WENDT

35th ANNUAL REPORT 2016-17

Years of Customer Care with Engineering Flair.

WENDT (INDIA) LTD

WENDT

WENDT (INDIA) LTD

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Visit us : www.wendtindia.com

WENDT

New Product Developments & Launches - Machine Tools

Cylindrical Grinding Machine - AWH 250

Cylindrical Grinding Machine - SWH 250

Twin Spindle Vertical Honing Machine with Robot - E3500TS

Horizontal Honing Machine - E2000S

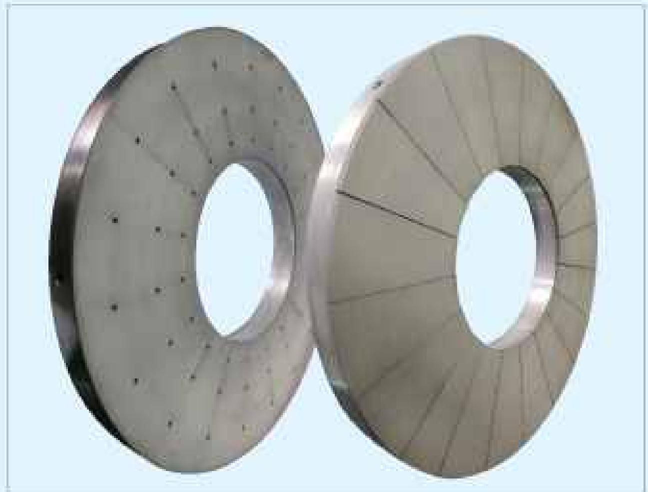
Wheel Profiling & Dressing Machine - WDM 8V

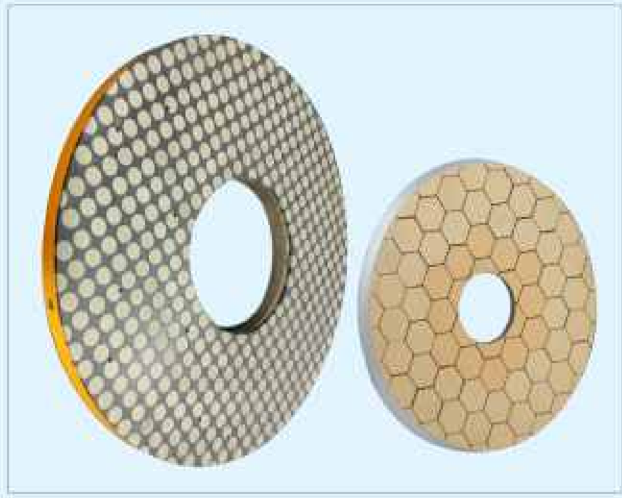
Surface Grinding Machine - WHS21HCF

New Product Developments & Launches - Super Abrasive Tools


Brazed Grinding Wheel - Paint Industry


Spiral Grinding Wheel - Razor Blade Industry


Double Disc Grinding Wheel - Engineering, Ceramic & Auto Industry


Fine Grinding Wheel - Engineering, Ceramic & Auto Industry


Star Range of Products

BOARD OF DIRECTORS

Chairman	M M MURUGAPPAN
Director	EDMAR ALLITSCH
Director	K SRINIVASAN
Independent Director	SHRINIVAS G SHIRGURKAR
Independent Director	K S SHETTY
Alternate Director to (Edmar Allitsch)	PETER VERHOLEN

SENIOR MANAGEMENT

Chief Executive	RAJESH KHANNA
Unit Head	M S VENKATESH
Business Head - Superabrasives	D K HOTTA
Business Head - Non-Superabrasives	S SUNDARIYA
Chief Financial Officer	MUKESH KUMAR HAMIRWASIA
Head - Technology and R & D	Dr. S SANTANU MANDAL

COMPANY SECRETARY

AKANKSHA BIJAWAT

BANKERS

STATE BANK OF INDIA

AUDITORS

DELOITTE HASKINS & SELLS
Bangalore

REGISTERED OFFICE

No.105, 1st Floor, Cauvery Block,
National Games Housing Complex,
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Bangalore - 560047
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Fax: 04344-405620, 405630

REGISTRAR & SHARE TRANSFER AGENTS

Karvy Computershare (P) Ltd.

WENDT

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Engineering Flair with Environmental Care...

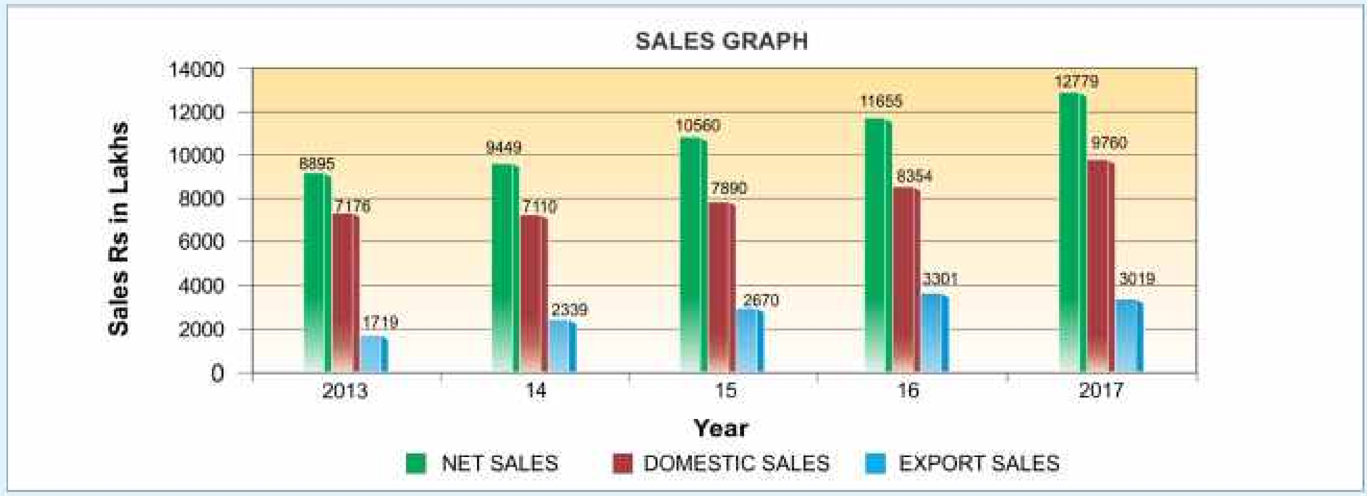
FINANCIAL TRACK RECORD

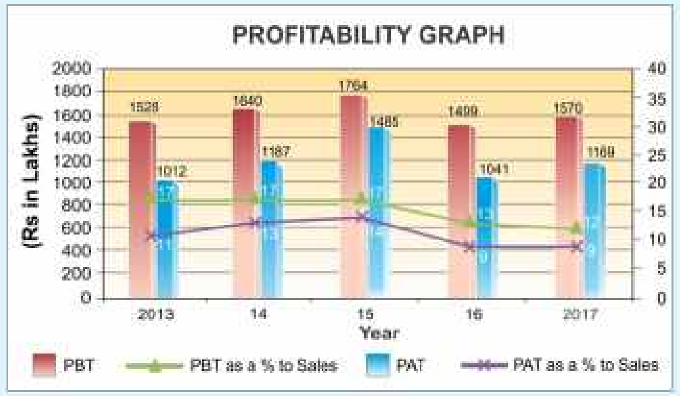
Rs. in Lakhs

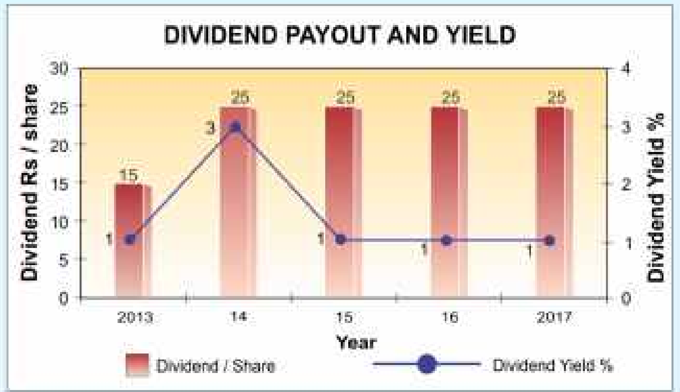
Year ending 31st March	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUE										
Net sales	5405	5136	5609	8173	10001	8895	9449	10560	11655	12779
Domestic sales	3873	3389	4368	6727	8055	7176	7110	7890	8354	9760
Export sales	1532	1747	1241	1446	1946	1719	2339	2670	3301	3019
Other Income	185	309	222	299	278	225	611	800	648	543
PROFITABILITY										
Profit before depreciation	1459	1517	1714	2654	2888	1930	2098	2556	2335	2534
Profit before tax	1255	1297	1455	2356	2552	1528	1640	1764	1499	1570
Profit after tax	842	884	983	1595	1729	1012	1187	1485	1041	1169
Dividend %	200	200	250	250	250	150	250	250	250	250
EPS (Rs.)	42.08	44.21	49.12	79.76	86.45	50.59	59.34	74.24	52.06	58.47
ASSETS EMPLOYED										
Fixed assets	2085	2610	2950	3264	4363	5027	5510	5608	6060	6078
Investments	1454	1200	1672	2257	1370	1496	1703	1866	1360	1502
Net current assets	697	858	413	531	1532*	1485*	1505*	2047*	2534	3112
Non- current assets	-	-	-	-	-	-	-	-	470	344
Total assets	4236	4668	5035	6052	7265	8008	8718	9521	10424	11036
CAPITAL STRUCTURE										
Paid up share capital	200	200	200	200	200	200	200	200	200	200
Reserves	3787	4203	4602	5614	6762	7425	8031	8790	9544	10043
Loan funds	28	36	-	-	-	-	-	-	-	-
Deferred tax liability	221	229	233	238	303	383	487	531	553	566
Non- current liability	-	-	-	-	-	-	-	-	127	227
Total funds	4236	4668	5035	6052	7265	8008	8718	9521	10424	11036

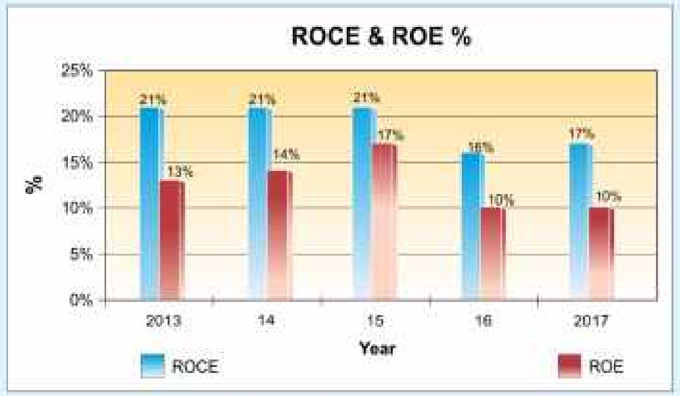
* Net current assets is arrived after reducing current liabilities, long term liabilities and provisions from current assets(excluding current investments) and long term loans and advances for 2012, 2013, 2014 and 2015

Note : 2016 and 2017 figures are as per IND AS. However sales figures given above are net of excise duty.



