INDEPENDENT AUDITORS' REPORT

To The Members of
Sterling Abrasives Limited
Ahmedabad

1. **Report on the Standalone Ind AS Financial Statements**
We have audited the accompanying standalone IndASfinancial statements of **Sterling Abrasives Limited** ("the Company"), which comprise the Balance Sheet as at **31st March, 2018**, and the Statement of Profit and Loss(includingOther Comprehensive Income), the Cash Flow Statementand the Statement of Changes in Equity for the year thenended, and a summary of the significant accounting policiesand other explanatory information.

2. **Management's Responsibility for the Standalone Ind AS Financial Statements**
The Company's Board of Directors is responsible for thematters stated in Section 134(5) of the Companies Act, 2013("the Act") with respect to the preparation of thesestandaloneInd AS financial statements that give a true andfair view of the financial position, financial performance including other comprehensiveincome, changes in equity and cash flows of the Companyin accordance with the accounting principles generallyaccepted in India, including the Indian Accounting Standards(Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequateaccounting records in accordance with the provisions of theAct for safeguarding the assets of the Company and forpreventing and detecting frauds and other irregularities;selection and application of appropriate accounting policies;making judgments and estimates that are reasonable andprudent; and design, implementation and maintenance ofadequate internal financial controls, that were operatingeffectively for ensuring the accuracy and completeness ofthe accounting records, relevant to the preparation andpresentation of the standalone Ind AS financial statementsthat give a true and fair view and are free from materialmisstatement, whether due to fraud or error.

3. **Auditors' 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 arerequired to be included in the audit report under theprovisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financialstatements in accordance with the Standards on Auditingspecified under Section 143(10) of the Act. Those Standardsrequire that we comply with ethical requirements and planand perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are freefrom material misstatement.

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

201/202, Lalita Complex, 352/3, Rasala Marg, Nr. Jain Temple,
Navrangpura, Ahmedabad-380009.
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An audit involves performing procedures to obtain auditevidence 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 tofraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company'spreparation of the standalone Ind AS financial statementsthat give a true and fair view in order to design auditprocedures that are appropriate in the circumstances. Anaudit 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 standaloneInd AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our auditopinion on the standalone Ind AS financial statements.

4. Opinion

In our opinion and to the best of our information andaccording 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 trueand fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

5. 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 interms of Section 143(11) of the Act, we give in "Annexure A"a statement on the matters specified in paragraphs 3 and 4of the Order.

2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the informationand explanations which to the best of our knowledge and belief were necessary for the purposes of ouraudit.

   a) In our opinion, proper books of account as requiredby law have been kept by the Company so far as itappears from our examination of those books.

   b) The Balance Sheet, the Statement of Profit andLoss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are inagreement 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.

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d) On the basis of the written representations receivedfrom the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section164(2) of the Act.

e) With respect to the adequacy of the internal financialcontrols over financial reporting of the Company andthe operating effectiveness of such controls, refer toour separate Report in "Annexure B".

f) With respect to the other matters to be included inthe Auditor's Report in accordance with Rule 11 ofthe Companies (Audit and Auditors) Rules, 2014, inour opinion and to the best of our information andaccording 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 34 to the financial statements;

ii. The Company has made provision, as requiredunder the applicable law or accountingstandards, for material foreseeable losses, ifany, 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.

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

Place : Ahmedabad
Date : 19/04/2018

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

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

201/202, Lalita Complex, 352/3, Rasala Marg, Nr. Jain Temple,
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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, 2018.**

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 grantedduring 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 clause (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 clause (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 clause (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.

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, 2018 for a period of more than six months from the date they became payable.

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

(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	11,67,595	Commissioner of Income Tax (Appeals)
Central Sales Tax Act	Sales Tax Demand	1986-87 to 1991-92	12,70,747	Commissioner Of Sales Tax (Appeals)
	Central Sales Tax Demand	2010-11	1,65,69,744	Deputy Commissioner of Sales Tax
	Central Sales Tax Interest & Penalty	2010-11	3,51,38,583	Deputy Commissioner of Sales Tax
Value Added Tax	Value Added Tax Demand	2010-11	48,59,719	Deputy Commissioner of Sales Tax
	Value Added Tax Interest & Penalty	2010-11	1,05,13,589	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	2006	65,483	ESI Court

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 offer or further public offer (including debt instruments) and term loan during the year. Accordingly, clause (ix) of the Order is not applicable.

10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or any fraud on the company by it's officer or employees has been noticed or reported during the course of our audit.

11. In our opinion and according to the information and explanations given to us, the company had paid managerial remuneration which is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of The Companies Act, 2013.

12. In our opinion and according to the information and explanations given to us, the provisions of special statute applicable to chit funds and nidhi / mutual benefit funds / societies are not applicable to the company. Hence, clause (xii) of the Company's (Auditor's Report) Order, 2016 is not applicable.

J.T. SONI & CO. AHMEDABAD CHARTERED ACCOUNTANTS

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. According to the information and explainations given to us and basedon our examination of the records of the company, the company has not entered into non-cash transactions with the directors or persons connected with him during the year. Accordingly, clause (xv) 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, paragraph 3 (xvi) of Company's (Auditor's Report) Order, 2016 is not applicable.

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

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

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

Place : Ahmedabad
Date : 19/04/2018

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 2018**, 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

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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 2018, 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.

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

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

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

Place: Ahmedabad
Date: 19/04/2018

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 preparation and presentation** :

a) The financial statements have been prepared with all material aspect with Indian Accounting Standards (Ind As) notified under section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) 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.

b) The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below:

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(ii) Use of Estimates:

The preparation and presentation of financial statements are in conformity with the Ind As which required management to make estimates and assumptions that affect the reported amounts 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. 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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:
Note.16 - Current / Deferred tax liabilities
Note .29- Measurement of defined benefit obligations
Note. 7- Expected credit loss for receivables

(iii) Property, Plant and Equipment & Depreciation:

a) Property Plant and Equipment:

All assets are stated at historical cost (net of recoverable taxes) except Building, which are shown as per the revaluation done on 31/12/1993 less accumulated depreciation and impairment losses, if any.

Historical cost includes expenditure that is directly attributable to getting the asset ready for intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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b) Capital work in progress:

Capital work in progress is stated at cost and net of accumulated impairment losses, if any. All the direct expenditure related to implementation including incidental expenditure incurred during the period of implementation of a project, till it is commissioned, is accounted as Capital work in progress (CWIP) and after commissioning the same is transferred / allocated to the respective item of property, plant and equipment. Pre-operating costs, being indirect in nature, are expensed to the statement of profit and loss as and when incurred.

c) Depreciation methods, estimated useful life and residual value:

Depreciation on fixed assets has been provided on straight line method based on the useful life specified in Schedule II to the Companies Act, 2013. Depreciation is calculated on pro rata basis with reference to the date of addition/disposal. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss.

(iv) Intangible Assets and Amortisation :

a) Intangible Assets:

Intangible assets are measured on initial recognition at cost (net of recoverable taxes, if any). Subsequently, intangible assets are carried out at cost less any accumulated amortization and accumulated impairment losses, if any.

b) Amortisation methods, estimated useful life and residual value:

Intangible assets are amortised on a straight line basis over their estimated useful lives based on underlying contracts where applicable. The useful lives of intangible assets are assessed as either finite or indefinite. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management.

(v) Impairment of non – financial 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.

(vi) Financial Instruments :

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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1. **Financial Assets:**

   i. **Initial recognition and measurement:**

   At initial recognition, the Company measures a financial asset (which are not measured at fair value) through profit or loss at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

   Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

   ii. **Subsequent measurement:**

   For purposes of subsequent measurement, financial assets are classified in following categories:

   i) Financial assets measured at amortised cost;
   ii) Financial assets at fair value through profit or loss (FVTPL) and
   iii) Financial assets at fair value through other comprehensive income (FVOCI)

   The Company classifies its financial assets in the above mentioned categories based on:

   a) The Company's business model for managing the financial assets, and

   b) The contractual cash flows characteristics of the financial asset.

   i) **Financial assets measured at amortised cost :**

   A financial asset is measured at amortised cost if both of the following conditions are met:

   a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

   b) The Contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

   ii) **Financial assets at fair value through profit or loss (FVTPL):**

   Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

iii) **Financial assets at fair value through other comprehensive income (FVOCI):**
Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by collecting both contractual cash flows that gives rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

The Company may elect to designate a financial asset, which otherwise meets amortised cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch')

Trade receivables, Advances, Security Deposits, Cash and Cash Equivalents etc. are classified for measurement at amortised cost.

iii. Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

a) The rights to receive cash flows from the asset have expired, or
b) The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either.
   i) the company has transferred substantially all the risks and rewards of the asset, or
   ii) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

iv. Impairment of financial assets:

The company assesses at each date of statement of financial position whether a financial assets or group of financial assets is impaired. In accordance of Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivables. ECL impairment loss allowances (or reversal) recognized during the period is recognized as an expense / income respectively in the statement of profit and loss. Provision for ECL is presented as deduction from carrying amount of trade receivables. For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

2. **Financial Liabilities:**

i. **Initial recognition and measurement:**

All financial liabilities are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

ii. **Subsequent measurement:**

The measurement of financial liabilities depends on their classification, as described below:

i) Financial liabilities measured at amortised cost.

ii) Financial liabilities at fair value through profit or loss.

i) **Financial liabilities measured at amortised cost :**

Subsequently, all financial liabilities are measured at amortised cost. Any discount or premium on redemption/ settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

ii) **Financial assets at fair value through profit or loss (FVTPL):**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

iii. **Derecognition:**

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

(vii) Inventories:

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.

