,92,739
	Contribution to Provident Fund & Other Funds	65,84,252	69,76,583
	Welfare Expenses	46,35,377	27,05,658
	Total	10,25,36,799	9,19,74,981



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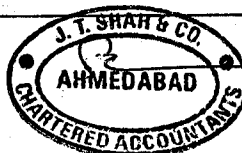
Ind AS 19 the Company has recognized in the financial statements in respects of Employee Benefits Schemes as per Actuarial Valuation as on 31st March, 2017.

A.	Amount of Defined Benefit Obligation in respect of Gratuity liability is recognised in the balance sheet as Follows:		
	Particulars	Projected Unit Credit Method	
	Period Covered	2016-17	2015-16
A.	Change in defined benefit obligation	31-03-2017	31-03-2016
1.	Defined benefit obligation at beginning of period	1,50,11,527	1,34,33,664
2.	Service cost		
a.	Current service cost	19,92,851	15,03,788
b.	Past service cost	Nil	Nil
c.	(Gain) / loss on settlements	Nil	Nil
3.	Interest expenses	11,42,670	10,32,795
4.	Cash flows	Nil	Nil
a.	Benefit payments from plan	(5,72,797)	(10,47,449)
b.	Benefit payments from employer	Nil	Nil
c.	Settlement payments from plan	Nil	Nil
d.	Settlement payments from employer	Nil	Nil
5.	Remeasurements		
a.	Effect of changes in demographic assumptions	Nil	Nil
b.	Effect of changes in financial assumptions	16,05,213	4,79,676
c.	Effect of experience adjustments	(6,29,024)	(3,90,947)
6.	Transfer In /Out		
a.	Transfer In	Nil	Nil
b.	Transfer out	Nil	Nil
7.	Defined benefit obligation at end of period	1,85,50,440	1,50,11,527
B.	Change in fair value of plan assets	31-03-2017	31-03-2016
1.	Fair value of plan assets at beginning of period	1,38,85,812	93,31,302
2.	Interest income	11,43,134	9,28,685
3.	Cash flows		
a.	Total employer contributions	Nil	Nil
(i)	Employer contributions	12,00,000	47,08,993
(ii)	Employer direct benefit payments	Nil	Nil
(iii)	Employer direct settlement payments	Nil	Nil
b.	Participant contributions	Nil	Nil
c.	Benefit payments from plan assets	(5,72,797)	(10,47,449)
d.	Benefit payments from employer	Nil	Nil
e.	Settlement payments from plan assets	Nil	Nil
f.	Settlement payments from employer	Nil	Nil
4.	Remeasurements		
a.	Return on plan assets (excluding interest income)	(79,746)	(35,719)
5.	Transfer In /Out		
a.	Transfer In	Nil	Nil
b.	Transfer out	Nil	Nil
6.	Fair value of plan assets at end of period	1,55,76,403	1,38,85,812



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C.	Amounts recognized in the statement of financial position	31-03-2017	31-03-2016
1.	Defined benefit obligation	1,85,50,440	1,50,11,527
2.	Fair value of plan assets	(1,55,76,403)	(1,38,85,812)
3.	Funded status	29,74,037	11,25,715
4.	Effect of asset ceiling	Nil	Nil
5.	Net defined benefit liability (asset)	29,74,037	11,25,715
D.	Components of defined benefit cost	31-03-2017	31-03-2016
1.	Service cost		
a.	Current service cost	19,92,851	15,03,788
b.	Past service cost	Nil	Nil
c.	(Gain) / loss on settlements	Nil	Nil
d.	Total service cost	19,92,851	15,03,788
2.	Net interest cost		
a.	Interest expense on DBO	11,42,670	10,32,795
b.	Interest (income) on plan assets	11,43,134	9,28,685
c.	Interest expense on effect of (asset ceiling)	Nil	Nil
d.	Total net interest cost	(464)	1,04,111
3.	Remeasurements (recognized in other comprehensive income)		
a.	Effect of changes in demographic assumptions	Nil	Nil
b.	Effect of changes in financial assumptions	16,05,213	4,79,076
c.	Effect of experience adjustments	(6,29,024)	(3,90,947)
d.	(Return) on plan assets (excluding interest income) *	(79,746)	(35,719)
e.	Changes in asset ceiling (excluding interest income)	Nil	Nil
f.	Total Remeasurements included in OCI	10,55,935	1,24,448
4.	Total defined benefit cost recognized in P&L and OCI	30,48,322	17,32,346
E.	Re-measurement	31-03-2017	31-03-2016
a.	Actuarial Loss/(Gain) on DBO	9,76,189	88,729
b.	Returns above Interest Income	(79,746)	(35,719)
c.	Change in Asset ceiling	Nil	Nil
	Total Re-measurements (OCI)	10,55,935	1,24,448
F.	Employer Expense (P&L)	31-03-2017	31-03-2016
a.	Current Service Cost	19,92,851	15,03,788
b.	Interest Cost on net DBO	(464)	1,04,111
c.	Past Service Cost	Nil	Nil
d.	Total P&L Expenses	19,92,387	16,07,899
G.	Net defined benefit liability (asset) reconciliation	31-03-2017	31-03-2016
1.	Net defined benefit liability (asset)	11,25,715	41,02,362
2.	Defined benefit cost included in P&L	19,92,387	16,07,899
3.	Total Remeasurements included in OCI	10,55,935	1,24,448
4.	a. Employer contributions	(12,00,000)	(47,08,993)
	b. Employer direct benefit payments	Nil	Nil
	c. Employer direct settlement payments	Nil	Nil
5.	Net transfer	Nil	Nil
6.	Net defined benefit liability (asset) as of end of period	29,74,037	11,25,715
H.	Reconciliation of OCI (Re-measurement)	31-03-2017	31-03-2016
1.	Recognised in OCI at the beginning of period	1,24,448	Nil
2.	Recognised in OCI during the period	10,55,935	1,24,448
3.	Recognised in OCI at the end of the period	11,80,383	1,24,448