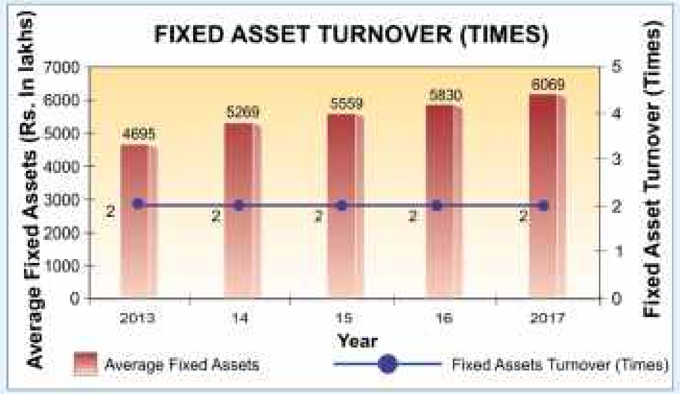




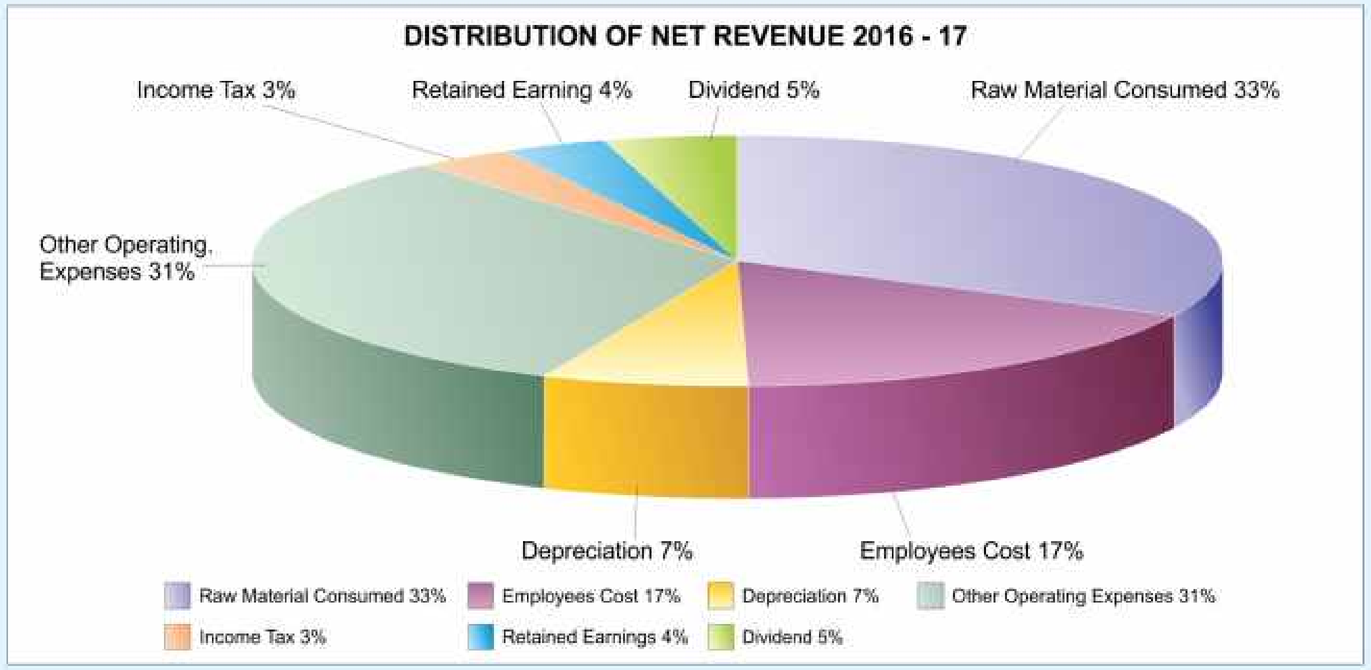


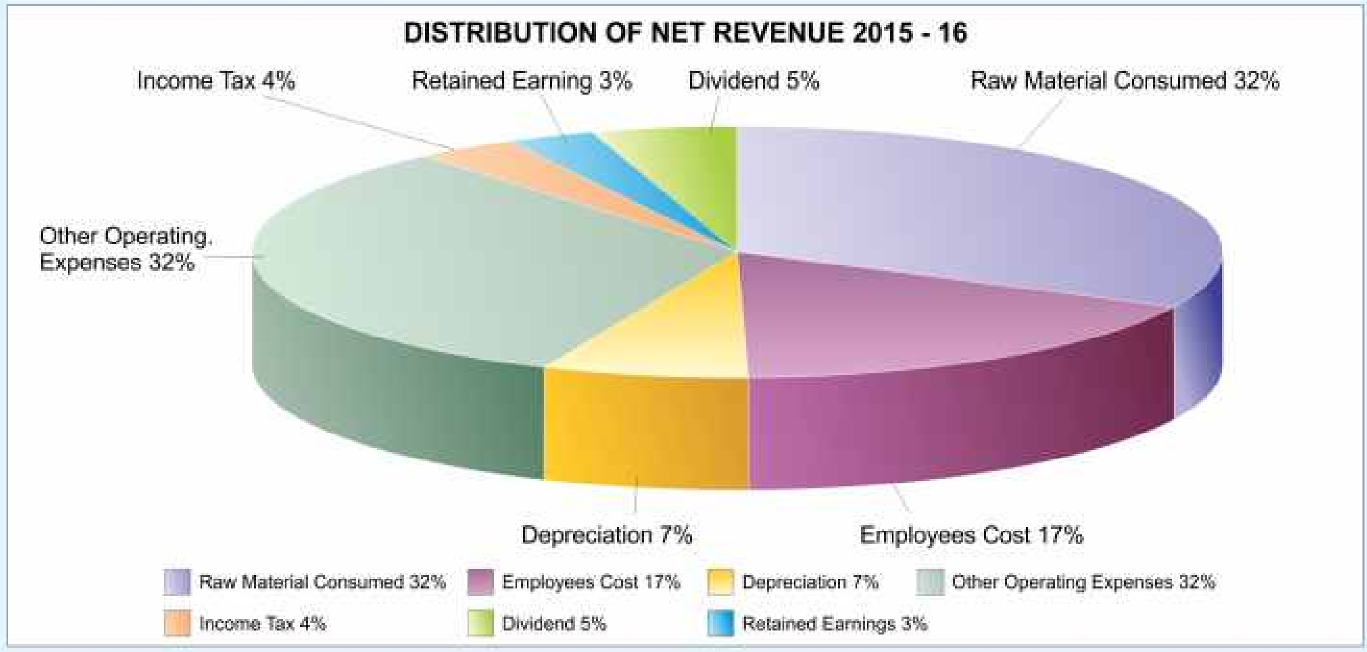
Engineering Flair with Environmental Care...

...Total Grinding and Honing Solutions



Engineering Flair with Environmental Care...





...Total Grinding and Honing Solutions

REPORT OF THE DIRECTORS

(Including Management Discussion and Analysis)

TO THE MEMBERS OF WENDT INDIA LTD

The Board of Directors are pleased to present the 35th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March 2017. The Management Discussion & Analysis Report forms part of the Directors Report to avoid duplication and repetition.

ECONOMIC OVERVIEW

During the year 2016-17 the Indian economy witnessed upsurge in economic activities both in private and government sector, resulting in positive sentiments and strengthening demand conditions in domestic market. Both Global and Indian economy now seem to be in a much better shape than earlier years. The key factors supporting the confidence are rapid recovery from demonetization-related down turn, softer inflationary pressures, proposed GST Roll out and public-sector disinvestments.

The Indian economy achieved a moderate growth of around 7.1% during the year because of increase in manufacturing activities except for the temporary dip due to demonetization effect witnessed during second half of the year. Strengthening of investor's confidence including foreign direct investments is strongly seen in some of the key areas such as defence production, electronics component manufacturing, medical devices as well as in non-manufacturing sectors like insurance and professional services. Despite the temporary dip during the third quarter, the automobile sector, overall, ended the year on a positive note on account of new launches by leading manufacturers reporting corresponding sales growth during the year.

Reflecting the overall optimism, other industry segments such as Engineering, Refractory, Ceramics, Cutting Tools and Glass have also achieved reasonable growth over the previous year. On the contrary, India's overall export continued to be lower than expected due to falling prices of metals and commodities & world oil prices. World trade has been shrinking as demand in key American and European markets has slowed down and remained sluggish. Moreover, Brexit and consequent depreciation of the British pound has put Indian exporters in a difficult situation due to volatility in currency and increasing competition from low cost economies.

COMPANY PERFORMANCE OVERVIEW

(Rs in Lakhs)

	FY 2016- 2017	FY 2015- 2016
Sales (net of excise duty)	12,779	11,655
Other Income	543	648
Profit Before Tax	1,570	1,499
Profit After Tax	1,169	1,041
Earnings per Share - Rs	58.71	52.06

RESULTS OF OPERATIONS

During the year under review, your company achieved a Top line of Rs.12779 Lakhs (net), which is 10% higher compared to the previous year by putting its best efforts both in the domestic and export market. The demand for your company's products and services in the domestic market has seen reasonable traction from industry segments such as Automobile, Auto component, Ceramics, Cutting Tools and Engineering resulting in a growth of 17% over the previous year. However, the export business has seen a de-growth of 8% on account of shrinkage in demand in some of the advanced markets and overall continued slow recovery. Your company continued its efforts in addressing the challenges in some of the overseas markets such as USA, Russia, Thailand as well as countries in the European market which have greatly contributed to achieving the above results despite uncertainties.

Your Company continues to conduct its business under three clearly defined business verticals such as **Super Abrasives, Non-Super Abrasives and International Business.** Your company also recognizes the importance of the "Make in India" campaign started by the Indian Government two years back and the growth opportunities it would provide for your company from the ongoing investments, innovation, adoption of new methods and technologies by customers, providing the much-needed impetus for higher growth. Accordingly, your company continues to allocate the required investments in high growth areas and other resources to attain it's long-term business objectives. Your company continues putting focused efforts in enhancing its presence in ten identified countries for growing it's exports. On domestic front, your company continues to focus on top 200 customers having significant contributions to your company's overall business.

During the year, your company actively participated in the IMTEX 2017 exhibition where it showcased its products and capabilities to both the Domestic & the international audience including launch of four new models of machines during the exhibition.

The **Super Abrasive Business** consisting of Diamond/CBN grinding Wheels in various bonding systems, Rotary Dressers, Stationary Dressers, Hones and Segmented products achieved a growth of 14% as compared to the previous year amidst many challenges and high competition in both domestic and overseas markets. This has

been possible through continued efforts and various initiatives for new application and product developments addressing import substitutions. Your company successfully launched new products such as Dressing Rolls for Taps and Bearing applications, Resin Bond Spiral CBN Wheels for Razor Blade grinding, Double Disc Fine grinding Wheels for certain Ceramic, Automotive and Engineering applications, Vitrified CBN Wheels for internal grinding applications. During the year, your company successfully completed integration of the **STAR Diamond Business** into its operations and commencement of regular production from Hosur. The renovation of the Electroplating facility was also undertaken cater to the increased demand in terms of higher quantity & precision. Today you can claim of Wendt having one of the most modern and state-of-the-art Plating facility in the world.

Your Company continues to work on strengthening its **Research and Development Centre** by enhanced efforts in Bond / Matrix formulations towards building self-reliance on the technological front. Accordingly, your company has added new capabilities and competencies towards development of new applications / products for various industries such as Glass, Auto component, Ceramics etc. during the year.

The **Non-Super Abrasive Business** comprising of Machine Tools & Precision Components performance was about 4% lesser than previous year. Although machine sales in the domestic market achieved an impressive growth of 40% on the back of good orders from various customers, the exports saw a negative growth.

During the year, your company has launched many new models / variants which includes four new CNC machines - Wheel Dressing & Profiling Machine, Creep Feed Grinder, Cylindrical Grinder with Angular Wheel Head and Cylindrical Grinder with Straight Wheel Head apart from developing Vertical Honing Machine - Twin spindle with Robotics and Horizontal Honing Machine with added features. These Machines have been received well by the customers and the company expects to a positive response from the market.

The **Precision Components Business**, during the year, faced few challenges in terms of lower volume offtake by the customers due to slow revival in auto sector and delay in getting final approvals for starting the new projects. As a result, the performance of precision components was 11% lower than the previous year.

Nevertheless, company's efforts in enhancing the product basket by adding components for non-auto and non-metallic sectors have started generating business for the company, although in smaller volume during the year. It is expected to contribute in a major way to the overall precision component business in coming year.

In order to strengthen the precision component business , the company is in various stages of approval on testing of some of the new components with few potential customers and expects to start the business in the current year.

FOCUS ON PROCESS EFFICIENCY

Your Company continues to focus on improving operational efficiency as well as optimal utilization of various resources in manufacturing and production areas. This is being supported through continuing implementation of LEAN for last three years. This initiative has been found beneficial in addressing some of the key areas like planning and scheduling, production reliability, materials availability and product delivery. One of the key objectives is the elimination of waste through optimum usage of all critical resources. The lean management is a philosophy and way of life for deriving long terms benefits by elimination of non-value-added activities, effective utilization of resources and helps in garnering higher level of customer satisfaction.

As part of continuing LEAN, your company has started driving this end to end whereby all support functions are also brought into its domain as important enablers for achieving organizational results.

Some of the major benefits are

- Reduced lead time for products
- Reduced Work in Progress
- Effective Raw Material Planning
- Controlling inventory levels
- Improved employee productivity

PROSPECTS

Your Company continually works on narrowing the gap between its strategies and objectives based on the market dynamics to achieve the set goals and improved performance year on year through various initiatives. The company recognizes the fact that high level of focus on product and process innovation, careful selection and deployment of new technologies and processes are critical to achieve its long-term objectives. Your company, accordingly works on improving product performance by use of technology & superior manufacturing methods towards meeting the objective.

While the existing products would continue to be offered, new products, new application developments including development on import substitutes would be the focus for your company for growth. Together with, efforts of market penetration to increase the share of business with top customers, both domestic and overseas would continue. Your company would continue to work on enhancing it's competitive edge, through improving capability, service levels and offering value added services. This would ensure higher performance & improved engagement with the customer.

Future growth of your company lies in constantly watching and monitoring changes in the external environment and customer needs that are emerging. Accordingly, your company has been working on the mega trends and underlying new opportunities that these trends unfold & is constantly focusing on new products to address this trend in all concerned industry segments.

Your Company would fully complement these efforts by maximizing it's participation in major national and international exhibitions & trade shows & will continue to put efforts and initiatives towards increasing the global presence in identified countries through strategic alliances and co-operations besides taking advantage of the CUMI Distribution network & its' focus on digital marketing .