The closing stock of work in process and finished Goods is valued at lower of cost or net realizable value. Cost on weighted average include cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make sale. Spares (not meeting the definition of property, plant and equipment) are accounted as inventory and expensed to the statement of profit and loss when issued for consumption.

(viii) 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.

(ix) 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), which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

(x) Statement of Cash flows:

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.

(xi) 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 VAT/GST, Discounts and Returns as applicable.

Exports Incentives are treated as income in the year of Exports based on eligibility and when there is reasonable certainty regarding the receiving the same.

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

Interest income from a financial asset is recognised and accrued on time proportion basis.

(xii) Dividend:

The Company recognises a liability for dividends to equity holders of the Company when the dividend is authorized and the dividend is no longer at the discretion of the Company. As per the corporate laws in India, dividend is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(xiii) 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 .

(xiv) Cenvat, Service Tax, Vat & GST:

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

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

(xv) Employee Benefits:

i. Short term employee benefits:

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.

ii. Post employment benefits:

a) Defined contribution plan:

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) Defined benefit plans:

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.

The present value of the defined benefit obligations is determined by discounting the estimated future cash flows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit and loss.

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Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in balance sheet. Changes in present value of the defined benefit obligation resulting from plan amendment or curtailments are recognized immediately in profit or loss as past service cost.

iii. Other long term employee benefits:

Other long term employee benefits comprises of leave encashment towards un-availed leave and compensated absences, these are recognized based om the present value of defined obligation which is computed using the project unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted either as current employee cost or included in cost of assets as permitted.

Remeasurement of leave encashment towards un-availed leave and compensated absences are recognized in the statement of profit and loss except those included in cost of assets as permitted in the period which they occur.

(xvi) 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.

(xvii) 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.

(xviii) Taxation :

a) Current Tax:

Current Tax is determined on income for the year chargeable to tax in accordance on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

b) Deffered Tax:

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. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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(xix) Segment reporting:

The Chief Operational Decision Maker (CODM) monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments are reported in a manner consistent with the internal reporting to the CODM.

Accordingly, the Board of Directors of the Company is CODM for the purpose of segment reporting. Refer note.38 for segment information presented.

(xx) Leases:

a) **Finance leases:**

Assets acquired under lease where the Company has substantially all the risk and rewards of ownership are classified as finance leases. Such assets are capitalised at inception of lease at the lower of fair value or present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

a) **Operating leases:**

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

(xxi) Derivative financial instruments:

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair values at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivate is designated and effective as hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

(xxii) Hedge Accounting:

The Company designates foreign exchange forward contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The hedge instruments are designated and documented as hedges at the inception of the contract. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges are recognised immediately in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedge reserve.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted ultimately affects the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

Balance Sheet As at 31/03/2018

		Particulars	Note No.	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
A		**ASSETS**			
	1	**Non-current assets**			
		(a) Property, Plant and Equipment	3A	28,71,86,433	28,49,71,036
		(b) Capital work-in-progress		92,51,570	38,46,011
		(c) Intangible assets	3B	4,33,608	4,46,433
		(d) Financial Assets			
		(i) Investments		Nil	Nil
		(ii) Other Financial Assets	4	83,31,513	72,29,738
		(e) Deferred tax assets (net)		Nil	Nil
		(f) Other non-current assets	5	7,11,82,708	7,00,80,298
		Total Non - Current Assets		37,63,85,831	36,65,73,517
	2	**Current assets**			
		(a) Inventories	6	12,76,31,417	11,31,75,729
		(b) Financial Assets			
		(i) Trade receivables	7	18,83,78,414	15,62,42,702
		(ii) Cash and Cash Equivalent	8	31,03,697	25,46,214
		(iii) Bank Balance other than (ii) above	9	27,473	Nil
		(iv) Other Financial assets	10	13,18,375	49,42,200
		(c) Other current assets	11	1,23,49,036	1,19,79,047
		Total Current Assets		33,28,08,411	28,88,85,891
		Total Assets		**70,91,94,243**	**65,54,59,408**
B		**EQUITY AND LIABILITIES**			
	1	**Equity**			
		(a) Equity Share capital	12	90,00,000	90,00,000
		(b) Other Equity	13	48,02,94,546	41,93,40,600
		Total Equity		48,92,94,546	42,83,40,600
		LIABILITIES			
	2	**Non-current liabilities**			
		(a) Financial Liabilities			
		(i) Borrowings	14	Nil	Nil
		(b) Provisions	15	59,84,064	69,06,715
		(c) Deferred tax liabilities (Net)	16	1,74,85,843	2,18,40,007
		(d) Other non-current liabilities	17	5,58,000	9,84,788
		Total Non - Current Liabilities		2,40,27,907	2,97,31,510
	3	**Current liabilities**			
		(a) Financial Liabilities			
		(i) Borrowings	18	9,77,76,678	9,09,78,862
		(ii) Trade payables	19	6,24,00,420	4,27,23,553
		(iii) Other financial liabilities	20	2,33,44,023	5,11,28,394
		(b) Other current liabilities	21	40,13,649	1,14,84,060
		(c) Provisions	22	5,61,073	7,26,595
		(d) current Tax liabilities (Net)	23	77,75,946	3,45,833
		Total Current Liabilities		19,58,71,789	19,73,87,298
		Total Equity and Liabilities		**70,91,94,243**	**65,54,59,408**
		Summary of Significant Acounting Policities	2		

In terms of our report attached.
For, J. T. Shah & Co
Chartered Accountants
(Firm Regd. No.109616W)

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

(J. T. Shah)
Partner
(M.No.3983)
Place : Ahmedabad
Date : 19/04/2018

For, Sterling Abrasives Limited

R. Srinivasan	**Nirav Parikh**
Chairman	**Managing Director**
DIN: 00043658	**DIN: 00042146**
Place: Chennai	**Place: Chennai**
Date : 18/04/2018	**Date : 18/04/2018**

STERLING ABRASIVES LIMITED

Statement of Profit and Loss for the year ended 31/03/2018

	Particulars	Note No.	Year Ended 31/03/2018 Rs.	Year Ended 31/03/2017 Rs.
	Continuining Operations			
I	Revenue from operations	24	81,37,76,682	71,92,12,175
II	Other Income	25	26,14,320	4,47,669
III	**Total Income (I + II)**		**81,63,91,003**	**71,96,59,844**
IV	**EXPENSES**			
	(a) Cost of materials consumed	26	25,58,39,717	21,39,68,025
	(b) Purchases of Stock in Trade	27	35,88,469	65,67,935
	(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	28	51,11,349	(1,37,73,143)
	(d) Excise duty on Sales		1,35,78,896	5,77,29,297
	(e) Employee benefit expense	29	11,75,24,555	10,25,36,800
	(f) Finance costs	30	1,16,64,312	1,61,32,090
	(g) Depreciation and amortisation expense	31	3,31,64,754	3,04,82,860
	(i) Other expenses	32	24,16,36,332	20,48,18,760
	Total Expenses (IV)		**68,21,08,384**	**61,84,62,623**
V	**Profit before tax (III- IV)**		**13,42,82,619**	**10,11,97,221**
VI	**Tax Expense**			
	(1) Current tax	33	4,78,45,500	3,23,90,000
	(2) Deferred tax	33	(30,28,684)	27,42,021
	(3) Short/Excess I.Tax Provision		(17,47,087)	Nil
	Total tax expense		**4,30,69,729**	**3,51,32,021**
VII	**Profit for the year (V - VI)**		**9,12,12,889**	**6,60,65,200**
IX	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities / (asset)		(5,67,077)	(10,55,935)
	(b) Equity instruments through other comprehensive income		Nil	Nil
	(ii) Income tax relating to items that will not be reclassified to profit or loss		Nil	Nil
	B (i) Items that will be reclassified to profit or loss			
	Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		(39,36,875)	38,05,312
	(ii) Income tax on items that may be reclassified to profit or loss		13,25,479	(12,58,150)
	Total Other Comprehensive income (IX A + IX B)		**(31,78,473)**	**14,91,227**
X	**Total comprehensive income for the year (VIII+IX)**		**8,80,34,417**	**6,75,56,427**
XI	**Basic & diluted earnings per share of face value of Rs.100 each Fully Paid up**			
	(1) Basic		1,013.48	734.06
	(2) Diluted		1,013.48	734.06

As per our report of even date attached herewith.
For, J. T. Shah & Co
Chartered Accountants
(Firm Regd.No.109616W)

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

[J.T.Shah]
Partner
(M.No.3983)
Place : Ahmedabad
Date : 19/04/2018

For, Sterling Abrasives Limited

R. Srinivasan	**Nirav Parikh**
Chairman	**Managing Director**
DIN: 00043658	**DIN: 00042146**
Place: Chennai	**Place: Chennai**
Date : 18/04/2018	**Date : 18/04/2018**

STERLING ABRASIVES LIMITED

Statement of Changes in Equity

Equity Share Capital

Particulars	Amount Rs.
Balance as on 1st April, 2016	90,00,000
Changes in equity share capital during the year	Nil
Balance as on 31st March, 2017	90,00,000
Changes in equity share capital during the year	Nil
Balance as on 31st March, 2018	90,00,000

Other Equity

(Amount in Rs.)