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I. Sensitivity analysis - DBO end of Period		31-03-2017	31-03-2016
1.	Discount rate +100 basis points	1,73,16,382	Nil
2.	Discount rate -100 basis points	1,99,78,024	Nil
3.	Salary Increase Rate +1%	1,98,61,248	Nil
4.	Salary Increase Rate -1%	1,73,94,603	Nil
5.	Attrition Rate +1%	1,84,68,787	Nil
6.	Attrition Rate -1%	1,86,40,684	Nil
J. Significant actuarial assumptions		31-03-2017	31-03-2016
1.	Discount rate Current Year	6.30%	7.76%
2.	Discount rate Previous Year	7.76%	8.00%
3.	Salary increase rate	Uniform 7.0%	Uniform 7.0%
4.	Attrition Rate	Uniform 8.0%	Uniform 8.0%
5.	Retirement Age	59	60
6.	Pre-retirement mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
7.	Disability	Nil	Nil
K. Data		31-03-2017	31-03-2016
1.	No.	342	354
2.	Avg. Age (yrs.)	34	33
3.	Avg. Past Service (yrs.)	7	7
4.	Avg. Sal. Mly (Rs.)	9,945	9,140
5.	Future Service (yrs.)	25	27
6.	Weighted average duration of DBO	9	10
L. Expected cash flows for following year		31-03-2017	31-03-2016
1.	Expected employer contributions / Addl. Provision Next Year	34,19,604	24,90,212
2.	Expected total benefit payments		
	Year 1	24,08,066	Nil
	Year 2	21,37,868	Nil
	Year 3	13,04,352	Nil
	Year 4	21,25,731	Nil
	Year 5	12,47,806	Nil
	Next 5 years	58,91,144	Nil
M. Fair value of plan assets		31-03-2017	31-03-2016
	a. Cash and cash equivalents		
	b. Equity instruments	Nil	Nil
	c. Debt instruments	Nil	Nil
	d. Real estate	Nil	Nil
	e. Derivatives	Nil	Nil
	f. Investment funds	Nil	Nil
	g. Assets held by insurance company	Nil	Nil
	h. Other	Nil	Nil
	i. Total	1,66,11,403	1,38,85,812
N. Defined benefit obligation at end of period		31-03-2017	31-03-2016
	Current Obligation	24,08,066	20,63,963
	Non-Current Obligation	1,61,42,374	1,29,47,564
	Total	1,85,50,440	1,50,11,527



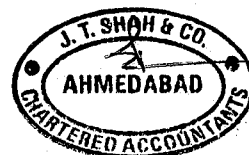
STERLING ABRASIVES LIMITED

SUMMARY			
Assets / Liabilities		31-03-2017	31-03-2016
1.	Defined benefit obligation at end of period	1,85,50,440	1,50,11,527
2.	Fair value of plan assets at end of period	1,55,76,403	1,38,85,812
3.	Net defined benefit liability (asset)	29,74,037	11,25,715
4.	Defined benefit cost included in P&L	19,92,387	16,07,899
5.	Total Remeasurements included in OCI	10,55,935	1,24,448
6.	Total defined benefit cost recognized in P&L and OCI	30,48,322	17,32,346
B. Details of the Key actuarial assumptions used in the determination of long term compensated absences are as under			
Particulars		Projected Unit Credit Method	
Period Covered		2016-17	2015-16
A.	Change in defined benefit obligation	31-03-2017	31-03-2016
1.	Defined benefit obligation at beginning of period	43,29,485	43,41,499
2.	Service cost		
a.	Current service cost	5,64,241	3,89,413
b.	Past service cost	Nil	Nil
c.	(Gain) / loss on settlements	Nil	Nil
3.	Interest expenses	2,73,407	2,72,214
4.	Cash flows		
a.	Benefit payments from plan	(16,12,408)	(18,77,646)
b.	Benefit payments from employer	Nil	Nil
c.	Settlement payments from plan	Nil	Nil
d.	Settlement payments from employer	Nil	Nil
5.	Remeasurements		
a.	Effect of changes in demographic assumptions	Nil	Nil
b.	Effect of changes in financial assumptions	4,43,044	8,45,626
c.	Effect of experience adjustments	6,61,504	3,58,379
6.	Transfer In /Out		
a.	Transfer In	Nil	Nil
b.	Transfer out	Nil	Nil
7.	Defined benefit obligation at end of period	46,59,273	43,29,485
B.	Change in fair value of plan assets	31-03-2017	31-03-2016
1.	Fair value of plan assets at beginning of period	Nil	Nil
2.	Interest income	Nil	Nil
3.	Cash flows		
a.	Total employer contributions		
(i)	Employer contributions	16,12,408	18,77,646
(ii)	Employer direct benefit payments	Nil	Nil
(iii)	Employer direct settlement payments	Nil	Nil
b.	Participant contributions	Nil	Nil
c.	Benefit payments from plan assets	Nil	Nil
d.	Benefit payments from employer	(16,12,408)	(18,77,646)
e.	Settlement payments from plan assets	Nil	Nil
f.	Settlement payments from employer	Nil	Nil
4.	Remeasurements		
a.	Return on plan assets (excluding interest income)	Nil	Nil
5.	Transfer In /Out		
a.	Transfer In	Nil	Nil
b.	Transfer out	Nil	Nil
6.	Fair value of plan assets at end of period	Nil	Nil