The acquisition of Winterthur Technology Group (WTG) by the US multinational 3M Corporation and resultant indirect acquisition of 40% equity shareholding in your Company continues to be a matter of contention while not being an issue. The matter has been moved to The National Company Law Tribunal (NCLT), Bangalore and matter remains *sub judice*.

SUBSIDIARY COMPANIES

Wendt Grinding Technologies Limited, Thailand

Your company's 100% owned subsidiary Wendt Grinding Technologies Limited, Thailand, has achieved a topline of Thai Baht 857 Lakhs (Rs.1645 Lakhs) which is at the same level as the previous year, despite continued downtrend, political instability, declining export and rising costs in the region. The Profit Before Tax was Thai Baht 131 Lakhs (Rs 265 lakhs) and the Profit After Tax has been Thai Baht 104 Lakhs (Rs.214 Lakhs) which is 12% higher than previous year.

Like previous years, continued initiatives & efforts has been the key to this performance sustainability of your subsidiary company. New customer additions and widened product basket have compensated for the decline in automotive sector and related industries. In addition to constantly looking for new opportunities, enhancing product basket, the new projects being envisaged would help your subsidiary to achieve better performance in the coming year.

Your subsidiary continues to take part in the important Industrial and Trade Exhibitions, exploring new businesses and strengthening networking with industry leaders for business promotion and development.

Wendt Middle East FZE, Sharjah

The second wholly owned subsidiary of your company, Wendt Middle East FZE, Sharjah, has achieved a reasonable performance for the year under review despite the continuing oil crisis, political disturbance and slowdown in new projects in the region. During the year, the subsidiary has achieved an annual sale of AED 25 Lakhs (Rs.449Lakhs) which is 20% lower than the previous year. As such, the Profits have also been lower at AED 2.87 Lakhs (Rs.52 Lakhs) which is at 40% level as compared with that of previous year despite its best efforts.

As mentioned earlier, the manufacturing sector in the whole region has been undergoing severe pressure due to lower demand, underutilized capacity, rising costs etc. & due to continuing socio-economic issues, higher inflation and regional disturbances with very few new investments by the Government.

To address these challenges, your subsidiary continues to put its best efforts and has taken many new initiatives, adding new customers and industries apart from enhancing the product basket and offering to achieve better results in the coming year.

APPROPRIATIONS

Available for appropriation	(Rs in Lakhs)
Profit After Tax	**1169**
Add: Balance brought forward from previous year	3995
Total	5164
Recommended appropriations	
Transfer to **General Reserve**	**120**
Dividend	
-Interim Rs 10/-per share	200
-Final (Dividend paid for 2015-16 Rs 15/- per share of face value of Rs 10/- each)	300
Dividend Tax	
-Interim	41
-Final (for 2015-16)	61
Balance carried forward	4442
Total	**5164**

CORPORATE SOCIAL RESPONSIBILITY

For your company, corporate social responsibility remains as one of the key areas along with transparency. The company continues to make contributions to the society that is not limited but extends to communities in the vicinity, local schools, orphanages, homes for destitute etc. This is based on your company's firm belief that an organization's true value lies beyond its business and is reflected by the services it extends to the society. Your company also gives importance to green environment and tree plantation in the nearby communities by distributing and planting free saplings every year.

Your Company's running of the **Skill Development Centre** has been a major initiative towards addressing the social responsibility. The main objective being providing of high quality vocational and technical training towards uplifting the lives of young children drawn from poor and deprived background. Not only does this initiative help continuance of formal education for these apprentices, but also helps them to seek gainful employment and leading a meaningful life upon successful completion of the course.

With the enactment of CSR provisions in the Companies Act 2013, your Company has put in place a CSR policy incorporating the requirements therein which is also available on Company's website at the following link http://www.wendtindia.com/pdf/csrpolicy.pdf

Your Company, during the year 2016-17. has spent of Rs 32.34 Lakhs towards the CSR activities in line with the provisions of the Companies Act, 2013,.

The Annual Report on CSR activities in the prescribed format is annexed herewith as ANNEXURE II.

DIVIDEND

The Board of Directors of the Company had approved the Dividend Distribution Policy on 20th March'2017 in line with the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The policy is uploaded in the Company's website www.wendtindia.com.

In line with the policy, the Directors are pleased a recommend a Final Dividend of Rs 15/- per equity share of face value Rs 10/- each (150 %) for the year ended 31st March 2017. This is in addition to the Interim Dividend of Rs 10/- per equity share of face value of Rs 10/- each which was paid on 22nd February 2017.

The Final Dividend, is subject to approval of members at the 35th Annual General Meeting & will be paid to those shareholders whose names appear on the register of members of the company as on 1st August 2017. If approved, the total Dividend for the financial year, including the interim dividend, amounts to Rs 25/- per equity share and will absorb Rs 602 lakhs including dividend distribution tax of Rs 102 Lakhs.

TRANSFER TO RESERVES

Your Company proposes to transfer Rs. 120 lakhs to the General Reserve. An amount of Rs. 4443 Lakhs is proposed to be retained in the Statement of Profit & Loss.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits during the year 2016-17 and as such, there are no outstanding fixed deposits from the public as on 31st March 2017.

INVESTMENTS

Details of investments covered under section 186 of the Companies Act 2013 are given in the notes no 6 b to the financial statements.

TRANSFER TO THE INVESTOR EDUCATION & PROTECTION FUND

Pursuant to the provision of Section 124 of the Companies Act, 2013, your Company has transferred an amount of Rs.1.71 lakhs (Interim Dividend 2008-09) and Rs.1.88 lakhs (Final Dividend 2008-09) being unclaimed dividend during the year, to the **Investor Education and Protection Fund (IEPF)** established by the Central Government after sending due reminders to the shareholders.

CONSOLIDATED FINANCIAL RESULTS

The Consolidated Financial Statements of the company (incorporating the operations of the Company and its two wholly owned overseas subsidiaries), for the financial year 2016-17 are prepared in compliance with the applicable provisions of the Companies Act, Accounting Standards as prescribed by Regulation 33 of the Securities and Exchange Board of India (SEBI) Regulations-2015, under Listing Obligations and Disclosure Requirements (LODR).

The Consolidated Financial Statements have been prepared based on the audited financial statements of the company, its subsidiaries, as approved by their respective Board of Directors.

Pursuant to provisions of Section 136 of the Act, the Financial Statements of the Company, the Consolidated Financial Statements, along with the relevant documents and the Auditors' Report thereon form part of this Annual Report. A statement of summarized financials of all subsidiaries of your company including capital, reserves, total assets, total liabilities, details of investment, turnover etc. pursuant to General Circular issued by MCA forms part of this report. The audited annual accounts and related information of the subsidiaries is available in our website-www.wendtindia.com.

The key financial data for the consolidated operations are as follows: -

KEY CONSOLIDATED FINANCIAL SUMMARY

(Rs in Lakhs)

	FY 2016-2017	FY 2015-2016
Sales (net of excise duty)	14,466	13,335
Other Income	313	381
Profit Before Tax	1,657	1,580
Profit After Tax	1,205	1,078
Earnings per share-Rs.	60.26	53.88

QUALITY

The most critical aspect of the products that are offered by your company are high precision, accuracy and assurance of quality in terms of exacting standards required by the customer including the functionality for the desired applications.

Your Company's **Super Abrasives product** range comprises of Diamond & CBN grinding wheels and Tools in various bonding systems. **The Machine Tools & Precision Component** business include a range of machines such as Rotary Surface Grinding, Notch Milling, TC Ring Grinding, Vertical & Horizontal Honing, Cylindrical grinding & accessories that are fully compliant with the International standards and CE certification fulfilling the European safety norms. Precision Components being a part of Non-Super Abrasives business, requires high level of precision and close tolerance limits necessitating utmost care and adherence to quality parameters and process controls.

To ensure that your company's products meet these requirements, your company has put in place the necessary Quality & Management standards such as ISO 9001, ISO 14001, TS 16949, OHSAS and SA 8000. Your company has also successfully implemented EN 13236 Standards to address the safety norms and requirements of overseas customers. All of these standards are regularly reviewed and upgraded based on the changing requirements of global customers & are audited and certified by TUV & concerned certifying Body at regular intervals.

Superior quality and consistency in performance of the products being the main differentiators, you company has ensured deployment of an effective **Quality Management System (QMS)** and practice at each stage of material flow in the manufacturing cycle. Needless to mention that, your company endeavors to enhance quality and consistency in every aspect of its business on a continual basis. Accordingly, it accords high importance and care while imparting training on New Processes, New Technologies & Newer methods to its employees in the respective areas.

The necessary investments on machines, equipment & application software solutions are also being done to update & address Quality Standards. To improve on our product delivery Reliability and quality on time delivery, your company has successfully completed implementation of **Bar Coding System** in most of the production areas during the year.

SAFETY, HEALTH AND ENVIRONMENT (SHE)

Your Company is highly committed towards good health and workplace safety for its employees. The company makes sure that the workforce follows the safety standards and practices religiously so that the work environment is safe and free from accidents, incidents and any occupational hazards.

With respect to Environment Management, preservation and maintenance, your company is committed to and accords high importance to this aspect both within the company and the neighborhood as well. The senior management takes responsibility for this and due efforts are made to keep a close watch on maintaining the required safety standards and protection of environment through deployment of relevant processes and guidelines in line with ISO 14001 and OHSAS 18001 standards.

As mentioned above, your company considers its employees as the most valuable assets and gives utmost importance to their sound health and adopts good safety practices. The company continues to take various initiatives and programs such as annual health check-up, eye camp, cardio test, fitness and physiotherapy including awareness trainings so as to ensure good health and wellness of the employees and their families.

Your Company periodically conducts safety mock drills to address employee's awareness & preparedness towards fire, chemical, electrical & medical urgencies.

You will be pleased to know that your company has again recorded Zero accident with no loss of man days in its operations during the year. During the year, your company has successfully upgraded to latest SA8000-2014 standards, which is more rigorous as compared to the earlier version. Your company is one of the few companies in the country to have implemented this standard.

RECOGNITIONS AND AWARDS

Your Company continues to motivate the employees to pitch in several national & international competitions. As in the past, the company has received many awards and recognitions and accolades from organizations and establishments of repute. Needless to mention that these recognitions and accolades enhance the passion and optimism among the employees and act as confidence builder for the Company.

During the year, your company has received the following major awards.

- **Quality Circle Awards**

  Your Company's employees continued to exhibit their skills in various Quality Circle competitions as below

  International Level organized by ICQC, Thailand

  - "Gold" Award for Kaizen- 1 team
  - "Silver" Award for SGA- 1 team

  National Level organized by NCQC

  - "Par Excellence Award" - SGA: 1 team
  - "Excellence Award" - Kaizen: 1 team

- **Pride of Murugappa Group-Best Practice**

  Your Company's employees have won the **2nd Runner Up Award** on Customer Centricity Category in the Pride of Murugappa Group – Best Practice. The annual best practice competition at the group level, involving large number of initiatives and best practices among all group companies.

- **MGTC Cricket Tournament**

  Your company's employees participated in the Group Level Cricket tournament and won the **"Winners"** Trophy during the year.

- **MGTC Women Sports Tournament**

  Your company's women employees participated in the Group level sports competitions and won awards in **Carom, Chess and Relay** competitions.

- **Cufest 2016 Awards**

  Your Company's employees participated in Group-level Quality competitions **"Cufest 2016"** (Quality Festival of CUMI), and won awards for **5S, Poster, Slogan, Kaizen and CFT**.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In the sections that follow, the information required to be given in the **Management Discussion and Analysis Report** have been provided.

GENERAL PERFORMANCE REVIEW

The Indian economic conditions have started seeing improvements and positive sentiments among various sectors resulting in a modest growth in some of the industry segments including manufacturing. However, the pace of recovery has been rather slower than expected.

During the year, your company continued to put its best efforts on new initiatives and new product & application developments in addition to working as closely as possible with customers for new opportunities including import substitutions to maintain its leading position in the domestic market.

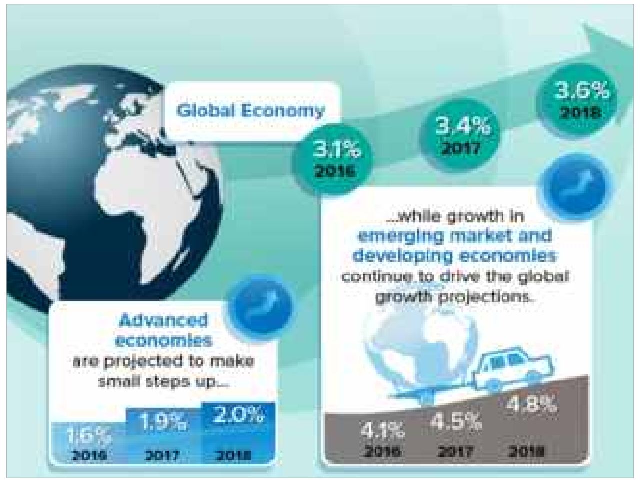
ECONOMIC OUTLOOK

There seems to be lot of optimism and improved confidence across all the industrial segments. The proposed GST Rollout, the controlled inflation, the disinvestment drive, supported by Government reforms and initiatives is likely to propel demand and the resultant manufacturing & servicing activities.