Particulars	Reserves and Surplus			Item of Other Comprehensive Income	Total
	Retained Earnings	Revaluation Reserve	General Reserve	Hedge Reserve	
Balance as at 1st April, 2016	**9,08,82,031**	**20,09,336**	**27,87,10,546**	4,92,614	**37,20,94,527**
Profit for the year	6,60,65,201	Nil	Nil	Nil	6,60,65,201
Other comprehensive income for the year (net of Tax)	(10,55,935)	Nil	Nil	25,47,162	14,91,227
Total Comprehensive Income for the year	**6,50,09,266**	**Nil**	**Nil**	**25,47,162**	**6,75,56,427**
Payment of Dividends	(1,68,75,000)	Nil	Nil	Nil	(1,68,75,000)
Tax on Dividends	(34,35,355)	Nil	Nil	Nil	(34,35,355)
Transfer to General Reserve	(2,50,00,000)	Nil	2,50,00,000	Nil	Nil
Balance as at 31st March, 2017	**11,05,80,941**	**20,09,336**	**30,37,10,546**	**30,39,776**	**41,93,40,600**
Profit for the year	9,12,12,890	Nil	Nil	Nil	9,12,12,890
Other comprehensive income for the year (net of Tax)	(5,67,077)	Nil	Nil	(26,11,396)	(31,78,473)
Total Comprehensive Income for the year	**9,06,45,813**	**Nil**	**Nil**	**(26,11,396)**	**8,80,34,417**
Payment of Dividends	(2,25,00,000)	Nil	Nil	Nil	(2,25,00,000)
Tax on Dividends	(45,80,470)	Nil	Nil	Nil	(45,80,470)
Balance as at 31st March, 2018	**17,41,46,284**	**20,09,336**	**30,37,10,546**	**4,28,381**	**48,02,94,547**

In terms of our report attached.
For, J. T. Shah & Co
Chartered Accountants
(Firm Regd. No.109616W)

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

(J. T. Shah)
Partner
(M.No.3983)
Place : Ahmedabad
Date : 19/04/2018

For, Sterling Abrasives Limited

R. Srinivasan
Chairman
DIN: 00043658

Place: Chennai
Date : 18/04/2018

Nirav Parikh
Managing Director
DIN: 00042146

Place: Chennai
Date : 18/04/2018

STERLING ABRASIVES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2018

		31/03/2018	31/03/2017
A Cash from Operating Activity			
Net Profit Before Tax		**13,42,82,619**	**10,11,97,221**
Non Cash Adjustment to reconcile profit before tax to net cash flows			
Depreciation	3,31,64,754		3,04,82,860
Non Cash General Expense	11,25,144		11,25,144
Bad Debts Written Off	Nil		Nil
(Profit)/Loss on sale of fixed assets (net)	70,302		19,68,907
Finance Cost	1,16,64,312		1,61,32,090
Impairment on Financial Asset	52,52,863		(4,22,353)
		5,12,77,374	**4,92,86,647**
Dividend Income	Nil		Nil
Interest Income	(4,41,287)		(4,47,669)
		(4,41,287)	**(4,47,669)**
Adjustment for Movements in Working Capital:			
Increase/(decrease) in trade Payable	1,96,76,867		(33,18,542)
Increase/(decrease) in Non Current Liability Provisions	(14,89,728)		9,58,934
Increase/(decrease) in Current liability Provisions	(1,65,522)		1,63,242
Increase/(decrease) in other current liability	(74,70,410)		41,40,605
Increase/(decrease) in other current Financial liability	38,12,222		Nil
Increase/(decrease) in Non Current liability	(4,26,788)		6,19,660
Decrease/(increase) in trade receivable	(3,73,88,575)		(1,13,98,950)
Decrease/(increase) in inventories	(1,44,55,689)		(2,37,49,484)
Decrease/(increase) in other non-current Financial assets	(11,01,775)		(2,64,648)
Decrease/(increase) in other non-current assets	1,03,603		(95,102)
Decrease/(increase) in other Financial Assets	(3,13,050)		34,250
Decrease/(increase) in other current assets	(3,69,989)		1,41,99,616
		(3,95,88,834)	**(1,87,10,420)**
CASH GENERATED FROM OPERATIONS		**14,55,29,872**	**13,13,25,780**
Direct Taxes paid	(4,10,41,270)		(3,29,57,767)
		(4,10,41,270)	(3,29,57,767)
NET CASH FLOW FROM OPERATIONS		**10,44,88,602**	**9,83,68,013**

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

B Cash flow from investing activities

Payment for Property, Plant & Equipment (Incl. WIP)	(3,88,82,341)		(2,77,76,727)
Sale of Property, Plant & Equipment	17,79,470		9,30,437
Interest Received	4,41,287		4,47,669
Dividend Income	Nil		Nil
NET CASH USED IN INVESTING ACTIVITY		**(3,66,61,585)**	**(2,63,98,621)**

C Cash flow from financing activities

Current Borrowing Taken/(Repaid) (Net)	67,97,815		(13,43,932)
Long Term Borrowing Taken	Nil		Nil
Interest Paid	(1,19,82,856)		(1,64,39,196)
Long Term Borrowing Repaid	(3,49,76,550)		(3,59,40,553)
Dividend paid on Equity Shares (Incl. Dividend Tax)	(2,70,80,470)		(2,03,10,355)
NET CASH USED IN FINANCING ACTIVITY		**(6,72,42,061)**	**(7,40,34,036)**
Net Increase/(Decrease) in cash and cash equivalents		**5,84,956**	**(20,64,644)**

Cash and cash equivalent Opening Balance	25,46,214	46,10,858
Cash and cash equivalent Closing Balance	31,31,170	25,46,214
Net Increase/(Decrease) in cash and cash equivalents	**5,84,956**	**(20,64,644)**

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 Accountants
(Firm Regd. No.109616W)

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

(J. T. Shah)
Partner
(M.No.3983)
Place : Ahmedabad
Date : 19/04/2018

For, Sterling Abrasives Limited

R. Srinivasan	**Nirav Parikh**
Chairman	**Managing Director**
DIN: 00043658	**DIN: 00042146**
Place: Chennai	**Place: Chennai**
Date : 18/04/2018	**Date : 18/04/2018**

STERLING ABRASIVES LIMITED

3A Property, plant and equipment

(Amt. in Rs.)

Particulars	Buildings	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicles	Total
Carring cost as at 1st April 2016	12,61,36,918	16,50,29,650	1,52,71,994	16,80,939	48,85,078	31,30,04,579
Addition	8,14,247	2,72,69,704	71,587	50,000	23,15,174	3,05,20,712
Disposal	Nil	(34,76,566)	Nil	Nil	(2,13,558)	(36,90,124)
Reclasification of Assets	Nil	(1,05,86,504)	Nil	1,05,86,504	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**
Addition	7,10,632	3,30,71,774	3,25,490	1,27,088	28,14,972	3,70,49,956
Disposal	Nil	(20,32,404)	Nil	Nil	(8,89,376)	(29,21,780)
Reclasification of Assets	Nil	Nil	Nil	Nil	Nil	Nil
Balance as on 31-03-2018	12,76,61,797	20,92,75,654	1,56,69,071	1,24,44,531	89,12,290	37,39,63,343
Accumulated depreciation and impairment as on 1st April 2016	34,97,188	1,87,11,352	21,04,081	4,45,202	8,54,772	2,56,12,595
Addition	45,97,636	1,94,12,696	8,94,058	41,78,580	9,60,338	3,00,43,309
Eliminated on disposal	Nil	(6,17,290)	Nil	Nil	(1,74,483)	(7,91,773)
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**
Addition	46,56,350	2,12,88,704	8,06,106	52,54,347	9,79,280	3,29,84,787
Eliminated on disposal	Nil	(9,78,457)	Nil	Nil	(93,551)	(10,72,008)
Balance as on 31-03-2018	1,27,51,174	5,78,17,005	38,04,246	98,78,129	25,26,356	8,67,76,910
Net Carrying Amount As on 01-04-2016	12,26,39,729	14,63,18,298	1,31,67,913	12,35,737	40,30,306	28,73,91,984
Net Carrying Amount 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
Net Carrying As on 31-03-2018	11,49,10,622	15,14,58,649	1,18,64,826	25,66,402	63,85,934	28,71,86,433

Capital Work in Progress Movement	
Balance at April 1, 2016	**64,55,706**
Addition during the year	2,79,11,017
Capitalised during the year	3,05,20,712
Balance at March 31, 2017	**38,46,011**
Addition during the year	4,24,55,515
Capitalised during the year	3,70,49,956
Balance at March 31, 2018	**92,51,570**

(a) Assets pledged as Security

Immovable properties of the company Secured by Equitable Mortgage of Fixed Assets both Movable & Immovable.

(b) Capitalised Borrowing Cost

Borrowing Cost Capitalised on Property, Plant and Equipment during the year 2017-18 Rs.Nil(PY.2016-17 Rs.Nil).

(c) Contractual Obligations

Refer Note.34 for disclosure of Contractual Commitments for the acquisition of property, Plant & Equipment.

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

3B Other Intengible assets

(Amt. in Rs.)