STERLING ABRASIVES LIMITED

C.	Amounts recognized in the statement of financial position	31-03-2017	31-03-2016
1.	Defined benefit obligation	46,59,273	43,29,485
2.	Fair value of plan assets	Nil	Nil
3.	Funded status	46,59,273	43,29,485
4.	Effect of asset ceiling	Nil	Nil
5.	Net defined benefit liability (asset)	46,59,273	43,29,485
D.	Components of defined benefit cost	31-03-2017	31-03-2016
1.	Service cost		
	a. Current service cost	5,64,241	3,89,413
	b. Past service cost	Nil	Nil
	c. (Gain) / loss on settlements	Nil	Nil
	d. Total service cost	5,64,241	3,89,413
2.	Net interest cost		
	a. Interest expense on DBO	2,73,407	2,72,214
	b. Interest (income) on plan assets	Nil	Nil
	c. Interest expense on effect of (asset ceiling)	Nil	Nil
	d. Total net interest cost	2,73,407	2,72,214
3.	Remeasurements (recognized in other comprehensive income)		
	a. Effect of changes in demographic assumptions	Nil	Nil
	b. Effect of changes in financial assumptions	4,43,044	8,45,626
	c. Effect of experience adjustments	6,61,504	3,58,379
	d. (Return) on plan assets (excluding interest income) *	Nil	Nil
	e. Changes in asset ceiling (excluding interest income)	Nil	Nil
	f. Total Remeasurements included in OCI	11,04,548	12,04,005
4.	Total defined benefit cost recognized in P&L and OCI	19,42,196	18,65,632
E.	Re-measurement	31-03-2017	31-03-2016
	a. Actuarial Loss/(Gain) on DBO	11,04,548	12,04,005
	b. Returns above Interest Income	Nil	Nil
	c. Change in Asset ceiling	Nil	Nil
	Total Re-measurements (OCI)	11,04,548	12,04,005
F.	Employer Expense (P&L)	31-03-2017	31-03-2016
	a. Current Service Cost	5,64,241	3,89,413
	b. Interest Cost on net DBO	2,73,407	2,72,214
	c. Past Service Cost	Nil	Nil
	d. Total P&L Expenses	8,37,648	6,61,627
G.	Net defined benefit liability (asset) reconciliation	31-03-2017	31-03-2016
1.	Net defined benefit liability (asset)	43,29,485	43,41,499
2.	Defined benefit cost included in P&L	8,37,648	6,61,627
3.	Total Remeasurements included in OCI	11,04,548	12,04,005
4.	a. Employer contributions	(16,12,408)	(18,77,646)
	b. Employer direct benefit payments	Nil	Nil
	c. Employer direct settlement payments	Nil	Nil
5.	Net transfer	Nil	Nil
6.	Net defined benefit liability (asset) as of end of period	46,59,273	43,29,485



H.	Reconciliation of OCI (Re-measurement)	31-03-2017	31-03-2016
1.	Recognised in OCI at the beginning of period	12,04,005	Nil
2.	Recognised in OCI during the period	11,04,548	12,04,005
3.	Recognised in OCI at the end of the period	23,08,553	12,04,005
J.	Significant actuarial assumptions	31-03-2017	31-03-2016
1.	Discount rate Current Year	6.30%	7.76%
2.	Discount rate Previous Year	7.76%	8.00%
3.	Salary increase rate	Uniform 9.0%	Uniform 9.0%
4.	Attrition Rate	Uniform 27.0%	Uniform 30.0%
5.	Retirement Age	58 or 60	58 or 60
6.	Pre-retirement mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
7.	Disability	Nil	Nil
K.	Data	31-03-2017	31-03-2016
1.	No.	286	111
2.	Avg. Age (yrs.)	34	34
3.	Total Leave Balance	5,564	2,472
4.	Avg. Sal. Mly (Rs.)	13,937	29,225
5.	Future Service (yrs.)	27	27
6.	Weighted average duration of DBO	3	3
	Type of Leave		
	Long Term Privilege Leave	46,59,273	35,24,251
	Long Term Sick Leave	Nil	Nil
	Short Term Privilege Leave	Nil	48,109
	Short Term Sick Leave	Nil	Nil
	Privilege Leave Total	46,59,273	35,72,360
	Sick Leave Total	Nil	Nil
	Total	46,59,273	35,72,360
	Availment Pattern		
	Sick Leave	0	0
	Privilege Leave	>45 days	>45 days
L.	Expected cash flows for following year	31-03-2017	31-03-2016
1.	Expected employer contributions / Addl. Provision Next Year	9,04,297	7,97,989
N.	Defined benefit obligation at end of period	31-03-2017	31-03-2016
	Current Obligation	3,40,056	4,08,576
	Non-Current Obligation	43,19,217	39,20,909
	Total	46,59,273	43,29,485