For the coming year, the Indian economy is expected to achieve a growth rate in excess of around 7.5% as per various reports and studies by leading agencies. Several

important performance indicators including index of industrial production (IIP) and wholesale price index (WPI) have shown upward movement in last few quarters. In recent years, the government has embarked upon many initiatives towards ease of doing business including the Make in India campaign, attracting foreign direct investments, reforms in banking sector, skill development, infrastructure development etc. These initiatives are expected to significantly enhance the purchasing power of people and the resultant increase in consumption demand boosting the socio-developmental activities in the country.

The industry sectors that are likely to derive benefit from the above initiatives are Automotive, Engineering, Construction, Aerospace, Defense, Infrastructure, Mining, Roads, Railways, Power, Steel, Consumer Durables & Electronics during the coming year.



INDUSTRY STRUCTURE & DEVELOPMENTS

Your Company continues to be preferred supplier for Super Abrasive Tooling for many customers including several MNCs. With the wide product range and comprehensive offering in terms of products, capability and industry segments, your company is recognized as ***Total Grinding & Honing Solution Provider.*** The Indian Super Abrasive tooling market is fragmented in nature and continues to operate in a highly competitive environment with the presence of few organized players such as your Company and a host of proprietor – driven units, which are often single owner, small set-ups mainly with regional focus. Major contribution to your Company's topline continues to come from sectors such as Automotive, Engineering, Cutting Tools, Refractory & Ceramics, Steel, Aerospace and Defense, which are likely to derive the benefit from government initiatives briefed above.

To reduce dependency on few industry segments, your company is persistently working on developing products for varied industry segments having long term growth prospects. Your company's effort in this direction has resulted in development of many new products towards addressing the changing needs of the industries like Automobile, Aerospace, Defense, Glass, Paint, Razor Blade, Ceramics.

PERFORMANCE OVERVIEW

Key Financial Summary

(Rs. in Lakhs)

Particulars	2016-17	2015-16	% change
Domestic Sales including excise duty	10,891	9,315	17
Export Sales	3,019	3,301	-9
Total Sales	13,910	12,616	10
Operating Profit before Finance cost	1,209	1,014	19
Capital Employed	10,243	9,744	5

OPPORTUNITIES & THREATS

Opportunities:

Your Company takes due cognizance of the economic growth prospects and its importance on its overall performance. Nonetheless, it would continue its pursuit and drive for higher growth year on year on the back of its industry spread, product range, technological edge and competitiveness for seeking new opportunities in the industry segments it operates. Secondly, the wide range of products and its comprehensiveness provides enough room for accelerating growth. Developing products and aligning the business with the strong signals of Mega trends would be another area of focus for your company going forward.

The bedrock for success for your company has been its long and accumulated experience in offering products and services based on the application study and deep understanding of customer requirements. In this, superior technology continues to play important role for both Super Abrasive tooling and Grinding & Honing machines. This has complemented well towards our manufacture of precision components for our demanding customer. Your company would continue to leverage this unique advantage and derive maximum benefits from being the provider of Total Grinding & Honing Solutions which only few can aspire to have.

As a part of continuous journey, your Company would continue to work on the identified new projects in Super Abrasive tooling, Machines Tools and Precision components several of which are already in the pipeline. As for precision components, it holds lot of promise and potential to become a separate business vertical very soon and the company has been working on projects having high possibility of making significant positive impact on the overall performance in the near future.

Threats

As mentioned earlier, the Super Abrasive tooling market in the domestic arena is entrenched with the presence of few organized players and host of small & unorganized players. While on one side, these small enterprises, focus on specific markets and addressing customer requirements with lower prices and continue to cater to a set of customers with limited offering, on the other side, the large organized players from both domestic and global arena focus on technology, application engineering and product developments. The global players tie up as OEMs with machine manufacturer that

always benefit them in terms of ready access to the business right from the beginning.

Your Company addresses this unique challenge, by adopting its proven and tested technology, processes & delivery system, offering economical and innovative products for both, the low-end price sensitive customers and the high-end quality conscious segment. The focus on technology, value added services, application engineering and product development including prove-out by joining hands with the customers , remains the value proposition for your company providing it a distinctive edge .

BUSINESS OUTLOOK

While the business environment presents many uncertainties, and remains challenging, your Company's primary focus would continue to maintain its leadership position in the domestic arena. Increasing the presence in the identified overseas markets with suitable offerings specific to meet the customer needs is another important area for accelerating export business growth. Improving customer engagements and satisfaction levels will be ensured by improving awareness about the company, knowledge about products and services, brand recall, prompt value added services, participation in both Domestic & International exhibitions and regular visits & interactions.

In the **Super Abrasive Business,** your Company will continue to focus on existing key products, new product development, new application engineering including product indigenization for achieving the growth objectives it has set for itself. While doing so, the company's focus would be on maintaining the fine balance between stability and capitalizing on the new and emerging opportunities. The recently acquired **STAR Business** has been successfully integrated into the company's operations and the same is expected to make significant contributions to the overall growth of your company in the future.

Non-Super Abrasive Business is in the process of consolidation by strengthening its position in the market, applications, industry in terms of its range / models / new launches and offering. The population of machines in the domestic market is steadily increasing and the numbers are expected to further increase in coming years. For the coming year too, your company has planned launch of few new machines for engineering, ceramics, aerospace and cutting tool industry.

Your Company is putting its best efforts to strengthen the precision component business with addition of new components and new customers. Your company has planned addition of few more precision components including the distance piece project in the coming year.

Growing the **International Business** and establishing its presence firmly and as quickly as possible continues to be one of the focus areas for your company. While it would continue

to pursue business through the existing Wendt / 3M and CUMI's overseas network, to increase the market reach and higher penetration, your company would work on strategic partnerships & alliances to grow business in various global locations, also would explore adding new partners by looking at newer opportunities. Towards this, your company has also identified **Top 10 Focus Countries** for growing exports. As you may be aware, your company has already started promoting its products under CUMI & Neutral Brand as well as private label with a view to expand its presence in overseas markets.

Your 100% owned subsidiary **Wendt Grinding Technologies Ltd,** in Thailand would continue to achieve better results year on year despite being affected by muted global recovery, auto industry downtrend, lower demand, falling exports and political instability. As is evident in the past, the subsidiary shows steadfastness and confidence for achieving the results in the coming year. To accelerate its growth, your subsidiary company has been looking at few new projects in the coming year for which the finer specifics including the potential benefits are under evaluation.

Your second fully owned subsidiary, **Wendt Middle East FZE**, Sharjah has been consistent in its performance over the last few years. For the last two years, the business environment in the region has been challenging in items of political issues, war, downslide in oil price, stalled projects and very few new investments and project expansions. Despite these difficulties and hardships, your subsidiary continues to put all its efforts on certain markets and industries that have given good results during these tough times. Your subsidiary would continue to operate as the **Product Availability Point (PAP)** for the entire GCC region with focus on General Engineering, Aerospace, Steel, Ceramics, Auto component & associated industry segments and holds enough promise for better performance in the coming year.

RISK & CONCERN

Risk management is a very important part of the Company's business policy. Your Company's Risk Management structure spans across different levels whereby the Company continuously identifies, classifies and formulates mitigation measures.

Your Company adopts a comprehensive and robust risk appraisal, mitigation and management process in the areas of operations, financial, technology and other business risk. The Senior management of your Company is involved in mapping the risks arising out of both internal and external environment and initiate plans to mitigate the same. The key risk management practices include risk assessment, measurement, reporting, mitigation actions and integration with strategy and business planning.

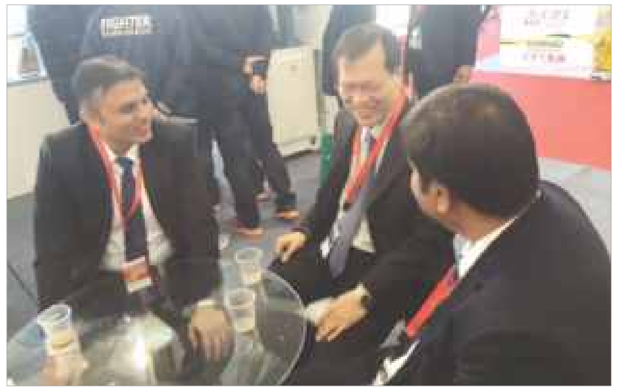
The key risks associated with the various processes of the Company's business are analyzed in detail, identifying cause and source of the risk, logical sequence of triggering events ie. **(Key Risk Indicators)**, positive and negative consequences and the likelihood of occurrence of such consequences, the severity of the impact, both in quantitative and qualitative terms. The Key Risk Indicators are mapped to the job functions of the respective executives and the reporting and monitoring frequencies are also defined.

The Risk management process for your Company encompasses the following sequence:

- Identification of risks with the associated risk owners
- Evaluation of the risks as to the likelihood of occurrences and related consequences
- Assessment of options for risk mitigation
- Prioritizing the risk management actions
- Development of risk management plans
- Authorization for the execution of the risk management plans
- Implementation and review of the risk management process

Your Company has a **Risk Management Committee** comprising of Senior Management which takes the overall responsibility of total risk management processes in the organization. Through its pursuit of anticipation and identifying risks before risks control your company's actions, the Risk Management Committee of your Company analyses the potential areas of risks and on the current business portfolio and decides which business should receive more focus, where to invest, what needs to be added or discontinued from the product portfolio etc. to mitigate the risks.

Your Company continuously strives to identify, assesses, review, manage and works on developing the robustness of the system in terms of adequate internal controls and compliances. Some of the risks associated with the business and the related mitigation plans are given below. However, the risks given below are not exhaustive and the assessment of risk is based on management's perception.



User Industry Concentration Risk

Why is it considered as a Risk?

- Significant exposure to select sectors like auto & auto ancillaries.
- Time lag in passing cost escalation / variations in input costs to the customers.

- Effect on Customer Relationship with change in ownership.
- Decline in demand due to Global economic slowdown.
- Cessation of technology agreement and access to new process & product developments in the Super Abrasive field.
- Rebranding of products and the resultant delay in brand establishment.
- Disruptive innovation & process changes.

Mitigation Plan / Counter Measure to address

- Widening the customer base / new industry segment & new geographies thereby De-risking the business.
- Exploring growth opportunities in sectors like Construction, Infrastructure, Steel, Defense, Aerospace, Glass, Ceramics and other industries.
- Improving the on-time delivery levels through operational efficiency measures like LEAN addressing the sustained competitive advantage.
- Continuously pursuing product innovation and new application development for diverse sectors.
- Leveraging relationship and Engagement with the customer - e.g. WOW initiative / Exhibitions like IMTEX, participation in international exhibitions like GRINDTEC – Germany, MAC – United Kingdom, IMTS – USA, CIMT - China, **CRM & Knowledge Management** application.
- Setting up of In-house DSIR approved R&D center. Also, thrust on innovation with focus on New Product Development, is now well embraced at Wendt to yield long term results.
- Developing and promoting alternative brands–one being well known "CUMI" brand and now alternately STAR brand.
- Entering new geographies globally.
- Focus on Make in India.

Competition Risk

Why is it considered as a Risk?

- Cheaper Imports from countries like China and Taiwan.
- Import Directly and through OEM route.
- Presence of many unorganized regional players often adopting Low pricing strategy, free samples, higher credit days etc.
- New Organized Players entry by setting up manufacturing base in India consequent to *Make in India Drive*.

Mitigation Plan / Counter Measure to address

- Offer sustained competitive advantage to customer through operational efficiencies
- Focus on Lean & Address **QCD** – Superior ***Quality, Cost*** competitive products & Reliable, Faster ***Delivery***
- Internal Efficiency Measures / process automation / Reduce throughput time

- Continued drive on Innovation on products, process and applications
- Creating entry barriers for competition / exit barriers for customers **- Key Account Management**
- Increased focus on New product development
- Enhancing value added services
- Increasing the product basket & offerings
- Building agile Supply chain by capitalizing on CUMI dealer network
- Explore E-Commerce and online sales
- Automation and Robotization to address Lower manufacturing cost and enhance Competitiveness

Technology Risk

Why is it considered as a Risk?

- The rapid changes taking place in the fields of grinding / honing technology and material science.
- Adoption of Disruptive technologies like 3D printing.
- Access to New Alternate technology following the expiry & Non- renewal of technical collaboration agreement with Wendt GmbH post Sept 2012.

Mitigation Plan / Counter Measure to address

- Indigenous development of Bonds with external consultant support,
- Collaboration with external consultants
- Established DSIR approved R&D center and build on self-sufficiency in technology
- Association with external Research laboratories / Technical institutes for technology upgradation.
- Product and Process Innovations

HR & Legal Risk

Why is it considered as a Risk?