Particulars	Intangible Assets
	Software & Licences
Carring cost as at 1st April 2016	13,53,908
Addition	54,834
Disposal	(85,645)
Balance as on 31-03-2017	**13,23,097**
Addition	1,67,141
Disposal	Nil
Balance as on 31-03-2018	**14,90,238**
Accumulated depreciation and impairment as on 1st April 2016	5,21,765
Addition	4,39,551
Eliminated on disposal	(84,652)
Balance as on 31-03-2017	**8,76,664**
Addition	1,79,967
Eliminated on disposal	Nil
Balance as on 31-03-2018	**10,56,630**
Net Carrying Amount As on 01-04-2016	8,32,143
Net Carrying Amount As on 31-03-2017	4,46,433
Net Carrying As on 31-03-2018	4,33,608

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

4	Other Non Current Financial Assets	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
	a) Security Deposits		
	- Secured, considered good	Nil	Nil
	- Unsecured, considered good	75,27,263	72,29,738
	- Doubtful	Nil	Nil
		75,27,263	72,29,738
	b) Advance to Employees	8,04,250	Nil
	Total	**83,31,513**	**72,29,738**

5	Other Non Current Assets	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
	Prepayments Expenses	5,92,73,449	6,03,98,593
	Advances For Capital Goods		
	Considered good	25,48,497	25,90,310
	Considered doubtful	2,20,000	2,20,000
	Less : Provision for bad and doubtful deposits	(2,20,000)	(2,20,000)
		25,48,497	25,90,310
	Advance income tax Unsecured, considered good		
	Advance Payment Of Income Tax	20,29,83,049	28,07,22,595
	Less : Provision for Income Tax	(19,37,76,786)	(27,38,89,302)
		92,06,263	68,33,293
	Margin Deposit (Amount trasferred from disclosed under other Bank Balance refer Note No.9)	42,099	95,102
	Fixed Deposits with Bank (Amount trasferred from disclosed under Other Bank Balance refer Note No.9)	62,400	66,000
	Others		
	Deposit paid under Protest - relating to disputed ESIC Demand	50,000	97,000
	Total	**7,11,82,708**	**7,00,80,298**

6	Inventories	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
	Raw materials	5,05,49,434	3,38,83,128
	Work-in-Process	2,36,34,376	2,37,47,961
	Finished Goods	3,97,81,065	4,44,29,553
	Stores & Spare parts	1,12,76,164	83,75,433
	Stock in Trade	23,90,378	27,39,654
	Total	**12,76,31,417**	**11,31,75,729**

(a) inventory of Raw Material includes material in Transit- as on 31-03-2018 of Rs. 41,73,931, (as on 31-03-2017 Rs. 19,88,735/-).

(b) Inventory of Finished Goods Includes Goods in Transit- as on 31-03-2018 Rs.Nil , (as on 31-03-2017 Rs.6,06,323/-).

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

7 Trade receivables

	Current	
	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
Trade Receivables (Unsecured)		
Considered Good	18,83,78,414	15,62,42,702
Considered Doubtful	75,29,131	22,76,268
	19,59,07,544	15,85,18,970
Less: Allowance for doubful receivable (expected credit loss allowance)	75,29,131	22,76,268
	18,83,78,414	**15,62,42,702**
Total	**18,83,78,414**	**15,62,42,702**

a The above figures of trade receivables includes Rs.3,92,321/- receivalbe from Holding Company and its Associates as at 31.03.2018 (Rs. 13,51,416/- as at 31.03.2017)

b 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.

c Credit risk is managed at the operational segmental level. The credit limit and credit period are fixed for each customer after evaluating the financial position, past performance, business opportunities, credit references etc. The credit limit and the credit period are reviewed regularly at periodical intervals.

d Concentration risk considers significant exposures relating to industry, counterparty, geography, currency etc. The concentration of credit risk is not significant as the customer base is large and diversified.

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

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

g Movment in expected credit loss allowance :

Particulars	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
Balance at the beginning of the year	22,76,268	26,98,621
Add : Allowance made during the year	61,83,880	Nil
Less : Reversal of allowance made during the year	(9,31,017)	(4,22,353)
Balance at the end of the year	**75,29,131**	**22,76,268**

8 Cash & Cash Equivalents

	Current	
	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
Cash and cash equivalents		
Cash on hand	1,06,477	2,24,501
Balance with Banks	29,97,219	23,21,713
	31,03,697	25,46,214
Total	**31,03,697**	**25,46,214**

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

Non Cash transactions:

During the year, the company has not entered into any non cash transactions on investing and financing acitivities.

STERLING ABRASIVES LIMITED

9	Bank Balance other than cash and cash equivalents	Non - Current	
		As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
	Margin Deposit	69,572	95,102
	Fixed Deposits with Bank	62,400	66,000
		1,31,972	1,61,102
	(Amount disclosed under Other Non Current Assets Note No.5)	(1,04,499)	(1,61,102)
	Total	**27,473**	**Nil**

10	Other Financial Assets (Unsecured, Considered Good, unless otherwise stated)	Current	
		As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
	Advance to Employees	7,14,000	4,00,950
	Forward Premium Receivable	6,04,375	45,41,250
	Total	**13,18,375**	**49,42,200**

11	Other Current Assets (Unsecured, Considered Good, unless otherwise stated)	Current	
		As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
	Advances to suppliers	61,82,809	11,13,649
	Prepaid Expenses	16,90,529	10,51,711
	Export Cash Aid Receivable	6,16,662	1,42,602
	Balances with government authorities	38,59,036	96,71,085
	Total	**1,23,49,036**	**1,19,79,047**

12	Equity Share Capital	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
	[i]Authorised Share Capital: 100,000 equity shares of Rs.100 each (as at March 31, 2018 : 100,000 equity shares & as at March 31, 2017 : 100,000 equity shares of Rs. 100 each)	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, 2018 : 90,000 equity shares & as at March 31, 2017 : 90,000 equity shares of Rs.100 each)	90,00,000	90,00,000
	Total	**90,00,000**	**90,00,000**

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

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

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

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

(b) 54000 Equity Shares (Previous year 54000 Shares) of Rs.100/- each are being held by the holding Company "Carborandum Universal Limited".

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

(c) Reconciliation of the number of shares outstanding and the amount of share capital as at 31/03/2018 & 31/03/2017 is set out below:-

Particulars	As at 31/03/2018		As at 31/03/2017	
	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 31/03/2018		As at 31/03/2017	
	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%

13 **Other Equity excluding non-controlling interests**

	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
(a) **Revaluation Reserve**		
Balance as per last financial Statement	20,09,336	20,09,336
Closing Balance	20,09,336	20,09,336

All the assets except Building upto 31st December 1993 were revalued in 1993 based on the valuation done by an independent valuer. The value revalued portion were recouped every year from this reserve upto March 31, 2015 under previous GAAP.

(b) **General Reserve**		
Balance as per last financial Statement	30,37,10,546	27,87,10,546
Add : Amount transfer from surplus balance in the statement of profit and loss	2,50,00,000	2,50,00,000
Closing Balance	32,87,10,546	30,37,10,546

The general reserve is a free reserve, retained from Company's profits and can be utilized upon fulfilling certain conditions in accordance with Companies Act.

(c) **Surplus/(deficit) in the Statement of Profit and Loss**		
Balance as per last financial Statement	11,05,80,941	9,08,82,031
Add : Profit for the year	9,12,12,890	6,60,65,201
Add: Other Comprehensive income	(5,67,077)	(10,55,935)
Less: Appropriations Transferred to General Reserve	2,50,00,000	2,50,00,000
Interim Dividend Paid during the year	1,12,50,000	1,12,50,000
Dividend tax on interim dividend Paid	22,90,235	22,90,235
Final Dividend Paid during the year	1,12,50,000	56,25,000
Dividend tax on final dividend Paid	22,90,235	11,45,120
	2,70,80,470	2,03,10,355
Net Surplus in the statement of profit and loss	14,91,46,284	11,05,80,941

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial position and dividend policy of the Company and in compliance with the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in its entirety.

(d)	**Currency Hedging Reserve**		
	Balance as per last financial Statement	30,39,776	4,92,614
	Add : Current year adjustment	(39,36,875)	38,05,312
		(8,97,099)	**42,97,926**
	(Tax)/reversal of Tax on Hedging Reserve	13,25,479	(12,58,150)
	Closing Balance	**4,28,381**	**30,39,776**
	Total	**48,02,94,547**	**41,93,40,600**

The 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 reserve will be reclassified to profit or loss when the hedged transaction impacts the profit or loss, or included as a basis adjustment to the non-financial hedged item.

14	**Long Term Borrowings**	**Non Current**	
		As at 31/03/2018 Rs.	**As at 31/03/2017 Rs.**
	Secured Borrowing		
	Term Loan from Bank (Repayable in 40 Equal monthly Installment Starting from 01-04-2015)#	Nil	3,49,76,550
	[Indian rupee loan from Banks]		
	Amount disclosed under the head Other Financial Liabilities' (Note No. 20)	Nil	(3,49,76,550)
	Total	**Nil**	**Nil**

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.