SUMMARY			
Assets / Liabilities		31-03-2017	31-03-2016
1.	Defined benefit obligation at end of period	46,59,273	43,29,485
2.	Fair value of plan assets at end of period	Nil	Nil
3.	Net defined benefit liability (asset)	46,59,273	43,29,485
4.	Defined benefit cost included in P&L	19,42,196	18,65,632
5	Total defined benefit cost recognized in P&L and OCI	19,42,196	18,65,632
28	Finance Costs	Year ended 31/03/2017 Rs.	Year ended 31/03/2016 Rs.
	Interest Debentures and Fixed Loans	1,33,99,408	1,39,16,203
	Other interest expense	7,181	Nil
	Other borrowing cost	27,25,501	24,40,106
	Total	1,61,32,090	1,63,56,309
29	Depreciation And Amortisation Expense	Year ended 31/03/2017 Rs.	Year ended 31/03/2016 Rs.
	Depreciation of Tangible Assets	3,00,43,309	2,57,53,283
	Depreciation of Intangible Assets	4,39,551	5,21,765
	Total	3,04,82,860	2,62,75,048
30	Impairment on Financial asset	Year ended 31/03/2017 Rs.	Year ended 31/03/2016 Rs.
	Provision for doubtful debts	22,76,269	26,98,622
	Less : Write back of provision no longer required	(26,98,622)	(19,45,471)
	Total	(4,22,353)	7,53,151
31	Other Costs	Year ended 31/03/2017 Rs.	Year ended 31/03/2016 Rs.
	Stores & Spares consumed	2,19,41,440	2,52,95,482
	Packing material consumed	2,28,73,586	2,51,00,488
	Electricity & Fuel charges	5,13,09,249	5,26,03,881
	Repairs To:		
	Building	9,46,739	17,98,061
	Machinery	77,95,187	90,60,591
	Other	40,40,051	28,77,516
	Total	1,27,81,977	1,37,36,168
	Insurance	19,08,447	19,31,720
	Rent	2,98,698	1,35,945
	Rates & Taxes	13,00,867	12,17,478
	Stationery, Printing & Communication	12,01,457	13,72,315
	Advertisement & Sales Promotion Expense	36,56,522	31,59,835
	Traveling & Conveyance Expense	98,41,093	88,99,989
	Professional Fees	1,60,07,642	1,29,93,863
	Cash & Turnover Disc.	47,55,741	34,97,339
	Freight & Delivery charges	3,11,55,579	3,04,24,513
	(Increase)/decrease of excise duty on inventory	7,77,420	(11,282)



Auditor's Remuneration:

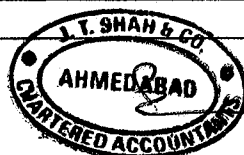
Audit Fees	1,75,000	1,75,000
In other capacity	15,315	51,690
For Tax Audit	50,000	50,000
For Income Tax Consultancy Fee	90,000	90,000
For Sales Tax Matter	35,000	35,000
For Certification	21,500	17,000
Total	3,86,815	4,18,690
Director Sitting Fees	13,890	13,890
Sales Tax Expenses	7,62,509	23,65,436
Commission paid	1,54,58,672	1,37,46,200
Donation (Including amount of Rs 16,80,000/- in the nature of CSR Exp. (previous year Rs 17,96,000/-)	19,15,000	20,21,000
Loss on sale of Fixed assets	19,68,907	Nil
Loss on Exchange fluctuation (net)	25,48,071	Nil
General Charges (including Watch & Ward Charges , Calibration Charges, water charges, House Keeping Charges & Misc. Expenses)	71,33,272	88,15,749
Total	20,99,96,854	20,77,38,699

32 Income tax recognised in profit or loss

	Year ended 31/03/2017 Rs.	Year ended 31/03/2016 Rs.
Current tax		
In respect of the current year	3,23,90,000	2,22,78,000
In respect of the prior year	Nil	Nil
	3,23,90,000	2,22,78,000
Deferred tax		
In respect of the current year	27,42,021	49,87,710
	27,42,021	49,87,710
Total	3,51,32,021	2,72,65,710

Income tax reconciliation

Particulars	Year ended 31/03/2017 Rs.	Year ended 31/03/2016 Rs.
Profit before tax	10,01,41,287	7,90,32,496
Tax expenses reported during the year	3,51,32,021	2,72,65,710
Income tax expenses calculated at 33.063% (30%*107%*103%)	3,31,09,714	2,56,42,093
Difference	20,22,307	16,23,617
Expenditure on Corporate Social Responsibilities	2,75,249	2,92,772
Penalty & Appeal Fees	5,441	1,05,184
Excess Provision made (Rounding up)	(3,679)	Nil
Effect of changes in tax rate from 32.445% to 33.063%	2,75,724	Nil
Adjustment recognised in the current year in relation to prior years expense	14,69,571	12,25,661
Total	20,22,307	16,23,617



Contingent liabilities in respect of:

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
1. Disputed demand of Income Tax and T.D.S. [Against which the company has paid Rs.104.57 Lacs as under Protest (Previous Year Rs.104.50)]	11,769,848	12,519,298
2. Disputed demand of Value Added Tax and Central Sales Tax [Against which the company has paid Rs.18.81 Lacs (Previous Year Rs. 18.81 Lacs)]	70,233,391	70,233,391
3. Disputed demand of ESI [Against which the company has paid Rs. 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)]	11,305,763	8,346,249
5. Disputed demand of Central Excise & Penalty [Against which the company has paid Rs. Nil under Protest (Previous Year Rs.0.75 Lacs)]	529,429	878,124
6. Estimated amount of Contracts remaining to be executed on Capital account [Against which the company has paid advances of Rs. Nil (Previous Year Rs2.50 Lacs)]	18,958,755	2,970,020
7. Bank Guarantees	100,000	200,000
8. Employees demands pending before labour court	Amount Not ascertainable	Amount Not ascertainable

- 34 The difference between excise duty on opening and closing stock of finished goods is recognized separately in the Statement of Profit & Loss.
- 35 Borrowing costs attributable to the acquisition or construction of Qualifying Assets amounting to Rs. Nil (Previous Year Rs. 3,274,738/-) is capitalized by the company.
- 36 During the year, the company has impaired the assets to the tune of Rs. Nil (Previous year Rs. Nil).