- Attrition of skilled / trained manpower leading to disruption of operations or knowledge gap
- Contractual liability, e.g. Product liability

Mitigation Plan / Counter Measure to address

- Inauguration of **Knowledge Management Portal** whereby all major established applications are safely documented
- Succession planning
- Career Development
- CCSD (CUMI Centre for Skill Development) providing employable technicians
- Compensation revision in line with the market
- All contracts cleared by the Legal team

Online Data & Information Security Risk

Why is it considered as a Risk?

- Data breach leading to loss and critical information infrastructure breakdown

Mitigation Plan / Counter Measure to address

- Policy in place for Technical Controls
- Business Continuity Plan and **Disaster Recovery Strategy** in place.
- Authorized access to the Data center
- **Crisis Management Group** in Place.

INFORMATION TECHNOLOGY

One of the key success factors for your company's sustainability and consistent operations has been the use of technology and SAP ERP system, thus leveraging on the benefits for smooth functioning and steady flow of information across various functions.

Your Company has been working on the project of IT enabled **Knowledge Management System** which is expected to further facilitate the company's application engineering capabilities and offering technology solutions to the customers worldwide. This initiative is slated to become fully functional during the coming year. During the year, your company has completed the implementation of **Closed Circuit TV Surveillance Camera (CCTV) project** as part of pre-empting any untoward incidence and further enhancing safe work practices of its employees. Implementation of **Bar Coding Facility** for on-line work completion and monitoring in the key production areas is one of the major milestones for your company during the year.

INTERNAL CONTROL SYSTEM & ADEQUACY

The Company has adequate internal controls consistent with the nature of business and size of its operation, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure optimum use of available resources. These measures are regularly reviewed and updated by incorporating changes in the regulatory provisions. These are regularly tested for their effectiveness by Statutory as well as Internal auditors. Material errors and irregularities are detected and prevented in time. Your company is committed in its endeavor & ensures an effective internal control environment that provides assurance on the efficiency and effectiveness of operations, reliability of financial reporting, statutory compliance.

Your Company's Capital and revenue expenditures are monitored and controlled with reference to approved budgets. Budget overrides, if any is brought to the notice of the Board and suitable actions is taken to control the expenditure.

The internal audit function is carried by external independent Chartered Accountant firm covering all operational areas and ensuring that Revenue is correctly deployed and there is no wastage / leakage of any resources. The Internal Audit firm reports to the Chairman of the Audit committee. The scope of the Internal Audit is firmed up with inputs from the Audit Committee, Board of Directors, Statutory auditors and the Company management to ensure that all the critical areas are covered. Significant audit observations and corrective & preventive actions thereon are presented to the Audit Committee.

During the year, there were no changes in internal control over financial reporting that have materially affected, or are likely to have any financial reporting lapse.

The company strives to align all its processes and controls with the best global practices.

Internal Controls Over Financial Reporting (ICFR)

Your Company has in place adequate internal financial controls commensurate with its size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design and operations were observed. The company has policies and procedures in place for ensuring proper and efficient conduct of its business, 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.

Your Company has a comprehensive Budgetary Control system to monitor revenues and expenditure against approved budgets on an ongoing basis.

The Company has adopted accounting policies which are in line with the Accounting Standards and the Act. These are in accordance with generally accepted accounting principles in India. Changes in policies, if required, are made in consultation with the Auditors and are approved by the Audit Committee.

The Company has a robust financial closure, certification mechanism for certifying adherence to various accounting policies, accounting hygiene and accuracy of provisions and other estimates.

FINANCIAL REVIEW

Earnings

Revenues

During the year, your company achieved total sales of Rs.13910 Lakhs, higher by 10% as compared to 2015-16. While the domestic sales recorded a robust growth of 17% over the last year at Rs.10891 Lakhs, the export sales were lower by 9% compared to the previous year at Rs.3019 Lakhs. As briefed earlier, the major industry segments which contributed to the growth of domestic business are engineering, cutting tools, steel, defense, trading and ceramics. The de-growth in export was due to lower sales to countries like Germany, Indonesia, Singapore, Middle East etc. during the year.

Profit before Tax

The profit before tax is higher by 5% at Rs.1570 Lakhs compared to Rs.1499 Lakhs in 2015-16. The higher profit is because of the improved product and process efficiency measures taken by the Company and control over the fixed cost.

Profit after Tax

The profit after tax is higher by 12%, at Rs.1169 Lakhs, compared to Rs.1041 Lakhs in 2015-16.

Liquidity and Cash Equivalents

Your company continues to be debt free company, maintaining sufficient cash and cash equivalents to meet its strategic initiatives. This is achieved by being prudent in its investment policy over the years, maintaining a reasonably high level of cash and cash equivalents which enable the company to completely eliminate short and medium term liquidity risks.

The Company has a robust Cash Management Policy where by it:

a. Conserves sufficient cash as reserves to aid the company in venturing into meaningful business opportunities that unfold during the year.

b. Use cash to provide sufficient working capital to address business objectives of the company & to add value to all stakeholders by continued enhancement.

c. Prudently Invest surplus funds that the business generates in debt schemes of mutual funds as per Group norms and prior approval from the Board. This ensures availability, safety and liquidity of Company's funds while allowing reasonable yield as per the prevailing market rates. The surplus funds are generated through stringent control on working capital.

During the year, your company's investment in mutual funds increased from Rs.930 Lakhs to Rs.1072 Lakhs as on 31st March 2017 ie. a growth of 15%.

As the earnings are ploughed back, the capital expenditure need of your company for the year was met entirely form the mutual funds investment.

Costs

Your Company has done judicious cost control whereby the Fixed costs excluding depreciation has grown by 3% compared to last year. Thereby, the fixed cost as percentage of sales has been controlled at 32% against 34% of last year.

The variable costs have been controlled during the year through indigenization of raw material and other input costs which has helped in improving the margins of the company. The Lean Management Initiative undertaken by your company has also helped in significant savings during the year. Your Company's price correction initiative from both customers domestic and exports and key suppliers during the current year is expected to improve its profitability in the coming year.

Financial Position

Share Capital

The paid-up equity share capital as on March 31, 2017 was Rs.200 Lakhs. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

Share-holders Funds

The shareholders fund as on 31.03.2017 was Rs.10243 Lakhs against Rs.9744 Lakhs of previous year, an increase of 5%. Accordingly, the book value of the share stands at Rs.512/- as compared to Rs.487/- during the previous year.

Loan Funds

Your Company Continues to utilize its cash credit limit with State Bank of India to bridge the short-term fund requirement and for meeting the temporary mismatches in its cash flow. Your Company does not have any interest-bearing term loan.

During current year too, the working capital limits of your Company continues to be rated by ICRA as AA- (pronounced ICRA double A minus) rating assigned to the Rs.2 crore Long term Fund facilities of your Company which signifies low credit risk and stable. The short Term Rating assigned to the Rs 6 crore Non-Fund Based working capital limit also continued to be reaffirmed as A1+ (pronounced ICRA A one plus). Overall your Company's rating continues to be stable and low credit risk.

ASSETS

FIXED ASSETS

Your Company continues with the policy of being prudent in its capex spend. During the current year, the capital expenditure was Rs.986 Lakhs. The major capex spent was on addition of new plant & machinery towards capability building in fast growing products and new products capacity enhancements, which are critical for the future growth of the company. Company continued to adopt policy of funding all the capex through the internal accruals.

Inventories and Sundry Debtors

The Company follows rigorous Working Capital Management, based on a well-organized process of continuous monitoring and control on Receivables, Inventories and other parameters. The overall inventory levels as on 31st March 2017 is Rs. 1844 Lakhs, an increase by 3% over the last year, despite sales growing by 10%. There was an increase in the Work In Process inventory by Rs.157 Lakhs due to delay in dispatch / clearance for from few customers.

Receivables as on 31st March 2017, were at Rs. 2872 Lakhs against last year's figure of Rs.2907 Lakhs, despite sales growth of 10%. This has been possible due to continuous monitoring and control measures adopted by the company. Despite the tough liquidity position post demonetization drive, your Company has been able to maintain the receivable average credit days at 79 days similar to previous year. This is possible through aggressive receivable management system including close follow ups and credit lock through the SAP system to ensure that receivables are kept under control and payments received in time.

Foreign Exchange Hedging

Your Company, being a net exporter, continues to follow the policy of natural hedging of foreign exchange earnings and outflow and hence it does not take any forward covers. The net forex gain during the year has been Rs.20 Lakhs.

Enhancing Shareholder Value

Your Company firmly believes that its success in the marketplace and a good reputation are among the primary determinants of value to the shareholder. The organizational vision is founded on the principles of good governance and by the resolve to be a customer centric organization which motivates the company's management to be aligned to deliver highly customized products with dependable after sales services.

Your Company is committed to creating and maximizing long-term value for shareholders and essentially follows a four-pronged approach to achieve this end.

a) by increasing all round operational efficiencies
b) by identifying strategies that enhance its competitive advantage
c) by managing risks and pursuing opportunities for profitable growth, and
d) by building relationship with other important stakeholder groups through meaningful engagement processes and mutually rewarding associations that enable it to create positive impacts on the economic, societal and environmental dimensions of the **Triple Bottom Line.**

Underlying this is also a dedication to value friendly financial reporting that assures the shareholder and investor of receiving transparent and unfettered information on the Company's performance.

Financial Performance with respect to Operational Performance

Your Company strives to keep its Operating profit and Contribution better than the industry average and record reasonable growth despite difficult economic situation. This is ensured by stringent control measures taken for improved operational efficiency led by the LEAN Initiative undertaken by your company, also the better product mix made its' due contribution. This was aided by accurate information & customer data, centralized drawing management system, better planning & scheduling through SAP ERP System and effective vendor management. Your Company's improved MIS reporting and ability to respond to customer with real time information helped in giving rich experience to the customers there by providing value addition to the customer.

INSURANCE

Your company continued its adequate care on providing required insurance cover for your company's asset buildings, plant and machinery including inventories, and for liabilities under legislative enactments. Besides, adequate Group Personnel Accident (GPA), Group Mediclaim (GMC) insurance coverage is taken for the employees and their dependents to cover the risk arising out of accidents or sickness.

HUMAN RESOURCE

The people policies and practices of your company are effectively aligned to the organizational goals and objectives. Your company has in place the well-established human resource processes for attracting, retaining and nurturing talent by adopting a transparent system of performance evaluation and rewarding performers. This has been evident from the fact that your company's employees have longer average tenure and low attrition rate. Individual KRAs are derived from the Business Plan & annual BSC **(Balanced Score Card)** and carefully deployed at all level, which are reviewed periodically.

To sustain its leadership position in India, your company finds it pertinent to remain customer-focused, performance-driven and future-capable. Your Company's Human Resource Development strategy seeks to fulfill this mandate through careful selection and effective implementation of a range of innovative programmes and interventions. Needless to mention that the human resource policies of your company ensure motivation to the employees to give their best and remain committed to achieve the overall objective of the company. It is a constant endeavor for your company to adopt some of the industry best practices and aligning them with the strategic directions, goals and objectives in terms of people processes.

Your Company's Human Resource policies are continuously reviewed and realigned based on people expectations, making it more employee-friendly thereby creating an engaged workforce which focuses on productivity.

To meet the growth plans set by the Company and to fulfil the ever-changing needs and expectations of the customers, your Company continues to focus on competency building, skill enhancement and overall development so that its people are well prepared to take on the challenges.

Every employee of your company is considered as an appreciating asset, thus the personal development plans focus on how each individual's strength can be best leveraged to deliver to his/her full potential. To this effect, your company provides specific training programmes and cross functional learning opportunities. The company attains high degree importance to enhancing employees' competency and skills through on the job training and external training programmes. Special attention is given on improving the health and safety of the employees.

Your Company focuses on Business Excellence and continual improvement journey (TQM) in its quest to improve the

quality of products, processes and systems. All this requires ongoing learning, job enrichment, aligning rewards and recognition with performance, high engagement levels, conducive work environment and a cordial industrial relationship. Your Company continues to have a smooth and enabling work climate that promotes performance, customer focus and innovative thinking while adhering to the highest standards of integrity, trust and ethical behavior. Your Company continues to enjoy the support of a committed, experienced and satisfied workforce. To this effect, your company offers a compensation package which is one of the best in industry.

Employee relations continue to be smooth and cordial and the work atmosphere remained congenial throughout the year. The manpower strength of confirmed employees of your company as on 31st March 2017 was 370.

RELATED PARTY TRANSACTIONS

All related party Transactions that were entered into during the financial year were on *arm's length basis* and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee for their approval on quarterly basis

The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company.