15	**Provisions**	**Non Current**	
		As at 31/03/2018 Rs.	**As at 31/03/2017 Rs.**
	Provisions for employee benefits		
	For unavailed leave (Refer Note No 29)	44,79,322	43,18,744
	For Gratuity (Refer Note No 29)	15,04,742	25,87,971
	Total	**59,84,064**	**69,06,715**

16	**Deffered Tax**	**Non Current**	
	Recognised in P&L	**As at 31/03/2018 Rs.**	**As at 31/03/2017 Rs.**
	Deferred Tax Assets arising out of timing difference relating to :		
	Provision for Bad and Doubtful Debts and Advances	21,92,483	7,52,603
	Provision for Expenses allowable in subsequent years	20,85,001	22,04,588
	Total Deferred Tax Assets Recognised in P&L (I)	**42,77,484**	**29,57,190**
	Deferred Tax Liability arising out of timing difference relating to :		
	Difference of Depreciation as per Tax Provision and Company Law	2,15,87,333	2,32,95,724
	Provision for Hedge Reserve	Nil	Nil
	Total Deferred Tax Liability Recognised in P&L (II)	**2,15,87,333**	**2,32,95,724**

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
Recognised in OCI		
Deferred Tax Liability arising out of timing difference relating to :		
Provision for Hedge Reserve	1,75,994	15,01,473
Total Deferred Tax Liability Recognised in OCI (III)	**1,75,994**	**15,01,473**
Net Deferred Tax Liability (II+III-I)	**1,74,85,843**	**2,18,40,007**

17 Other Non-Current Liabilities

	Non Current	
	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
Advance received against sale of Assets	5,58,000	9,84,788
Total	**5,58,000**	**9,84,788**

18 Borrowings

	Current	
	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
Secured Borrowing		
Cash Credit from Bank (Repayable on Demand) #	9,77,76,678	9,09,78,863
	9,77,76,678	**9,09,78,863**

Security :

Secured by a hypothecation of Current Assets and Equitable Mortgage of Fixed Assets both Movable & Immovable.

19 Trade payables

	Current	
	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
Payable to Micro and Small Enterprise	7,52,126	1,53,543
Payable to others		
- Acceptance	Nil	Nil
- Other than Acceptances	6,16,48,294	4,25,70,010
	6,24,00,420	**4,27,23,553**

(a) There were no overdue amounts/interest payble to Micro, Small and Medium Enterprises Develpoment Act, 2006 as at the Balance Sheet date or any time during the year.

(b)The above figures in respect of trade payables include an amount of Rs. 1,58,01,477/- payable to Holding Company and its associates as at 31.03.2018 (Rs. 1,25,30,426/- as at 31.03.2017)

(c)Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management.This has been relied upon by the Auditors.

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

20	Other Financial Liabilites	Current	
		As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
	Secured		
	Current Maturity of Long Term Borrowings	Nil	3,49,76,550
	Interest accrued	Nil	3,18,544
	Unsecured		
	Payable for Property, Plant & Equipment	63,82,072	26,83,571
	Dealer Deposits	29,74,900	26,09,900
	Salary & Wages Payable	31,85,313	28,92,141
	Bonus Payable	71,09,088	68,67,688
	Remuneration Payable to Director	36,92,650	7,80,000
	Total	**2,33,44,023**	**5,11,28,394**

21	Other Current Liablities	Current	
		As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
	Advance from Customers	70,328	30,59,801
	Statutory dues	23,01,143	27,43,466
	Advance received against sale of Assets	16,42,178	8,11,544
	Provision for Excise Duty on Finished Goods	Nil	48,69,248
	Total	**40,13,649**	**1,14,84,060**

22	Provisions	Current	
		As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
	Provisions for employee benefits		
	For unavailed leave (Refer Note No 29)	5,61,073	3,40,529
	For Gratuity (Refer Note No 29)	Nil	3,86,066
	Total	**5,61,073**	**7,26,595**

23	Current Tax Liability	Current	
		As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
	Provision for Income Tax	4,78,45,500	3,23,90,000
	Less : Advance Tax paid during the year	(4,00,69,554)	(3,20,44,167)
	Total	**77,75,946**	**3,45,833**

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

24	Revenue from operation		Year ended 31/03/2018 Rs.	Year ended 31/03/2017 Rs.
	Sale of Product			
	Finished Goods	80,15,72,706		70,71,67,332
	Traded Goods	12,84,934		46,57,982
			80,28,57,640	71,18,25,314
	Other Operating Revenue			
	Scrap Sales	85,63,832		51,47,196
	Commission Income	60,536		4,51,247
	Duty drawback and other export incentives	22,94,674		17,88,419
			1,09,19,042	73,86,862
	Total		**81,37,76,682**	**71,92,12,175**

25	Other Income	Year ended 31/03/2018 Rs.	Year ended 31/03/2017 Rs.
	Interest Income From Bank	14,928	6,000
	Interest Income From Others	4,26,359	4,41,669
	Foreign Exchange Gain/ (Loss)	21,73,033	Nil
	Profit/ (Loss) From Sale of Fixed Assets	Nil	Nil
	Total	**26,14,320**	**4,47,669**

26	Cost of Raw Material Consumed	Year ended 31/03/2018 Rs.	Year ended 31/03/2017 Rs.
	Inventory at the beginning of the year	3,38,83,128	3,38,83,128
	Add: Purchases	27,25,06,024	21,39,68,025
	Less: Inventory at the end of the year	5,05,49,434	3,38,83,128
	Cost of Raw Material Consumed	**25,58,39,717**	**21,39,68,025**

27	Purchase of Stock in Trade	Year ended 31/03/2018 Rs.	Year ended 31/03/2017 Rs.
	Trading Purchase	35,88,469	65,67,935
	Total	**35,88,469**	**65,67,935**

28	Change In Inventories Of Finished Goods,Work In Progress And Stock In Trade	Year ended 31/03/2018 Rs.	Year ended 31/03/2017 Rs.
	Inventory at the beginning of the year		
	Work-in-process	2,37,47,961	1,58,75,821
	Stock in Trade	27,39,654	28,43,486
	Finished goods	4,44,29,553	3,84,24,718
		7,09,17,167	**5,71,44,025**
	Inventory at the end of the year		
	Work-in-process	2,36,34,376	2,37,47,961
	Stock in Trade	23,90,378	27,39,654
	Finished goods	3,97,81,065	4,44,29,553
		6,58,05,819	**7,09,17,167**
	Decretion / (Accretion) to Stock	**51,11,349**	**(1,37,73,143)**

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

29	Employee Benefit Expense	Year ended 31/03/2018 Rs.	Year ended 31/03/2017 Rs.
	Salary, Wages & Bonus	10,63,08,278	9,13,17,170
	Contribution to Provident Fund & Other Funds	66,21,879	65,84,252
	Welfare Expenses	45,94,398	46,35,377
	Total	**11,75,24,555**	**10,25,36,800**

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, 2018.

A.	**Amount of Defined Benefit Obligation in respect of Gratuity liabilit is regonised in the balance sheet as Follows:**		
	Particulars	**Projected Unit Credit Method**	
	Period Covered	**2017-18**	**2016-17**
A.	**Change in defined benefit obligation**	**31-03-2018**	**31-03-2017**
1.	Defined benefit obligation at beginning of period	1,85,50,440	1,50,11,527
2.	Service cost		
	a. Current service cost	19,36,666	19,92,851
	b. Past service cost	Nil	Nil
	c. (Gain) / loss on settlements	Nil	Nil
3.	Interest expenses	11,26,930	11,42,670
4.	Cash flows	Nil	Nil
	a. Benefit payments from plan	(13,25,330)	(5,72,797)
	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	(17,56,698)	16,05,213
	c. Effect of experience adjustments	1,30,488	(6,29,024)
6.	Transfer In /Out		
	a. Transfer In	Nil	Nil
	b. Transfer out	Nil	Nil
7.	Defined benefit obligation at end of period	1,86,62,495	1,85,50,440
B.	**Change in fair value of plan assets**	**31-03-2018**	**31-03-2017**
1.	Fair value of plan assets at beginning of period	1,55,76,403	1,38,85,812
2.	Interest income	10,31,126	11,43,134
3.	Cash flows		
	a. Total employer contributions		Nil
	(i) Employer contributions	40,68,842	12,00,000
	(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	(13,25,330)	(5,72,797)
	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)	(21,93,287)	(79,746)
5.	Transfer In /Out		
	a. Transfer In	Nil	Nil
	b. Transfer out	Nil	Nil
6.	Fair value of plan assets at end of period	1,71,57,754	1,55,76,403

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

C.	Amounts recognized in the statement of financial position	31-03-2018	31-03-2017
1.	Defined benefit obligation	1,86,62,495	1,85,50,440
2.	Fair value of plan assets	(1,71,57,754)	(1,55,76,403)
3.	Funded status	15,04,741	29,74,037
4.	Effect of asset ceiling	Nil	Nil
5.	Net defined benefit liability (asset)	15,04,741	29,74,037
D.	**Components of defined benefit cost**	**31-03-2018**	**31-03-2017**
1.	Service cost		
	a. Current service cost	19,36,666	19,92,851
	b. Past service cost	Nil	Nil
	c. (Gain) / loss on settlements	Nil	Nil
	d. Total service cost	19,36,666	19,92,851
2.	Net interest cost		
	a. Interest expense on DBO	11,26,930	11,42,670
	b. Interest (income) on plan assets	10,31,126	11,43,134
	c. Interest expense on effect of (asset ceiling)	Nil	Nil
	d. Total net interest cost	95,804	(464)
3.	Remeasurements (recognized in other comprehensive income)		
	a. Effect of changes in demographic assumptions	Nil	Nil
	b. Effect of changes in financial assumptions	(17,56,698)	16,05,213
	c. Effect of experience adjustments	1,30,488	(6,29,024)
	d. (Return) on plan assets (excluding interest income) *	(21,93,287)	(79,746)
	e. Changes in asset ceiling (excluding interest income)	Nil	Nil
	f. Total Remeasurements included in OCI	5,67,077	10,55,935
4.	Total defined benefit cost recognized in P&L and OCI	25,99,547	30,48,322
E.	**Re-measurement**	**31-03-2018**	**31-03-2017**
	a. Actuarial Loss/(Gain) on DBO	(16,26,210)	9,76,189
	b. Returns above Interest Income	(21,93,287)	(79,746)
	c. Change in Asset ceiling	Nil	Nil
	Total Re-measurements (OCI)	5,67,077	10,55,935
F.	**Employer Expense (P&L)**	**31-03-2018**	**31-03-2017**
	a. Current Service Cost	19,36,666	19,92,851
	b. Interest Cost on net DBO	95,804	(464)
	c. Past Service Cost	Nil	Nil
	d. Total P& L Expenses	20,32,470	19,92,387
G.	**Net defined benefit liability (asset) reconciliation**	**31-03-2018**	**31-03-2017**
1.	Net defined benefit liability (asset)	29,74,037	11,25,715
2.	Defined benefit cost included in P&L	20,32,470	19,92,387
3.	Total Remeasurements included in OCI	5,67,077	10,55,935
4.	a. Employer contributions	(40,68,842)	(12,00,000)
	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	15,04,742	29,74,037
H.	**Reconciliation of OCI (Re-measurement)**	**31-03-2018**	**31-03-2017**
1.	Recognised in OCI at the beginning of period	(11,80,383)	1,24,448
2.	Recognised in OCI during the period	5,67,077	10,55,935
3.	Recognised in OCI at the end of the period	(6,13,306)	11,80,383
I.	**Sensitivity analysis - DBO end of Period**	**31-03-2018**	**31-03-2017**
1.	Discount rate +100 basis points	1,75,06,553	1,73,16,382
2.	Discount rate -100 basis points	1,99,86,055	1,99,78,024
3.	Salary Increase Rate +1%	1,98,89,391	1,98,61,248
4.	Salary Increase Rate -1%	1,75,71,520	1,73,94,603
5.	Attrition Rate +1%	1,87,13,350	1,84,68,787
6.	Attrition Rate -1%	1,86,02,749	1,86,40,684