- 37** 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	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Revenue by Geographical market		
India	505,756,202	408,571,273
Rest of world	218,211,714	211,628,399
Carrying amount of Segment Assets		
India	598,743,433	581,199,925
Rest of world	56,715,975	55,890,358
Addition to Fixed Assets and Intangible Assets		
India	30,575,546	164,865,542

38 Earning per Share

Particulars	Unit	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Profit Attributable to Equity Share Holders from Continuing Operations (Profit after Tax)	Rs.	66,065,201	51,766,786
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
Basic and Diluted Earnings per Share	Rs.	734.06	575.18

39 Disclosure in respect of Derivatives

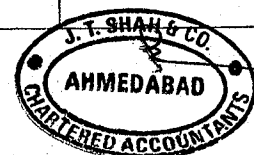
- (a) The Company has entered into forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecast transactions. The Company designates them as effective cash flow hedges. The Company does not use derivative financial instruments for 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 31st March, 2017 to Rs.38,05,313/- (Previous Year Rs. 735,938/-) has been credited to Hedging Reserve.

(Amount in Rs.)

b)	31/03/2017	31/03/2016
i) Quantum of Derivatives(all of Which identified as hedges) Outstanding at the end of the year on Forward Exchange contract	75,837,350/-	44,900,768/-
ii) Foreign currency exposure not hedged by a derivative instrument or otherwise	Nil	Nil



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 :

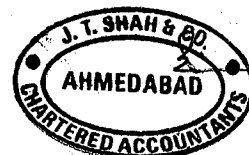
Sr. No.	Name
	Associates
1	Wendt India Limited
2	Murugappa Morgan Thermal Ceramics Limited
3	Murugappa Management Services Ltd.
4	Net Access India Ltd.
5	CUMI America Inc
	Key Management Personnel
1	Mr.Nitin S. Parikh
2	Mr.Nirav N. Parikh

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	
		31/03/17 (Rs.)	31/03/16 (Rs.)	31/03/17 (Rs.)	31/03/16 (Rs.)	31/03/17 (Rs.)	31/03/16 (Rs.)	31/03/17 (Rs.)	31/03/16 (Rs.)
1	Sales	1,053,195	804,746	1,786,814	1,039,036	Nil	Nil	2,840,009	1,843,782
2	Purchases	93,885,018	80,632,180	481,311	99,040	Nil	Nil	94,366,329	80,731,220
3	Debtors	887,555	Nil	463,861	328,291	Nil	Nil	1,351,416	328,291
4	Creditors	12,577,824	11,000,186	47,398	125,528	Nil	Nil	12,530,426	11,125,714
5	Purchase of Fixed Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6	Payment to and provision for employees	Nil	Nil	Nil	Nil	11,115,613	8,738,716	11,115,613	8,738,716
7	Professional Fees Paid	12,765,000	9,944,000	1,077,129	946,597	Nil	Nil	13,842,129	10,890,597
8	Reimbursement of Expenses	Nil	115,654	32,500	7,922	Nil	Nil	32,500	123,576

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:



STERLING ABRASIVES LIMITED

1. Carborandum Universal Ltd:

- Purchase made during the Year Rs.93,885,018/- (P.Y.Rs. 80,632,180/)
- Purchase of Capital Goods made during the Year Rs.Nil (P.Y.Rs. Nil)
- Sales made during the Year – Rs.10,53,195/- (P.Y.Rs. 804,746/-)
- Professional & Consultancy Fees Paid during the Year Rs.12,765,000/-(P.Y.Rs. 9,944,000/-)
- Debtors having closing balance of Rs. 8,87,555/- (P.Y.Rs. 170,973/)
- Creditors having closing balance of Rs.12,577,824/-(P.Y.Rs. 11,000,186/-)
- Reimbursement of expenses of Rs. Nil (P.Y.Rs.115,654/-)

2. Wendt India Ltd. :

- Sales made during the Year Rs.964,676/- (P.Y. Rs.977,366/-)
- Debtors having closing balance of Rs.135,240/- (P.Y. Rs. 95,648/-)

3. Murugappa Morgan Thermal Ceramics Limited. :

- Purchase made during the year Rs.422,651/- (P.Y.Rs. Nil/-)

4. Murugappa Management Service Ltd :

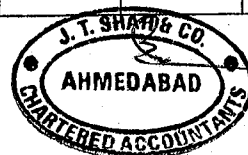
- Reimbursement Expense during the year Rs.32,500/- (P.Y.Rs. Nil/-)

5. Key Mgt. Personnel :

- Mr.Nitin S. Parikh
Remuneration and perquisites paid to the director Rs.5,559,539/- (P.Y.Rs4,368,105/-)
- Mr.Nirav N. Parikh
Remuneration and perquisites paid to the director Rs. 5,556,074/- (P.Y.Rs 4,370,611/-)

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

Particulars	Raw Materials				Components & Spare Parts			
	%		Value (Rs.)		%		Value (Rs.)	
	31/03/17	31/03/16	31/03/17 (Rs.)	31/03/16 (Rs.)	31/03/17	31/03/16	31/03/17 (Rs.)	31/03/16 (Rs.)
i. Imported	21.67	18.98	46,363,525	34,987,583	0.32	1.93	70,610	489,011
ii. Indigenous	78.33	81.02	167,604,500	149,365,711	99.38	98.07	21,870,830	24,806,471
Total ...	100.00	100.00	213,968,025	184,353,294	100.00	100.00	21,941,440	25,295,482



STERLING ABRASIVES LIMITED

- 42 Disclosure of details in respect of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as required by Notification No. GSR 308(E) [F.NO.17/62/2015-CL-V-(VOL.I)], DATED 30-3-2017 are provided in the Table below:—

(Amount In Rs.)