GOVERNANCE

BOARD OF DIRECTORS

The Board of Directors have appointed Ms. Hima Srinivas as an Additional Director on the Board of the Company with effect from 24th April 2017 and she holds office till the date of the ensuing Annual General meeting. The Company is proposing to appoint her as an Independent Director under section 149 of the Companies Act, 2013 for a term of five years. Ms. Hima Srinivas has offered herself for this appointment.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. K Srinivasan, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The necessary Resolution is being placed before the shareholders for approval. The Board of Directors of your company feel that his continued association with the Board will be beneficial to the company and recommend his re-election.

All the Directors of the company have confirmed that they are not disqualified from being appointed as directors in terms of Section 164 of the Companies Act, 2013. All the independent Directors have given a declaration under section 149(6) of the Companies Act 2013, confirming their independence.

BOARD MEETINGS

A calendar of Board Meetings is prepared and circulated in advance to the Directors.

During the year, five Board Meetings and four Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

BOARD EVALUATION

Pursuant to the provision of the Companies Act, 2013 and SEBI Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Stakeholder Relationship, CSR and Nomination & Remuneration Committees. The manner in which evaluation has been carried out has been explained in the Corporate Governance Report.

REMUNERATION POLICY

The Board has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration policy is stated in the Corporate Governance Report.

STATUTORY AUDITORS AND AUDITORS' REPORT

As per the provisions of Section 139 of the Companies Act'2013, the term of M/s Deloitte Haskins & Sells, Chartered Accountants, as the statutory auditors of the Company, Bangalore will conclude from the close of the forthcoming Annual General Meeting of the Company.

The Board of Directors places on record its appreciation for the services rendered by M/s Deloitte Haskins & Sells as the Statutory Auditors of the Company.

Subject to the approval of Members, the Board of Directors of the Company has recommended the appointment of M/s Price Waterhouse Chartered Accountants LLP, (ICAI Firm Registration Number. 012754N/N500016) as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act'2013.

The notes on accounts referred to in the Auditors' Report are self- explanatory and do not call for any further comments.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act, and the Rules framed thereunder, the Company has appointed M/s Apeksha Nagori, practicing Company Secretary to undertake the secretarial audit for the financial year 2016-17. The Report of the Secretarial Auditor confirming compliance with the applicable provisions of the Companies Act 2013 and other rules and regulations issued by SEBI/other regulatory authorities forms part of the Annual Report.

The explanation to the observations of the Secretarial Audit Report by the Secretarial Auditor has been furnished in the respective sections of the Corporate Governance Report.

KEY MANAGERIAL PERSONNEL

Mr. Rajesh Khanna, Chief Executive, Mr. Mukesh Kumar Hamirwasia, Chief Financial Officer and Ms. Akanksha Bijawat, Company Secretary are the Key Managerial Personnel of the Company pursuant to Section 2 (51) and Section 203 of the Companies Act 2013.

None of the Key Managerial Personnel have resigned during the year under review.

CORPORATE GOVERNANCE

Your Company has inculcated strong culture of values, ethics and integrity living with the Five Lights- The Spirit of the Murugappa Group. The Company continues to maintain high standards of Corporate Governance in all its interactions with various stakeholders. The company strives to be a sustainable and trusted organization as sustained governance is the cornerstone in building and maintaining relationship with all its stakeholders. It rigorously pursues a policy of 100% compliance with all statutory requirements and has a robust review system in place. The Board fully supports and endorses Corporate Governance practices in accordance with provisions of Regulation 27 of the SEBI (LODR) Regulations 2015. The Corporate Governance Report along-with the Auditors' Certificate regarding compliance of the conditions of Corporate Governance pursuant to Regulation 27 of the Listing Regulations is annexed hereto and forms part of the Annual Report. To this effect, as required under Regulation 17 (8) of the SEBI (LODR) Regulations 2015, a certificate from the Chief Executive and the Chief Financial Officer of your Company is being annexed with this Report.

VIGIL MECHANISM UNDER WHISTLE BLOWER POLICY

The Company has a vigil mechanism under Whistleblower Policy to provide necessary safeguards for protection of Directors, employees, customers, vendors from reprisals or victimization. The details of the policy are explained in the Corporate Governance Report and is also posted on the website of the Company.

Extract of Annual Return

The extract of the Annual Return in form MGT 9 as required under Section 92(3) of the Act and the Rules framed thereafter is annexed to and forms part of this report. (FORMAT IN ANNEXURE I).

RATIO OF REMUNERATION TO EACH DIRECTOR:

Details / Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration as ANNEXURE – III.

Directors Responsibility Statement

Pursuant to the provisions of Section 134(3) (c) and 134 (5) of the Companies Act, 2013, the Board of Directors of your Company, make the following statements, to the best of their knowledge and belief and according to the information furnished and explanations obtained by them:

- That in the preparation of the annual financial statements for the year ended 31st March 2017, the applicable accounting standards have been followed and there have been no material departures therefrom.
- That they have selected appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at the end of accounting year and of the profits of the Company for the year ended 31st March 2017.
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the annual financial statements have been prepared on a going concern basis.
- That proper internal financial controls have been laid down to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- That proper systems are in place to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Disclosure of Statutory Particulars

- The particulars as prescribed under Section 134(3)(m) of the Companies Act,2013, read with Rules 8(3) of The Companies (Accounts) Rules 2014 are set out in Annexure A which forms part of this report.
- The information required under Section 197(12) of The Companies Act, 2013 read with Rules 5(2) & (3) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 and forming part of Directors report for the year ended 31st March 2017 is annexed in Annexure III.

ACKNOWLEDGEMENTS

The Directors acknowledge and would like to place on record the commitment and dedication on part of the employees of your Company for their continued efforts in achieving good results. Your Directors also look forward for their continued involvement and support in future.

Your Directors would also like to express their sincere appreciation to investors, bankers, customers, suppliers, business associates, shareholders, auditors and other statutory authorities who have extended their precious continued support and encouragement to your company during the year. Your Directors extend their sincere gratitude to all the regulatory agencies like SEBI, Stock Exchanges, Registrar of Companies and other Central and State Government authorities/agencies, Stakeholders, vendors and sub-contracting partners for their support.

Finally, the Directors also wish to place on record their gratitude to the members of the Company for their Continued Support & Confidence.

By order of the Board
For Wendt (India) Limited

Place: Chennai
Date: 24th April 2017

M M Murugappan
Chairman

Annexure to the Directors Report

A) Information under section 134(3)(m) of the Companies Act,2013, read with Rules 8(3) of The Companies (Accounts) Rules 2014 and forming part of Director's Report.

a) Conservation of Energy

Your Company does not fall under the category of power intensive industries. However, sustained efforts are being taken to reduce energy consumption. The organization is an ISO 14001 certified company which is an International Management System Standard. The environmental policy of your Company focusses on conservation of natural resources and minimization of pollution. The following energy conservation measures were considered by your Company during the year:

i) Replacement of existing energy inefficient lamps with energy efficient lamps. Installation of energy efficient lamps in all new installations.
ii) Introduction of light dependent resistance sensor harnessing natural daylight for all outdoor lighting with automatic controls
iii) Time switches installed at various places for automatic control of street lights.
iv) Installation of occupancy sensors in washrooms & lavatories
v) To improve the power factor, undertook addition/ replacement of Power capacitors.
vi) Modification in lighting circuit for automatic ON/OFF controls
vii) Optimum utilization of energy through process redesigning as well as maximum utilization of equipment that offers improved energy efficiency.
viii) Your company has taken measures to save water whereby 100% of the domestic effluent and the trade effluent are treated and used for gardening and electroplating processes (Zero discharge)
ix) Various energy conservation measures are taken and general awareness is propagated among all concerned for efficient use of energy not only within the Company premises but also at employee residences.

b) Technology Absorption, Adaptation and Innovation

Your Company thrives on quick absorption of latest technology and its adaptation in both Super abrasive and Non-Super abrasive business verticals. As mentioned earlier, the expiry of the technical collaboration with Wendt GmbH happened couple of years back. Pre-empting this, your company had already embarked on developing its own technology & appended process by aggressively pursuing its R&D efforts through the establishment of R&D Centre and also collaborating with renowned institutes & Laboratories who have gained sufficient knowledge in your company's product lines. As a result, your company has been able develop some of the products that are extensively used in wide range of industries like Refractory, Ceramics, Construction, Glass and Composite, Cutting Tools, Steel and Textile & Paper. Your Company has also identified and initiated some more areas for bond development for industries such as Rotary Tools, Ceramics, Bearing, Glass, Automobile etc with the help of a well qualified and experienced external consultant.

Through its independent endeavors to strengthen the technology base and R &D activities, your Company has had close association with one of the renowned research institutes based in Europe for in house development and manufacture of Brazed products. Your Company also banks on the rich experience, knowledge pool and R&D facility of its Indian Joint venture partner Carborundum Universal who are leaders in the field on conventional abrasive & material science for some of the application developments for specific areas.

Your Company continuously focuses towards the re-engineering of processes and works on cost economical raw material alternatives for its products in order to improve operational efficiency, thereby reducing costs and waste elimination.

Your Company makes efforts towards value engineering of existing products to deliver better price to performance ratios, new processes for the manufacture of certain products, improvement in products to match evolving requirements of customers and development of capability to manufacture products addressing specific market niches.

Based on your company's needs for modern technology and growth opportunity, strategic acquisitions/ collaborations in related areas are being explored.

RESEARCH & DEVELOPMENT

In line with its strategic intent, your Company seeks to become significant global player in offering customized functionally superior products to maintain its competitive edge and retain its market leadership position. Since the advancement of technology is at a greater pace, the grinding technology needs to be constantly updated on an ongoing basis to keep pace with rapid change in material science and machining techniques. As an acknowledgement of this important aspect, your company has a well-established R&D centre which is anchored by R&D head who is well experienced and knowledgeable in his domain. Apart from research and development activities, he also collaborates with external research labs and renowned institutes & collaboration with technical consultants for the required technological up gradation.

As you may be aware, your Company's R&D Centre was accorded Certificate of recognition from the Ministry of Science and Technology, Government of India, valid upto 31st March'15 which was renewed till 31st March'2018.

The recognition of the R&D centre by DSIR gives your company a major impetus not only to pursue development of new Bond / Matrix, new products for itself but also provide opportunities for collaboratively working with external institutes / research laboratories on leading technologies in future. In order to grab the opportunity of collaborative work with research laboratory, your company R&D center has undergone a technology transfer agreement with **Bhaba Atomic Research Center (BARC-Mumbai)** for development of futuristic nano finishing machine. This R & D venture continues to carry out indigenous Bond development in a major way and help the organization to be ahead of competition with launch of newer products.

Your company has a state of art R&D facility with all ultra-modern equipment's and facilities supported by well qualified and dedicated R&D team which is involved round the clock in various R&D projects and activities in order to develop new products with new features for the grinding and finishing applications, improve the existing one, develop new methods, technology up-gradation etc. State of the art condition monitoring grinding machines have been established & commissioned in your company R&D for qualifying the bonds in-house, which is a major breakthrough in terms of validation process.

Your Company continuously focuses towards the re-engineering of processes and works on developing cost economical raw material alternatives like raw materials for improving operational efficiency, reducing costs and waste elimination.

Continuous efforts are made towards value engineering of existing products to deliver better price to performance ratios, new processes for the manufacture of certain products, improvement in products to match evolving requirements of customer.

Your R&D centre has a dedicated team to work on various Research concepts for bringing cutting edge technology solutions for offering to the customers.

Our R&D Department focus areas are on:

a. State -of the -art new futuristic machine for internal validation
b. Development of new bonds for glass grinding applications
c. Development of next generation grinding wheel body material for high speed grinding
d. Development of vitrified fine grinding wheel for lapping application
e. Development of special bond for the carbide insert grinding Application
f. Development of special vitrified bond for carbide flute grinding application
g. To develop Self Sufficiency in wide range of Bonding Materials for Grinding application.
h. New Process and Design for precision Honing Applications
i. Products for Cutting & Grinding of New Materials
j. Building customized Products for local and global markets
k. Working not just as product development partners but also as Go-To – Market partners with customers

Specific areas in which R & D is carried out by the Company

Following are the areas in which R&D is carried out by the Company

1. Development of integral body thin wheels for slicing operation
2. Development of light- weight -high -strength composite body material of grinding wheel
3. Development of new bonding system for glass grinding application
4. Development of a new state of the art ultra-surface finishing machine with collaboration of BARC-Mumbai
5. Development of special bond for the carbide insert grinding Application
6. Development of special vitrified bond for carbide flute grinding application
7. Development of new Bonding System for Super abrasive grinding wheels Vitrified, Metal and Resin bond
8. Development of vitrified super finishing sticks for honing/lapping application
9. Study and analysis of grinding process with condition monitoring system for optimizing the process
10. Development of new manufacturing methods by using resistance heating technique
11. Establishing the network with academic institutes/PSUs for any opportunities relevant to the company's activities.