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

J.	Significant actuarial assumptions	31-03-2018	31-03-2017
1.	Discount rate Current Year	7.70%	6.30%
2.	Discount rate Previous Year	6.30%	7.76%
3.	Salary increase rate	Uniform 7.0%	Uniform 7.0%
4.	Attrition Rate	Uniform 8.0%	Uniform 8.0%
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	31-03-2018	31-03-2017
1.	No.	337	342
2.	Avg. Age (yrs.)	34	34
3.	Avg. Past Service (yrs.)	8	7
4.	Avg. Sal. Mly (Rs.)	10,638	9,945
5.	Future Service (yrs.)	25	25
6.	Weighted average duration of DBO	9	9

L.	Expected cash flows for following year	31-03-2018	31-03-2017
1.	Expected employer contributions / Addl. Provision Next Year	33,01,676	34,19,604
2.	Expected total benefit payments		
	Year 1	26,86,157	24,08,066
	Year 2	15,39,135	21,37,868
	Year 3	26,32,867	13,04,352
	Year 4	14,86,336	21,25,731
	Year 5	12,70,436	12,47,806
	Next 5 years	68,45,761	58,91,144

M.	Fair value of plan assets	31-03-2018	31-03-2017
	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	1,66,11,403

N.	Defined benefit obligation at end of period	31-03-2018	31-03-2017
	Current Obligation	26,86,157	24,08,066
	Non-Current Obligation	1,59,76,338	1,61,42,374
	Total	1,86,62,495	1,85,50,440

	SUMMARY		
	Assets / Liabilities	31-03-2018	31-03-2017
1.	Defined benefit obligation at end of period	1,86,62,495	1,85,50,440
2.	Fair value of plan assets at end of period	1,71,57,754	1,55,76,403
3.	Net defined benefit liability (asset)	15,04,742	29,74,037
4.	Defined benefit cost included in P&L	20,32,470	19,92,387
5.	Total Remeasurements included in OCI	5,67,077	10,55,935
6.	Total defined benefit cost recognized in P&L and OCI	25,99,547	30,48,322

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

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	**2017-18**	**2016-17**
A.	**Change in defined benefit obligation**	**31-03-2018**	**31-03-2017**
1.	Defined benefit obligation at beginning of period	46,59,273	43,29,485
2.	Service cost		
	a. Current service cost	5,73,376	5,64,241
	b. Past service cost	Nil	Nil
	c. (Gain) / loss on settlements	Nil	Nil
3.	Interest expenses	2,20,013	2,73,407
4.	Cash flows		
	a. Benefit payments from plan	(23,34,006)	(16,12,408)
	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	(5,69,620)	4,43,044
	c. Effect of experience adjustments	24,91,359	6,61,504
6.	Transfer In /Out		
	a. Transfer In	Nil	Nil
	b. Transfer out	Nil	Nil
7.	Defined benefit obligation at end of period	50,40,395	46,59,273
B.	**Change in fair value of plan assets**	**31-03-2018**	**31-03-2017**
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	23,34,006	16,12,408
	(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	(23,34,006)	(16,12,408)
	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
C.	**Amounts recognized in the statement of financial position**	**31-03-2018**	**31-03-2017**
1.	Defined benefit obligation	50,40,395	46,59,273
2.	Fair value of plan assets	Nil	Nil
3.	Funded status	50,40,395	46,59,273
4.	Effect of asset ceiling	Nil	Nil
5.	Net defined benefit liability (asset)	50,40,395	46,59,273

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

D.	Components of defined benefit cost	31-03-2018	31-03-2017
1.	Service cost		
	a. Current service cost	5,73,376	5,64,241
	b. Past service cost	Nil	Nil
	c. (Gain) / loss on settlements	Nil	Nil
	d. Total service cost	5,73,376	5,64,241
2.	Net interest cost		
	a. Interest expense on DBO	2,20,013	2,73,407
	b. Interest (income) on plan assets	Nil	Nil
	c. Interest expense on effect of (asset ceiling)	Nil	Nil
	d. Total net interest cost	2,20,013	2,73,407
3.	Remeasurements (recognized in other comprehensive income)		
	a. Effect of changes in demographic assumptions	Nil	Nil
	b. Effect of changes in financial assumptions	(5,69,620)	4,43,044
	c. Effect of experience adjustments	24,91,359	6,61,504
	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	19,21,739	11,04,548
4.	Total defined benefit cost recognized in P&L and OCI	27,15,128	19,42,196
E.	**Re-measurement**	**31-03-2018**	**31-03-2017**
	a. Actuarial Loss/(Gain) on DBO	19,21,739	11,04,548
	b. Returns above Interest Income	Nil	Nil
	c. Change in Asset ceiling	Nil	Nil
	Total Re-measurements (OCI)	19,21,739	11,04,548
F.	**Employer Expense (P&L)**	**31-03-2018**	**31-03-2017**
	a. Current Service Cost	5,73,376	5,64,241
	b. Interest Cost on net DBO	2,20,013	2,73,407
	c. Past Service Cost	Nil	Nil
	d. Total P& L Expenses	7,93,389	8,37,648
G.	**Net defined benefit liability (asset) reconciliation**	**31-03-2018**	**31-03-2017**
1.	Net defined benefit liability (asset)	46,59,273	43,29,485
2.	Defined benefit cost included in P&L	7,93,389	8,37,648
3.	Total Remeasurements included in OCI	19,21,739	11,04,548
4.	a. Employer contributions		
	b. Employer direct benefit payments	(23,34,006)	(16,12,408)
	c. Employer direct settlement payments	Nil	Nil
5.	Net transfer	Nil	Nil
6.	Net defined benefit liability (asset) as of end of period	50,40,395	46,59,273
H.	**Reconciliation of OCI (Re-measurement)**	**31-03-2018**	**31-03-2017**
1.	Recognised in OCI at the beginning of period	11,04,548	12,04,005
2.	Recognised in OCI during the period	19,21,739	11,04,548
3.	Recognised in OCI at the end of the period	30,26,287	23,08,553
J.	**Significant actuarial assumptions**	**31-03-2018**	**31-03-2017**
1.	Discount rate Current Year	7.70%	6.30%
2.	Discount rate Previous Year	6.30%	7.76%
3.	Salary increase rate	Uniform 9.0%	Uniform 9.0%
4.	Attrition Rate	Uniform 27.0%	Uniform 27.0%
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

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

K.	Data	31-03-2018	31-03-2017
1.	No.	258	286
2.	Avg. Age (yrs.)	35	34
3.	Total Leave Balance	7,104	5,564
4.	Avg. Sal. Mly (Rs.)	17,930	13,937
5.	Future Service (yrs.)	25	27
6.	Weighted average duration of DBO	9	3
	Type of Leave		
	Long Term Privilege Leave	50,40,395	46,59,273
	Long Term Sick Leave	Nil	Nil
	Short Term Privilege Leave	Nil	Nil
	Short Term Sick Leave	Nil	Nil
	Privilege Leave Total	50,40,395	46,59,273
	Sick Leave Total	Nil	Nil
	Total	50,40,395	46,59,273
	Availment Pattern		
	Sick Leave	0	0
	Privilege Leave	>45 days	>45 days
L.	**Expected cash flows for following year**	**31-03-2018**	**31-03-2017**
1.	Expected employer contributions / Addl. Provision Next Year	11,34,449	9,04,297
N.	**Defined benefit obligation at end of period**	**31-03-2018**	**31-03-2017**
	Current Obligation	5,61,073	3,40,056
	Non-Current Obligation	44,79,322	43,19,217
	Total	50,40,395	46,59,273
	SUMMARY		
	Assets / Liabilities	**31-03-2018**	**31-03-2017**
1.	Defined benefit obligation at end of period	50,40,395	46,59,273
2.	Fair value of plan assets at end of period	Nil	Nil
3.	Net defined benefit liability (asset)	50,40,395	46,59,273
4.	Defined benefit cost included in P&L	27,15,128	19,42,196
5	Total remeasurements included in OCI	Nil	Nil
5	Total defined benefit cost recognized in P&L and OCI	27,15,128	19,42,196