Sr. No.	Particulars	SBNs	Other denomination notes	Total
1.	Closing cash in hand as on 8-11-2016	5,45,500	65,621	6,11,121
2.	(+) Permitted receipts	Nil	469,702	469,702
3.	(-) Permitted payments	Nil	437,545	437,545
4.	(-) Amount deposited in Banks	5,45,500	Nil	545,500
5.	Closing cash in hand as on 30-12-2016	Nil	97,778	97,778

- 43 Details in respect of CIF Value of imports

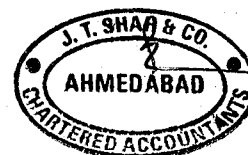
Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
i. Raw Materials	45,349,847	27,790,784
ii. Component, Spares and Packing Material	70,611	489,011
iii. Trading Purchase	188,578	Nil

- 44 Earning in Foreign Currencies

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Export of goods (F.O.B) value Through Export house / Direct	214,309,327	215,714,375
Commission Income	451,246	262,489

- 45 Expenditure in Foreign Currency

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
i. Travelling Expenses	36,21,416	2,362,203
ii. Foreign Bank Charges	864,781	526,529
iii. Exhibition Expense	Nil	Nil



46 Transition to Ind-AS

The effect of the company's transition to Ind AS, described in note below, is summarized in this note as follows:

(i) Transition election

(ii) Reconciliation of equity as previously reported under Indian GAAP to Ind-AS

(iii) Adjustments to the statement of cash flows .

(i) Transition election

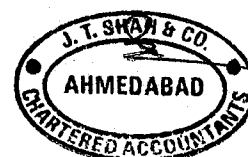
The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain optional exemptions, apart from mandatory exceptions, availed by the Company as detailed below.

Particulars	Notes No.
Deemed Cost of for property, plant and equipment, investment property, and intangible assets	1
Fair value measurement of financial assets or financial liabilities at initial recognition	2
Lease	3

- In accordance with Ind-AS transitional provisions, the company opted to consider previous GAAP carrying value of property, plant and equipment, investment property, and intangible assets as deemed cost on transition date.
- In accordance with Ind-AS transitional provisions, the company opted to apply the provisions of day one gain or loss provisions retrospectively on transactions occurring on or after the date of transition to Ind AS.
- In accordance with Ind-AS transitional provisions, the company opted to determine whether an arrangement existing at the date of transition contains a lease on the basis of facts and circumstances existing at the date of transition rather than at the inception of the arrangement.

Reconciliation of equity and comprehensive income as previously reported under Indian GAAP to Ind-AS

Particulars	Note No.	As at	
		31.03.2016	01.04.2015
Other Equity as reported under IGAAP		36,55,67,731	34,13,38,612
a) Ind AS adjustments that lead to increase in equity Proposed dividend	1	67,70,120	2,70,80,471
b) IND AS adjustments that lead to decrease in equity Deferred tax on Hedging reserve		(2,43,323)	(3,46,736)
Equity as reported under Ind-AS		37,20,94,527	36,80,72,348



STERLING ABRASIVES LIMITED

Particulars	Note No.	Year Ended 31.03.2016
Profit as reported under IGAAP		5,16,42,336
Ind AS adjustments that lead to increase in profit		
Actuarial gain/losses on remeasurement of the Defined benefit obligation	2	1,24,448
Tax effect on the above		Nil
Profit as reported under Ind AS		5,17,66,784
Increase (decrease) in other comprehensive income for:		
Actuarial gain/losses on remeasurement of the Defined benefit obligation	2	(1,24,448)
Effective portion of gain or loss on designated portion of hedging instruments in a cash flow hedge	3	(3,32,750)
Income tax relating to items above	4	1,03,412
		(3,53,785)
Comprehensive Income as reported under Ind AS		(3,53,785)
Notes 1 Under Ind-AS, dividends payable and the associated corporate dividend tax are recorded as a liability in the year in which these are declared and approved. While Under older Indian GAAP, dividends payable are recorded as a provision in the year to which they relate. 2 Under Ind-AS the actuarial gains and losses on post retirement defined employee benefits are recognised in other comprehensive income. Under older Indian GAAP such actuarial gains and losses were recognised in profit and loss account. 3 Under Ind-AS, change in fair value of derivatives designated in cash flow hedge to the extent they are effective to be presented in other comprehensive income. Under older Indian GAAP, Change were reflected in hedge reserve, not in other comprehensive income. 4 Under Ind-AS, deferred tax is calculated on hedging reserve. Under older Indian GAAP, deferred tax was not created on hedging reserve. 5 The transition from Indian GAAP to Ind-AS had no significant impact on cash flows generated by the company. Cash flows relating to interest are classified in a consistent manner as operating, investing or financing each period.		



Financial Instrument

(i) Capital management

The Company's capital management is intended to maximise the return to shareholders and benefits for other stakeholders for meeting the long-term and short-term goals of the Company; and reduce the cost of capital through the optimization of the capital structure i.e. the debt and equity balance.

The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The gearing ratio at the end of the reporting period was as follows:

	As at		
	31.03.2017	31.03.2016	01.04.2015
Debt	12,59,55,413	16,32,39,898	16,20,45,422
Cash and bank balances	(26,41,316)	(46,10,858)	(47,88,258)
Net debt	12,33,14,097	15,86,29,040	15,72,57,163
Equity	42,83,40,600	38,10,94,527	37,70,72,347
Net debt to equity ratio	29.00%	42.00%	42.00%

(ii) Categories of financial instruments

	As at		
	31.03.2017	31.03.2016	01.04.2015
Financial assets			
Measured at amortised cost			
(a) Cash and bank balances	26,41,316	46,10,858	47,88,258
(b) Other financial assets at amortised cost	16,84,80,640	15,26,23,625	15,56,42,065
Financial liabilities			
Measured at amortised cost (including trade payables balance in a disposal Company held for sale)	16,89,97,509	20,99,07,643	21,35,74,676

(iii) Financial risk management objectives

The Company's activities expose it to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts is entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The table given below explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
a. Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	- Aging analysis - Credit ratings - Financial analysis	Review of credit limits and credit locks and secured mode of payment.
b. Market risk			
i. Market risk – foreign exchange	- Future commercial transactions - Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
ii. Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	
c. Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of sanctioned credit lines and borrowing facilities

The Company's risk management is governed by policies and approved by the board of directors. Company's identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The company has policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

a. Credit risk :

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables), cash and cash equivalents and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. Outstanding customer receivables are regularly monitored and taken up on case to case basis. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit scores of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management team on a regular basis. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in largely independent markets.

The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

b. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which these risks are being managed and measured.

b(i). Foreign currency risk management

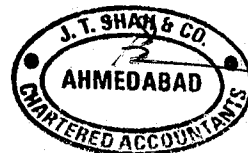
The Company undertakes transactions denominated in foreign currencies; consequently, exposed to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. Depending on the future outlook on currencies, the Company may keep the exposures hedged or hedge only a part of the total exposure inline with the approved policies.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities based on gross exposure at the end of the reporting period is as under:

Currency	Liabilities			Assets		
	As at			As at		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
US Dollar (USD)	Nil	Nil	Nil	7,43,924	7,44,108	9,30,516
EURO Currency (EUR)	Nil	Nil	Nil	45,629	57,810	37,795
Great Britian Pound (GBP)	Nil	Nil	Nil	47,267	30,569	39,489

Quantum of Forward contract (derivatives) (all of which identified as hedges) outstanding as at the end of the year (notional principle amount) on:

Contracts booked for	Currency	As at		As at		As at	
		31.03.2017		31.03.2016		1.04.2015	
		Number of contracts	value	Number of contracts	value	Number of contracts	value
Loan	USD	Nil	Nil	Nil	Nil	Nil	Nil
Export receivable	EURO	Nil	Nil	Nil	Nil	Nil	Nil
Export receivable	USD	9	11,25,000	9	11,25,000	11	87,500
Import payment	USD	Nil	Nil	Nil	Nil	Nil	Nil



b(iii). Interest rate risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's has been availing the borrowings on a fixed / variable rate of interest. These borrowings are carried at amortised cost. The borrowings on a fixed rate of interest basis are not subject to the interest rate risk as defined in Ind AS 107, since neither the carrying amount nor future cash flows will fluctuate because of change in market interest rates. The borrowings on a variable rate of interest are subject to interest rate risk as defined in Ind AS 107.

	31.03.2017			31.03.2016			31.03.2015		
	Weighted average rate	Balance	% of total loans	Weighted average rate	Balance	% of total loans	Weighted average rate	Balance	% of total loans
Variable loans	10.50%								
Long term loans	10.50%	3,49,76,550	29%	10.50%	7,09,17,103	59%	10.75%	8,88,03,466	74%

The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

	Impact of profit after tax		Impact on other component of equity	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Interest rate - increase by 0.5 basis point	1,80,526	3,05,326	1,80,526	3,05,326
Interest rate - decrease by 0.5 basis point	(1,80,526)	(3,05,326)	(1,80,526)	(3,05,326)

Other price risks

As of 31st March 2017, company has nil exposure on security price risks.

c. Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligation when due. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note below sets out details of additional undrawn facilities that the company has at its disposal to further reduce liquidity risk.



The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31 March 2017:

Particulars	Carrying amount	upto 1 year	1-3 year	3-5 year	More than 5 year	Total contracted cash flows
Non-current financial liabilities						
Borrowings and interest thereon*	Nil	Nil	Nil	Nil	Nil	Nil
Finance lease liability	Nil	Nil	Nil	Nil	Nil	Nil
Current financial liabilities						
Borrowings and interest thereon* (Non Current)	9,09,78,863	9,09,78,863	Nil	Nil	Nil	9,09,78,863
Borrowings and interest thereon* (Current)	3,52,95,094	3,52,95,094	Nil	Nil	Nil	3,52,95,094
Trade payables	4,27,23,552	4,27,23,552	Nil	Nil	Nil	4,27,23,552
Other financial liabilities**	Nil	Nil	Nil	Nil	Nil	Nil

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31 March 2016:

Particulars	Carrying amount	upto 1 year	1-3 year	3-5 year	More than 5 year	Total contracted cash flows
Non-current financial liabilities						
Borrowings and interest thereon*	3,49,17,103	3,66,25,650	3,49,17,103	Nil	Nil	7,15,42,753
Finance lease liability	Nil	Nil	Nil	Nil	Nil	Nil
Current financial liabilities						
Borrowings and interest thereon* (Non Current)	9,23,22,795	9,23,22,795	Nil	Nil	Nil	9,23,22,795
Borrowings and interest thereon* (Current)	3,66,25,650	3,66,25,650	Nil	Nil	Nil	3,66,25,650
Trade payables	4,60,42,095	4,60,42,095	Nil	Nil	Nil	4,60,42,095
Other financial liabilities**	Nil	Nil	Nil	Nil	Nil	Nil

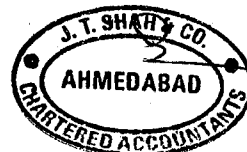
The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 1 April 2015:

Particulars	Carrying amount	upto 1 year	1-3 year	3-5 year	More than 5 year	Total contracted cash flows
Non-current financial liabilities						
Borrowings and interest thereon*	5,28,03,466	3,67,81,711	5,28,03,466	Nil	Nil	8,95,85,177
Finance lease liability						
Current financial liabilities						
Borrowings and interest thereon*	7,32,41,955	7,32,41,955	Nil	Nil	Nil	7,32,41,955
Borrowings and interest thereon* (Current)	3,67,81,711	3,67,81,711	Nil	Nil	Nil	3,67,81,711
Trade payables	5,07,47,543	5,07,47,543	Nil	Nil	Nil	5,07,47,543
Other financial liabilities**	Nil	Nil	Nil	Nil	Nil	Nil

*Amount included in the above maturity analysis assumes interest outflows based on the actual interest rates.