30	**Finance Costs**	**Year ended 31/03/2018 Rs.**	**Year ended 31/03/2017 Rs.**
	Interest Cost		
	- On Fixed loans	18,94,173	54,38,284
	- On Others	63,29,714	79,68,305
	Other borrowing cost	34,40,425	27,25,501
	Total	**1,16,64,312**	**1,61,32,090**

31	**Depreciation And Amortisation Expense**	**Year ended 31/03/2018 Rs.**	**Year ended 31/03/2017 Rs.**
	Depreciation of Tangible Assets	3,29,84,787	3,00,43,309
	Depreciation of Intangible Assets	1,79,967	4,39,551
	Total	**3,31,64,754**	**3,04,82,860**

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

32 Other Expenses

	Year ended 31/03/2018 Rs.	Year ended 31/03/2017 Rs.
Stores & Spares consumed	2,84,54,138	2,19,41,440
Packing material consumed	2,66,78,097	2,28,73,586
Electricity & Fuel charges	6,39,52,134	5,13,09,249
Repairs To:		
Building	19,26,293	9,46,739
Machinery	78,26,637	77,95,187
Other	35,84,750	29,78,463
Total	1,33,37,681	1,17,20,389
Insurance	16,19,281	19,08,447
Rent	3,40,554	2,98,698
Rates & Taxes	12,98,681	20,69,666
Stationery, Printing & Communication	16,33,315	16,99,045
Advertisement & Sales Promotion Expense	44,73,264	36,56,522
Traveling & Conveyance Expense	1,09,52,042	98,41,093
Professional Fees	2,11,53,958	1,67,65,175
Expected Credit Loss (Net)	52,52,863	(4,22,353)
Freight & Delivery charges	3,72,74,683	3,11,55,579
(Increase)/decrease of excise duty on inventory	(45,27,775)	7,77,420
Auditor's Remuneration:		
Audit Fees	3,00,000	1,75,000
In other capacity	Nil	15,315
For Tax Audit	50,000	50,000
For Income Tax Consultancy Fee	1,00,000	90,000
For GST/VAT Tax Matter	50,000	35,000
For Certification	20,500	21,500
Total	5,20,500	3,86,815
Director Sitting Fees	13,890	13,890
Commission paid	2,02,22,579	1,54,58,672
Donation (Including amount of Rs 16,80,000/- in the nature of CSR Exp. (previous year Rs 17,96,000/-)	19,95,000	19,15,000
Loss on sale of Fixed assets	70,302	19,68,907
Loss on Exchange fluctuation (net)	Nil	25,48,071
General Charges (including Watch & Ward Charges , Calibration Charges, water charges, House Keeping Charges & Misc. Expenses)	69,21,146	69,33,449
Total	24,16,36,332	20,48,18,760

Expenditure on Corporate Social Responsibilities activities

a) Gross amount required to be spent by the Company during the year Rs. 17,56,949/- (Previous year Rs.16,79,673/-)

b) Amount spent during the year: **Amount in Rs.**

Sr. No	Particulars	In Cash	Yet to be paid	Total
1	Education & Women empowerment Purpose	8,80,000.00	Nil	8,80,000
		(PY. 8,40,000/-)	(PY. Nil)	(PY. 8,40,000/-)
	Healthcare Purpose	8,80,000.00	Nil	8,80,000
		(PY. 8,40,000/-)	(PY. Nil)	(PY. 8,40,000/-)
2	On Purpose other than (1) above	Nil	Nil	Nil
		(PY. Nil)	(PY. Nil)	(PY. Nil)

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

33 Income tax recognised in profit or loss

	Year ended 31/03/2018 Rs.	Year ended 31/03/2017 Rs.
Current tax		
In respect of the current year	4,78,45,500	3,23,90,000
In respect of the prior year	(17,47,087)	Nil
	4,60,98,413	3,23,90,000
Deferred tax		
In respect of the current year	(30,28,684)	27,42,021
	(30,28,684)	27,42,021
Total	**4,30,69,729**	**3,51,32,021**

Income tax reconciliation

Particulars	Year ended 31/03/2018 Rs.	Year ended 31/03/2017 Rs.
Profit before tax	13,37,15,542	10,01,41,286
Tax expenses reported during the year	4,30,69,729	3,51,32,021
Income tax expenses calculated at 33.063% (30%*107%*103%)	4,42,10,370	3,31,09,713
Difference	(11,40,641)	20,22,308
Expenditure on Corporate Social Responsibilities	3,29,803	2,75,249
Penalty & Appeal Fees	47,055	5,441
Excess Provision W/back	17,47,087	(3,679)
Effect of changes in tax rate from33.063% to 28.840 %	(32,62,241)	2,75,724
Adjustment recognised in the current year in relation to prior years expense	(2,346)	14,69,571
Total	**(11,40,641)**	**20,22,307**

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

34 Contingent liabilities in respect of:

Particulars	31/03/2018 (Rs.)	31/03/2017 (Rs.)
1. Disputed demand of Income Tax and T.D.S. [Against which the company has paid Rs.32,26,265/- as under Protest (Previous Year Rs.1,04,57,000)	53,32,378	1,17,69,848
2. Disputed demand of Value Added Tax and Central Sales Tax [Against which the company has paid Rs.18,81,009/- (Previous Year Rs. 18,81,009/-)	7,02,33,391	7,02,33,391
3. Disputed demand of ESI [Against which the company has paid Rs.40,000/- (Previous Year Rs.90,000/-)	1,05,483	2,05,483
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]	31,28,992	1,13,05,763
5. Disputed demand of Central Excise & Penalty [Against which the company has paid Rs. Nil under Protest (Previous Year Rs.0.75 Lacs)]	5,29,429	5,29,429
6. Estimated amount of Contracts remaining to be executed on Capital account [Against which the company has paid advances of Rs. Nil (Previous Year Rs 2.50 Lacs)]	1,40,62,389	1,89,58,755
7. Bank Guarantees	Nil	1,00,000
8. Employees demands pending before labour court	Amount Not ascertainable	Amount Not ascertainable

35 The excise duty on opening goods of finished stock is recognized separately in the Statement of Profit & Loss.

36 Borrowing costs attributable to the acquisition or construction of Qualifying Assets amounting to Rs. Nil (Previous Year Rs. Nil) is capitalized by the company.

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

38 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	31/03/2018 (Rs.)	31/03/2017 (Rs.)
Revenue by Geographical market		
India	55,38,33,609	50,57,56,202
Rest of world	25,99,43,073	21,82,11,714
Carrying amount of Segment Assets		
India	63,17,28,985	59,87,43,433
Rest of world	7,74,65,259	5,67,15,975
Addition to Fixed Assets and Intangible Assets		
India	3,72,17,097	3,05,75,546

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

39 Earning per Share

Particulars	Unit	31/03/2018 (Rs.)	31/03/2017 (Rs.)
Profit Attributable to Equity Share Holders from Continuing Operations (Profit after Tax)	Rs.	9,12,12,889	6,60,65,200
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.**	**1013.48**	**734.06**

40 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	
		31/03/18 (Rs.)	31/03/17 (Rs.)	31/03/18 (Rs.)	31/03/17 (Rs.)	31/03/18 (Rs.)	31/03/17 (Rs.)	31/03/18 (Rs.)	31/03/17 (Rs.)
1	Sales	15,53,253	10,53,195	14,79,042	17,86,814	Nil	Nil	30,32,295	28,40,009
2	Purchases	11,85,96,523	9,38,85,018	Nil	4,81,311	Nil	Nil	11,85,96,523	9,43,66,329
3	Debtors	1,29,208	8,87,555	2,63,113	4,63,861	Nil	Nil	3,92,321	13,51,416
4	Creditors	1,56,79,847	1,25,77,824	1,21,630	47,398	Nil	Nil	1,58,01,477	1,25,30,426
5	Purchase of Fixed Assets	23,92,749	Nil	Nil	Nil	Nil	Nil	23,92,749	Nil
6	Payment to and provision for employees	Nil	Nil	Nil	Nil	1,43,99,924	1,1115,613	1,43,99,924	1,1115,613
7	Professional Fees Paid	1,68,93,000	1,27,65,000	12,44,881	10,77,129	Nil	Nil	1,81,37,881	1,38,42,129
8	Reimbursement of Expenses	Nil	Nil	18,493	32,500		Nil	18,493	32,500

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

Notes :

- Dividend paid has not been considered by the company as transaction falling under the perview of Ind AS – 24 Related Party Disclosure.

- No amount pertaining to related parties have been provided as doubtful debts. Also, no amount have been written off or written back during the year.

- List of transaction, out of the transactions reported in the above table, where the transactions entered in to with single party exceed the 10% of the total related Party transactions of similar nature are as under:

1. **Carborandum Universal Ltd**:
   - Purchase made during the Year Rs. 11,85,96,523/- (P.Y.Rs. 9,38,85,018/-)
   - Purchase of Capital Goods made during the Year Rs.23,92,749/- (P.Y.Rs. Nil)
   - Sales made during the Year – Rs.15,53,253/- (P.Y. Rs.10,53,195/-)
   - Professional & Consultancy Fees Paid during the Year Rs.16,89,300/-(P.Y. Rs.1,27,65,000/-)
   - Debtors having closing balance of Rs. 1,29,208/- (P.Y. Rs. 8,87,555/-)
   - Creditors having closing balance of Rs.1,56,79,847/-(P.Y. Rs.1,25,77,824/-)
   - Reimbursement of expenses of Rs. Nil (P.Y.Rs.Nil)

2. **Wendt India Ltd. :**
   - Sales made during the Year Rs.9,42,935/- (P.Y. Rs.9,64,676/-)
   - Debtors having closing balance of Rs.1,19,309/- (P.Y. Rs.1,35,240/-)

3. **Murugappa Morgan Thermal Ceramics Limited. :**
   - Purchase made during the year Rs.Nil (P.Y. Rs.4,22,651/-)

4. **Murugappa Management Service Ltd :**
   - Reimbursement Expense during the year Rs.Nil (P.Y. Rs.32,500/-)

5. **Cumi America Inc:**
   - Sales made during the Year Rs.5,36,107/- (P.Y. Rs.Nil)
   - Debtors having closing balance of Rs.1,43,804/- (P.Y. Rs.Nil)

6. **Key Mgt. Personnel :**
   - Mr.Nitin S. Parikh
     Remuneration and perquisites paid to the director Rs.71,99,865/- (P.Y. Rs.55,59,539/-)
   - Mr.Nirav N. Parikh
     Remuneration and perquisites paid to the director Rs.72,00,059 /- (P.Y. Rs. 55,56,074/-)

S.R. BATLIBOI & CO. AHMEDABAD CHARTERED ACCOUNTANTS

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

Particulars	Raw Materials				Components & Spare Parts			
	%		Value (Rs.)		%		Value (Rs.)	
	31/03/18	31/03/17	31/03/18 (Rs.)	31/03/17 (Rs.)	31/03/18	31/03/17	31/03/18 (Rs.)	31/03/17 (Rs.)
i. Imported	26.51	21.67	6,78,30,401	4,63,63,525	Nil	0.32	Nil	70,610
ii. Indigenous	73.49	78.33	18,80,09,316	16,76,04,500	100.00	99.38	2,84,54,138	2,18,70,830
Total . . .	100.00	100.00	**25,58,39,717**	**21,39,68,025**	100.00	100.00	**2,84,54,138**	**2,19,41,440**

42 Details in respect of CIF Value of imports

Particulars	31/03/2018 (Rs.)	31/03/2017 (Rs.)
i. Raw Materials	7,06,78,085	4,53,49,847
ii. Component, Spares and Packing Material	Nil	70,611
iii. Trading Purchase	Nil	1,88,578

43 Earning in Foreign Currencies

Particulars	31/03/2018 (Rs.)	31/03/2017 (Rs.)
Value of Exports on FOB basis	24,99,25,339	21,43,09,327
Commission Income	60,536	4,51,246

44 Expenditure in Foreign Currency

Particulars	31/03/2018 (Rs.)	31/03/2017 (Rs.)
i. Travelling Expenses	21,28,232	36,21,416
ii. Foreign Bank Charges	4,16,430	8,64,781
iii. Exibition Expense	Nil	Nil

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

45 Notes forming part of the Standalone financial statements for the year ended 31st March 2018 (in Indian Rupees , unless otherwise stated)

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	
	31.03.2018	**31.03.2017**
Debt	9,77,76,678	12,59,55,413
Cash and bank balances	(31,31,170)	(25,46,214)
Net debt	9,46,45,508	12,34,09,199
Equity	48,92,94,547	42,83,40,600
Net debt to equity ratio	19.00%	29.00%

(ii) Categories of financial instruments

	As at	
	31.03.2018	**31.03.2017**
Financial assets		
Measured at amortised cost		
(a) Cash and bank balances	31,31,170	25,46,214
(b) Other financial assets at amortised cost	19,80,28,302	16,84,14,640
Financial liabilities		
Measured at amortised cost (including trade payables balance in a disposal Company held for sale)	18,35,21,121	18,48,30,810

(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

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
US Dollar (USD)	Nil	Nil	9,77,008	7,43,924
EURO Currency (EUR)	Nil	Nil	1,05,288	45,629
Great Britian Pound (GBP)	Nil	Nil	22,748	47,267

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 31.03.2018		As at 31.03.2017	
		Number of contracts	value	Number of contracts	value
Loan	USD	Nil	Nil	Nil	Nil
Export receivable	EURO	Nil	Nil	Nil	Nil
Export receivable	USD	10	12,50,000	9	11,25,000
Import payment	USD	Nil	Nil	Nil	Nil

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

b(ii). 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 not 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.

Variable loans	31.03.2018			31.03.2017		
	Weighted average rate	Balance	% of total loans	Weighted average rate	Balance	% of total loans
Long term loans	0.00%	0	0%	10.50%	3,49,76,550	29%

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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Interest rate - increase by 0.5 basis point	Nil	1,80,526	Nil	1,80,526
Interest rate - decrease by 0.5 basis point	Nil	(1,80,526)	Nil	(1,80,526)

Other price risks

As of 31st March 2018, Company has Rs.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 2018:

Particulars	Carrying amount	upto 1 year	1-3 year	3-5 year	More than 5 year	Total contracted cash flows
Non-current financial						
Borrowings and interest thereon*	Nil	Nil	Nil	Nil	Nil	Nil
Finance lease liability	Nil	Nil	Nil	Nil	Nil	Nil
Current financial						
Borrowings and interest thereon* (Non Current)	Nil	Nil	Nil	Nil	Nil	Nil
Borrowings and interest thereon* (Current)	9,77,76,678	9,77,76,678	Nil	Nil	Nil	9,77,76,678
Trade payables	6,24,00,420	6,24,00,420	Nil	Nil	Nil	6,24,00,420
Other financial liabilities**	2,33,44,023	2,33,44,023	Nil	Nil	Nil	2,33,44,023

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

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)	3,49,76,550	3,49,76,550	Nil	Nil	Nil	3,49,76,550
Borrowings and interest thereon* (Current)	9,12,97,407	9,12,97,407	Nil	Nil	Nil	9,12,97,407
Trade payables	4,27,23,553	4,27,23,553	Nil	Nil	Nil	4,27,23,553
Other financial liabilities**	5,11,28,394	5,11,28,394	Nil	Nil	Nil	5,11,28,394

*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 2018:

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	83,31,513	Nil	Nil	Nil	83,31,513	83,31,513
Current financial assets						
Trade receivables	18,83,78,414	18,83,78,414	Nil	Nil	Nil	18,83,78,414
Other financial assets	6,04,375	6,04,375	Nil	Nil	Nil	6,04,375
Advance to employees	7,14,000	7,14,000	Nil	Nil	Nil	7,14,000

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	72,29,738	Nil	Nil	Nil	72,29,738	72,29,738
Current financial assets						
Trade receivables	15,62,42,702	15,62,42,702	Nil	Nil	Nil	15,62,42,702
Other financial assets	45,41,250	45,41,250	Nil	Nil	Nil	45,41,250
Advance to employees	4,00,950	4,00,950	Nil	Nil	Nil	4,00,950

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.

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

Financing facilities

	As at	
	31.03.2018	31.03.2017
Secured term loan from bank:		
Amount used	Nil	3,49,76,550
amount unused.	Nil	Nil
	Nil	3,49,76,550
Borrowings from bank:		
Amount used	Nil	Nil
amount unused.	Nil	Nil
	Nil	Nil
Secured cash credit and other borrowings facility:		
Amount used	9,77,76,678	9,09,78,863
amount unused.	1,22,23,322	1,90,21,137
Total Financing faclity used from Bank	9,77,76,678	12,59,55,413

Fair value measurements

Fair value of the company's financial assets and financial liabilities is NIL for the period ended 31st March 2018 and for the period ended 31st March 2017 .

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 31.03.2018		As at 31.03.2017	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost:					
Non-current financial assets					
Other financial assets					
Security deposit	Level 3	83,31,513	83,31,513	72,29,738	72,29,738
Current financial assets					
Trade receivables	Level 2	18,83,78,414	18,83,78,414	15,62,42,702	15,62,42,702
Other financial assets		6,04,375	6,04,375	45,41,250	45,41,250
Advances to employees	Level 3	7,14,000	7,14,000	4,00,950	4,00,950
Financial liabilities held at amortised cost:					
Non-current financial liabilities					
Borrowings and interest thereon	Level 3	Nil	Nil	Nil	Nil
Finance lease and interest thereon	Level 2	Nil	Nil	Nil	Nil
Current financial liabilities					
Borrowings and interest thereon	Level 3	9,77,76,678	9,77,76,678	12,62,73,957	12,62,73,957
Trade payables	Level 2	6,24,00,420	6,24,00,420	4,27,23,553	4,27,23,553
Finance lease and interest thereon	Level 2	Nil	Nil	Nil	Nil
Others financial liabilities	Level 3	2,33,44,023	2,33,44,023	5,11,28,394	5,11,28,394

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

STERLING ABRASIVES LIMITED

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 "45"
As per our report of even date attached herewith.
For, J. T. Shah & Co
Chartered Accountants
(Firm Regd.No.109616W)

J. T. SHAH & CO. AHMEDABAD CHARTERED ACCOUNTANTS

[J.T.Shah]
Partner
(M.No.3983)
Place : Ahmedabad
Date : 19/04/2018

For, Sterling Abrasives Limited

R. Srinivasan	**Nirav Parikh**
Chairman	**Managing Director**
DIN: 00043658	**DIN: 00042146**
Place: Chennai	**Place: Chennai**
Date :18/04/2018	**Date: 18/04/2018**