The table below provides details regarding the contractual maturities of financial assets including estimated interest receipts as at 31 March 2017:

Particulars	Carrying amount	upto 1 year	1-3 year	3-5 year	More than 5 year	Total contracted cash flows
Non-current financial assets						
Other financial assets	72,95,738	Nil	Nil	Nil	72,95,738	72,95,738
Current financial assets						
Trade receivables	15,62,42,702	15,62,42,702	Nil	Nil	Nil	15,62,42,702
Other financial assets	49,42,200	49,42,200	Nil	Nil	Nil	49,42,200
Advance to employees	Nil	Nil	Nil	Nil	Nil	Nil



The table below provides details regarding the contractual maturities of financial assets including estimated interest receipts as at 31 March 2016:

Particulars	Carrying amount	upto 1 year	1-3 year	3-5 year	More than 5 year	Total contracted cash flows
Non-current financial assets						
Other financial assets	70,31,090	Nil	Nil	Nil	70,31,090	70,31,090
Current financial assets						
Trade receivables	14,44,21,398	14,44,21,398	Nil	Nil	Nil	14,44,21,398
Other financial assets	11,71,138	11,71,138	Nil	Nil	Nil	11,71,138
Advance to employees	Nil	Nil	Nil	Nil	Nil	Nil

The table below provides details regarding the contractual maturities of financial assets including estimated interest receipts as at 1 April 2015:

Particulars	Carrying amount	upto 1 year	1-3 year	3-5 year	More than 5 year	Total contracted cash flows
Non-current financial assets						
Other financial assets	69,47,105	Nil	Nil	Nil	69,47,105	69,47,105
Current financial assets						
Trade receivables	14,70,48,609	14,70,48,609	Nil	Nil	Nil	14,70,48,609
Other financial assets	16,46,351	16,46,351	Nil	Nil	Nil	16,46,351
Advance to employees	Nil	Nil	Nil	Nil	Nil	Nil

The Company has access to financing facilities as described in below. The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Financing facilities

	As at		
	31.03.2017	31.03.2016	01.04.2015
Secured term loan from bank:			
Amount used	3,49,76,550	7,09,17,103	8,88,03,466
amount unused.	Nil	Nil	Nil
	3,49,76,550	7,09,17,103	8,88,03,466
Borrowings from bank:			
Amount used	Nil	Nil	Nil
amount unused.	Nil	Nil	Nil
	Nil	Nil	Nil
Secured cash credit and other borrowings facility:			
Amount used	9,09,78,863	9,23,22,795	7,32,41,955
amount unused.	1,90,21,137	1,76,77,205	3,67,58,045
	12,59,55,413	16,32,39,898	16,20,45,421

Fair value measurements

Fair value of the company's financial assets and financial liabilities is NIL for the period ended 31st March 2017, for the period ended 31st March 2016 and for the period ended 31st March 2015.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

	Particulars	Fair value hierarchy	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
			Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Financial assets at amortised cost:							
	Non-current financial assets							
	Other financial assets							
	Security deposit	Level 3	72,95,738	72,95,738	70,31,090	70,31,090	69,47,105	69,47,105

Current financial assets								
Trade receivables	Level 2	15,62,42,702	15,62,42,702	14,44,21,398	14,44,21,398	14,70,48,609	14,70,48,609	
Other financial assets		49,42,200	49,42,200	11,71,138	11,71,138	16,46,351	16,46,351	
Advances to employees	Level 3							
Financial liabilities held at amortised cost:								
Non-current financial liabilities								
Borrowings and interest thereon	Level 3	Nil	Nil	3,49,17,103	3,49,17,103	5,28,03,466	5,28,03,466	
Finance lease and interest thereon	Level 2	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Current financial liabilities								
Borrowings and interest thereon	Level 3	9,09,78,863	9,09,78,863	9,23,22,795	9,23,22,794.96	7,32,41,955	7,32,41,955	
Trade payables	Level 2	4,27,23,552	4,27,23,552	4,60,42,095	4,60,42,094.63	5,07,47,543	5,07,47,543	
Others financial liabilities								
Finance lease and interest thereon	Level 2	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others financial liabilities	Level 3	3,52,95,094	3,52,95,094	3,66,25,650	3,66,25,650	3,67,81,711	3,67,81,711	

The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Signature to Schedules "1" to "47"

As per our report of even date attached herewith.

For, J. T. Shah & Co

Chartered Accountants

(Firm Regd.No.109616W)

[J.T. Shah]

Partner

(M.No.3983)

Place : Ahmedabad

Date : 19/04/2017



For, STERLING ABRASIVES LIMITED

[Signature] *[Signature]*

R. SRINIVASAN

CHAIRMAN

DIN: 00043658

NIRAV PARIKH

MANAGING DIRECTOR

DIN: 00042146

Place: Chennai
Date :18/04/2017

Place: Chennai
Date :18/04/2017