Benefits derived as a result of the above R & D

Business organization gain considerable benefit through investing in research and development. Furthermore, ongoing research in Wendt R&D brings new opportunities in the market. Following are the benefits of R&D

1. Development of bonds for self sufficiency
2. Indigenisation of Bonding Materials for super abrasives as an import Substitute.
3. Grinding Solutions for New application
4. Upgrading Manufacturing Technologies with current Needs
5. Development of Futuristic products in the area of super abrasives
6. Development of new body materials for our products machine parts & components
7. Since the company's R&D facility has got the recognition and approval from DSIR, tax benefit can be availed on the R&D capital & revenue expenditure.

Your Company's continued investment in research and development has resulted in development of some of the new products with special features for the grinding and finishing applications in the previous year.

Some of the new products developed by your company last year are:-

- Brazed wheels for steel grinding, ceramic, ophthalmic and composite
- Indigenized Vitrified diamond wheel for PCD/PCBN lapping applications
- Vitrified super finishing honing sticks for bearing and textile
- Integral thin wheels by using resistance heating methods
- Vitrified CBN ID grinding wheel for fuel pumps
- Double disc fine grinding wheels
- Development of Brazed product for Paint scrapping
- Development of CNC cylindrical grinding machine with Straight Wheel Head and Angular Wheel Head
- Development of CNC Wheel Dressing & Profiling Machine
- Development of CNC Creep Feed Grinder

Wendt India R&D plant includes inter alia, New Technology Development, Technology upgradation, and Self Sufficiency in Bond Development.

During the year, your company also successfully developed seven new machines such as Vertical Single & Double spindle Honing machines, Angular Head Grinding machine and Surface Grinding Machine.

Benefits Derived: Your Company mainly caters to niche market where majority of customers are OEMs and look for technologically superior products and reliable performance. With majority of the customers considering your Company as a *Single-Stop Shop* for **Complete Grinding and Honing Solutions**, they look forward to have technologically advanced products with superior and consistent performance. Your company is able to address these ever- changing needs & expectations of the customers, by virtue of its strong R&D focus and long years of experience. This facilitates your Company to retain its dominant position and also enable the customer to justify the due premium for its product reflecting on your company's profitability.

(i) Expenditure on R&D **(Rs. In Lakhs)**

Sl. No	Particulars	2016-17	2015-16
a)	Capital Expenditure	42	8
b)	Recurring (revenue expenditure)	202	238
c)	Total Expenditure	243	246
d)	Total R&D Expenditure as a percentage of turnover (net of excise duty)	1.90%	2.11%

(ii) Foreign Exchange Earnings and Outgo **(Rs. In Lakhs)**

Sl. No	Particulars	2016-17	2015-16
a)	Foreign Exchange Used	3371	3519
b)	Foreign Exchange Earned	3321	3656

By order of the Board
For Wendt (India) Limited

Place: Chennai
Date: 24th April 2017

M M Murugappan
Chairman

Safe Harbor

This communication contains statements relating to future business developments and economic performance that could constitute 'forward looking statements'. While these forward looking statements represent the Company's judgments and future expectations, a number of factors could cause actual developments and results to differ materially from expectations. Your Company undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances. Further investors are requested to exercise their own judgment in assessing various risks associated with the Company and also the effectiveness of the measures being taken by the Company in tackling them as those enumerated in this report are only as perceived by the management.

ANNEXURE I

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31/03/2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies Management and Administration) Rules, 2014]

Form No. MGT - 9

I. REGISTRATION AND OTHER DETAILS:

CIN	L85110KA1980PLC003913
Registration Date	21/08/1980
Name of the Company	Wendt (India) Limited
Category / Sub -Category of the Company	Company having Share Capital
Address of the Registered office and contact details	105, 1st Floor, Cauvery Block, National Games Housing Complex, Kormangala, Bangalore - 560047 Telephone No.: 080 25701423
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel: +91 40 67162222-1510-1512 Fax:+91 40 23001153

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S.No	Name and Description of main products / services	NIC Code of the Product	% to total turnover of the Company
1	Grinding Wheels and Abrasives	23993	51.28
2	Grinding, Dressing, Lapping, Honing & Polishing	23993	24.04
3	Special Purpose Machine, Components & Accessories	3590	12.81
4	Machine Tools & Accessories	3570	10.55

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

S.No	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Wendt Middle East FZE, UAE Warehouse No. W3 - 8 PO Box No.50732, Hamriyah Free Zone - Sharjah, United Arab Emirates	Foreign Company UIN: BGWAZ20080859	Subsidiary	100%	2 (46)
2	Wendt Grinding Technologies Limited, Thailand 109/21 Moo.4, Tambon Pluakdaeng Aumpur Pluakdaeng Rayong 21140	Foreign Company UIN: BGWAZ20060179	Subsidiary	99.99%	2 (46)

WENDT

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2016)				No. of Shares held at the end of the year (31st March 2017)				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
(a) Individual/HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	7,97,352	-	7,97,352	39.87	7,97,352	-	7,97,352	39.87	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other….	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	7,97,352	-	7,97,352	39.87	7,97,352	-	7,97,352	39.87	-
(2) Foreign									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	7,97,352	-	7,97,352	39.87	7,97,352	-	7,97,352	39.87	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other….	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	7,97,352	-	7,97,352	39.87	7,97,352	-	7,97,352	39.87	-
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	15,94,704	-	15,94,704	79.74	15,94,704	-	15,94,704	79.74	-

Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2016)				No. of Shares held at the end of the year (31st March 2017)				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks/FI	1850	-	1850	0.09	1850	-	1850	0.09	-
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt (s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	**1850**	**-**	**1850**	**0.09**	**1850**	**-**	**1850**	**0.09**	**-**

Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2016)				No. of Shares held at the end of the year (31st March 2017)				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non- Institutions									
(a) Bodies Corp	17714	200	17914	0.90	15281	200	15481	0.77	(0.13)
i. Indian	-	-	-	-	-	-	-	-	-
ii. Overseas	-	-	-	-	-	-	-	-	-
(b) individuals									
i. Individual shareholders holding nominal share capital up to Rs. 2 lakh	330109	49875	379984	19.00	337171	44600	381771	19.09	0.09
ii. Individual shareholders holding nominal share capital in excess of Rs 2 lakh	-	-	-	-	-	-	-	-	-
(C) Others (Specify)									
i) Trust	300	-	300	0.02	-	-	-	-	0.00
ii) NBFC Registered with RBI	-	-	-	-	100	-	100	0.01	-
ii) Clearing Members	120	-	120	0.01	351	-	351	0.02	0.01
iii) Non Resident Indians	5128	-	5128	0.26	5743	-	5743	0.29	0.03
Sub-Total (B)(2)	**355221**	**50075**	**405296**	**20.26**	**360496**	**44800**	**405296**	**20.26**	-
Total Public Shareholding = (B) (1) + (B) (2)	**355221**	**50075**	**405296**	**20.26**	**360496**	**44800**	**405296**	**20.26**	-
C. Shares held by custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1949925**	**50075**	**2000000**	**100**	**1955200**	**44800**	**2000000**	**100**	-

(ii) Shareholding of Promoters:

S.No	Shareholders' Name	Shareholding at the beginning of the year (1st April 2016)			Shareholding at the end of the year (31st March 2017)			% of Change during the Year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Carborundum Universal Limited	7,97,352	39.87	-	7,97,352	39.87	-	-
2	Wendt Gmbh	7,97,352	39.87	-	7,97,352	39.87	-	-
	Total	**15,94,704**	**79.74**	-	**15,94,704**	**79.74**	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Particulars	Shareholding at the beginning of the year (1st April 2016)		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	No change during the year			
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	No change during the year			
At the End of the year	No change during the year			

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	RAM KRISHAN KHANDELWAL	14075	0.70	14075	0.70
2	TARA CHAND JAIN	4775	0.29	4811	0.24
3	BHUMESH KUMAR GAUR	4016	0.20	4016	0.20
4	RAM KRISHAN KHANDELWAL	4000	0.20	4000	0.20
5	ANITA KHANDELWAL	3253	0.16	3253	0.16
6	KIRIT MODI	2818	0.14	2818	0.14
7	RAJEN ANIL SHAH	2489	0.12	2489	0.12
8	OM PRAKASH RAWAT	-	-	2400	0.12
9	HAFEEZ SORAB CONTRACTOR	-	-	2354	0.12
10	SHAILESH BHAGVATI PRASAD DAVE	2000	0.10	2000	0.10

(v) Shareholding of Directors and Key Managerial Personnel:

S.No	For Each of the Directors and KMP	Shareholding at the beginning of the year (1st April 2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Directors				
1.	**Mr. M M Murugappan**				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

S.No	For Each of the Directors and KMP	Shareholding at the beginning of the year (1st April 2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2.	**Mr. Edmar Allitsch**				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
3.	**Mr. Shrinivas G Shirgurkar**				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
4.	**Mr. K S Shetty**				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
5.	**Mr. K Srinivasan**				
	At the beginning of the year	**2650**	**0.13**	**2650**	**0.13**
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	**2650**	**0.13**	**2650**	**0.13**
6.	**Mr. Peter Verholen**				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

S.No	For Each of the Directors and KMP	Shareholding at the beginning of the year (1st April 2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	KMP				
1.	**Mr. Rajesh Khanna, Chief Executive**				
	At the beginning of the year	**240**	**0.01**	**240**	**0.01**
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	**240**	**0.01**	**240**	**0.01**
2.	**Mr. Mukesh Kumar Hamirwasia, Chief Financial Officer**				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
3.	**Ms. Akanksha Bijawat, Company Secretary**				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

V. *INDEBTEDNESS:*

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S.No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		None	
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	NIL	
(b)	Value of perquisites u/s 17(2) Income - tax Act, 1961		
(c)	Profits in lieu of salary under section 17(3) Income - tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission - as % of profit - others, specify…		
5	Others, please specify		
Total (A)			
Ceiling as per the Act			

B. Remuneration to other Directors:

1. Independent Directors

S.No	Particulars of Remuneration	Name of Directors		Total Amount (Rs. In Lakhs)
		Mr. Shrinivas G Shirgurkar	Mr. K S Shetty	
	Fee for attending board / committee meetings	2.20	1.90	4.10
	Commission	-	-	-
	Others, please specify	-	-	-
Total B (1)				4.10

2. Non-Executive Directors

S.No	Particulars of Remuneration	Name of Directors			Total Amount (Rs. In Lakhs)
		Mr. M M Murguppan	Mr. Edmar Allitsch	Mr. K Srinivasan	
	Fee for attending board / committee meetings	0.90	-	-	0.90
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
Total B (2)					0.90
Total (B) = (1)+(2)					5.00

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD:

S.No	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Rajesh Khanna, CEO	Mr. Mukesh Kumar Hamirwasia, CFO	Ms. Akanksha Bijawat, CS	Total (Rs. In Lakhs)
(a)	Salary as per provisions contained in section 17(1) of the Income -tax Act, 1961	89.72	28.04	6.85	124.61
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	15.36	2.37	-	17.73
(c)	Profits in lieu of salary under section 17(3) Income -tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify…	-	-	-	-
5	Others, please specify -Retirals benefit	11.33	2.74	0.82	14.89
Total (C)		116.41	33.15	7.67	157.23

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

ANNEXURE II

ANNUAL REPORT ON COROPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects / programs	Refer Section Corporate Social Responsibility
2.	Website link where the CSR policy is uploaded http://www.wendtindia.com/pdf/csrpolicy.pdf	
3.	The Composition of the CSR Committee Mr. K S Shetty, Chairman (Independent Director) Mr. Shrinivas G Shirgurkar, Member (Independent Director) Mr. K Srinivasan, Member (Non-Executive Director)	
4.	Average net profit of the company for last three financial years	Rs. 1617.21 Lakhs
5.	Prescribed CSR Expenditure (two per cent of the amount as in item 4 above)	Rs. 32.34 Lakhs
6.	Details of CSR spent during the financial year (a) Total amount spent for the financial year (b) Amount unspent, if any	Rs. 32.34 Lakhs -

(c) Manner in which the amount spent during the financial year is detailed below (Rs. In Lakhs)

Sl No	CSR project or activity identified.	Sector	Location	Amount outlay (budget) project or program	Amount spent on the project or program	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Promoting Education including special education and employment enhancing vocation skills	Promoting Literacy among children	Local Area. Hosur, Tamilnadu	26.84	26.84	26.84	Direct
2	Research & Development in the areas of food and sustainable agriculture, environment management and renewable energy to create livelihood opportunities in rural India.	Rural Development Projects	Chennai, Tamilnadu	2.00	2.00	2.00	AMM Research Centre
3	Promoting healthcare by supporting Support for Heart Surgeries - Gift of Life Project	Promoting preventive health care	Bangalore, Karnataka	3.50	3.50	3.50	Rotary Club, Bangalore
	TOTAL			**32.34**	**32.34**	**32.34**	

7. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: N.A.
8. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

K S Shetty
Chairman of CSR Committee

K Srinivasan
Director

Place: Chennai
Date: 24th April 2017

ANNEXURE III

STATEMENT OF EMPLOYEES' REMUNERATION

A. The details of top ten employees in terms of remuneration drawn during the financial year 2016-17 as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 duly amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 are as follows:

Sl. No.	Name and Age	Designation/ Nature of duties	Gross remuneration paid (Rs in Lakhs)	Qualification & experience (years)	Date of commencement of employment	Previous employment
1	Rajesh Khanna (56)	Chief Executive Officer	116 .41	B.E (Mech), PGDBA (34 years)	01 - 10 - 1982	NIL
2	M S Venkatesh (51)	Unit Head	46 .98	B.E. (27 years)	25 - 03 - 1996	Mysore Kirloskar Ltd.
3	Mukesh Kumar Hamirwasia (45)	Chief Financial Officer	33 .15	B.COM (Hons), ACA, AICWA (20 years)	15 - 04 - 2010	Ecom Gill Coffee Trading Pvt. Ltd.
4	S Sundariya (52)	Business Head-Machine & Precision Components	33 .13	IIIE (34 years)	03 - 08 - 1992	Rane Brake Lining Limited
5	D K Hotta (53)	Business Head-Super Abrasives	25 .37	B.E., PGDBA (26 years)	16 - 09 - 2002	ICFAI Business School
6	Santosh Kulkarni P (46)	Marketing Head - SA - Domestic & Exports	22 .57	B.E. (24 years)	02 - 05 - 1997	Ultra Filter Pvt. Ltd.
7	Uday R B (47)	Senior General Manager - SA Manufacturing	22 .36	B.E. (25 years)	08 - 01 - 2005	Sundram Fasteners
8	Prasanna Kumar H K (5 5)	General Manager - TQM, Lean & Management Standards	20 .67	DME (32 years)	09 - 09 - 1985	WIDIA
9	Ponnuvel C (56)	General Manager - Precision Components	20 .50	DME (32 years)	10 - 12 - 1984	Usha Telehoist Ltd.
10	Satish Kumar S (49)	General Manager - Machine Tools	20 .27	B.E. (Mech) (25 years)	06 - 10 - 1995	Gedee Weiler Pvt. Ltd.

a) None of the employees of the Company other than the Chief Executive were in receipt of remuneration for the FY 2016-17 in excess of Rupees One crore and two lakh rupees per year or eight lakh and fifty thousand rupees per month.

B. The details of remuneration during the year 2016-17 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 as are as follows:

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	N.A. The directors are paid only sitting fees for attending Board and Committee Meetings.
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the financial year.	Director: N.A. CEO: 32.40% CFO: 18.77% CS: 17.46%
(iii) the percentage increase in the median remuneration of employees in the financial year.	8.28%
(iv) the number of permanent employees on the rolls of company.	370
(v) (a) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year: N.A. The directors are paid only sitting fees for attending Board and Committee Meetings. (b) Percentile increase in the managerial remuneration: N.A. (c) Comparison of the above and justification thereof: N.A. (d) Point out if there are any exceptional circumstances for increase in the managerial remuneration: None	
(vi) affirmation that the remuneration is as per the remuneration policy of the company.	The Company is in compliance with its Remuneration Policy.

FORM No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules 2014)

To,

The Members

Wendt (India) Limited
Flat No. 105, 1st Floor, Cauvery Block,
National Games Housing Complex, Koramangala,
Bangalore – 560 047

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to the good corporate practices by **WENDT (INDIA) LIMITED,** (Corporate Identity No. L85110KA1980PLC003913 **(herein after called "the Company")**. Secretarial Audit was conducted in a manner that provided me with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinions thereon.

Based on my verification of the **WENDT (INDIA) LIMITED** books, papers minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2017complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made in hereinafter:

I have examined the books, paper, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017, according to the provisions of:

I. The Companies Act 2013 (the Act) and the rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. During the year under review the Company has complied with the provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. There was no External Commercial Borrowings during the year under review.

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, as amended from time to time;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, as amended from time to time;

   c) The Securities and Exchange Board of India (Registrar to an issue and Share Transfer Agents) Regulations as amended from time to time, regarding the Companies Act and dealing with Client;

   d) During the year the Company has not issued any new securities mandating compliance of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, as amended from time to time: and

   e) During the year under review, the Company has not delisted its securities from any of the Stock Exchanges in which it is listed and hence the compliance of the provisions of the Securities and Exchange Board of India (Delisting of Securities) Regulations, as amended from to time is not applicable

I have also reviewed the systems and mechanisms established by the Company for ensuring compliances under the applicable Acts, Rules, Regulations and Guidelines prescribed under the various laws which are applicable to the Company and categorized under the following major heads/groups:

1. Factories Act, 1948
2. Labour Laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis relating to the wages, gratuity and prevention of sexual harassment, dispute resolution, welfare, provident fund, insurance, compensation, etc.;
3. Industries (Development & Regulation) Act, 1991;
4. Acts and Rules prescribed under prevention and control of pollution;
5. Acts relating to the protection of IPR;

I have also examined compliance with the applicable clauses of the following:

i) Secretarial Standards issued by the Institute of Company Secretaries of India.

ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

i) As per the Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 there should be a minimum shareholding of 25% of the paid up capital of the Company. As on March 31, 2017 the Promoters' shareholding is 79.74% of the total paid up share capital whereas the public holds the balance 20.26% of the paid up share capital of the Company.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors subject to the following observations:

i) One of the condition of the Regulation 17(1b) of the Disclosure Requirements) Regulations, 2015 requires that if the non-executive Chairman is a promoter, at least one half of the Board of the Company should consist of independent directors and gap between the resignation and appointment of a new independent director should not exceed 90 days. An Independent Director of the Company ceased to be a director w.e.f. 27th July, 2010 and no other independent director has been appointed in his place up to the date of this certificate. As on March 31, 2017, the Company has two independent directors as against the requirement of minimum three directors.

ii) One of the conditions of the Regulation 17(1a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires that the Board of Directors of the Company should consist of one woman director. As on March 31, 2017 and up to the date of this certificate, no woman director has been appointed by the Company.

Adequate notice is given to all Directors before schedule of the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The quorum was maintained at all the meetings subject to the following:

I) During the year, Mr. K.S. Shetty, one of the Independent Directors of the Company were unable to attend Audit Committee meeting dated 28th April, 2016, which resulted in insufficient quorum as per Regulation 18 (2b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the said Committee Meeting. However the quorum as per the Companies Act, 2013 was fulfilled.

Based on the verification of the records and minutes, the decisions were carried out with the consent of majority of Board of Directors / Committee Members and there was no dissenting members' views recorded in minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Apeksha Nagori
ACS No. A21952
C.P. No. A13639

Place: Bangalore
Date: 24th April, 2017

REPORT ON CORPORATE GOVERNANCE

"Corporate Governance is the acceptance by Management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a Company."

Effective Corporate Governance practices constitute the strong foundation on which successful commercial enterprises are built to last. It mainly involves the establishment of structures and processes, with appropriate checks and balances that enable the Board to discharge its responsibilities accordingly.

In the conduct of your Company's business and its dealings, it abides by the principles of honesty, openness and doing what is right and fair. Your Company is committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with the applicable legislation. These principles guide our behavior at all times.

Your Company practices the highest standards of corporate behavior towards everyone it works with, be it the communities or the environment. This is the road to responsible, sustainable and profitable growth and creating long term value for your Company's stakeholders, people and our business partners and society at large.

Company's Philosophy on Corporate Governance

Wendt believes that effective Corporate Governance implies fair, transparent and equitable treatment of all its stakeholders including shareholders, customers, partners, vendors and employees. Corporate Governance philosophy at Wendt is to not only comply, not just in letter but also fully in spirit, with the statutory requirements, but also voluntarily formulate and adhere to best Corporate Governance practices. Your Company believes that Corporate Governance is not an end to itself but a catalyst in the process towards maximization of stakeholder value.

Your Company looks upon good Corporate Governance practices as a key driver of sustainable corporate growth and long-term stakeholder value creation. Your Company and its employees are guided by the values of collaborative spirit, unrelenting dedication and expert thinking. These values are core to all our operations. All employees are expected to adhere to the highest standards of integrity. Your Company has a clearly articulated Code of Conduct which is applicable to all Wendt employees.

The Company's Code of Business Conduct and its well-structured internal control systems which are subjected to regular review for their effectiveness, reinforces accountability and integrity of reporting and ensures transparency and fairness in dealing with the Company's stakeholders. The Company's focus on sustainable development, its customer centric approach which ensures product quality and innovative value added service offerings coupled with its outreach through CSR activities and programmes to the communities in and around its area of operations has enabled your Company to earn the trust and goodwill of its investors, business partners, employees and other stakeholders.

Your Company has complied with the requirements of Corporate Governance code as prescribed by The Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations") is given below:

The Company's Corporate Governance approach is based on the following:

The flow of content in this Report is as follows:

A. Board of Directors

B. Board Committees

C. Disclosures

D. Means of Communication

E. Non-Mandatory Requirements

A. BOARD OF DIRECTORS

The Company's Board of Directors play a key role in providing direction in terms of strategy and target setting. It places special emphasis on compliance as also ensuring that the Company operates in the best interests of all its shareholders. The Board operates within the framework of a well-defined responsibility matrix which enables it to discharge its fiduciary duties of safeguarding the interests of the Company. Wendt firmly believes that Board independence is essential to bring objectivity and transparency in the management of the Company.

The Company's Governance structure comprises a dual layer, the Board of Directors and the Committees of the Board at the apex and the Management structure at an operational level. This brings about a consistent balance in governance. The Board of Directors along with its Committees provide leadership and guidance to your Company's management as also direct, supervise and control the performance of the Company.

a) Attributes of a Board

It is important to consider a variety of personal attributes among the Board incumbents including intellect, judgment, openness, honesty and the ability to develop trust. A Board requires Directors who have the intellectual capability to question status quo and debate any new policy/strategy as also offer suggestions and alternatives which are in the best interests of the Company.

b) Size and Composition of the Board

The composition of the Board represents a fine blend of professionals from various backgrounds which enables the Board to discharge its responsibilities more efficiently and provide effective leadership by taking the Company's business to achieve greater heights. The Board's composition is robust and enables it to deal competently with emerging business development issues and exercise independent judgement. The Board lays down the overall corporate objectives and provides direction and independence to the Management to achieve these objectives within a given framework. This professional management process results in building a conducive environment for sustainable business operations and value creation for all stakeholders.

As of March 31, 2017, the Board at Wendt (India) comprises of 5 Non-Executive Directors out of which 2 are Independent Directors. Independent Directors apart from receiving sitting fee, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, so as to avoid any influence & ensure independence of judgment on any decision. The Independent Directors, with their diverse knowledge and expertise provide valuable contribution in the deliberations and decisions of the Board, maintaining the requisite independence.

Pursuant to the retirement of Mr Kiran A Sheth, Independent Director from the Board in the AGM held on 27th July 2010, an Independent Director was required to be appointed as per the Regulation 17 of the SEBI (LODR) Regulations, 2015. A time frame of 180 days was available to do so and the process of identifying suitable candidates for filling up this position was initiated. In the meantime, consequent to the offer made by 3M (Schweiz) AG for the acquisition of Winterthur's group stake thereby resulting in the indirect acquisition of 40% stake in your Company, and the same being challenged by Carborundum Universal Limited, one of the Promoters of the Company, the Company Law Board, Chennai Bench has passed an interim order restraining the alteration of the Board of Directors of the Company. The filling up of the vacancy of the Independent Director and compliance of the Regulation 17 of the SEBI (LODR) Regulations, 2015 could be done subsequent to settling of the above case pending with the National Company Law Tribunal (NCLT). *

*With the dissolution of CLB and constitution of National Company Law Tribunal (NCLT) in its place with effect from 1st June 2016, the case is ongoing in NCLT, Bangalore.

As per requirement of Regulation 17 (1) (b) of the SEBI (LODR) Regulations, 2015 with regard to the appointment of Woman Director by 31st March 2015, there was a petition filed by Carborundum Universal Limited, the Co- promoter of the Company against Wendt Gmbh (other co-promoter), Winterthur Technologies AG, 3M Schweiz (AG) and others, the Company Law Board (CLB), Chennai bench has passed an interim order dated 19th January 2011 restraining the alteration of the composition of the Board of Directors of the Company till the matter is pending. The Company with an intention to comply with the regulatory requirement has sought permission from the NCLT, for inducting a woman director on the Board of the Company. The application has been allowed by the NCLT, the Company has commenced the process for identifying a suitable candidate who would be willing to be inducted into the Board of the Company.

Accordingly, the Company had selected one profile and the same was placed before the N&R Committee for their perusal. However, it was not finalized as the candidate could not get the necessary approval from the Syndicate which was required before taking up the directorship in the Company. However, the Company has initiated the process to identify a new candidate to fill the position and adhere to the compliance.

Directorships and Committee Memberships:

None of the Director on the Company's Board is a Director in more than 20 companies of which not more than 10 shall be Public Limited Companies. A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company. A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds Directorships. For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

The total number of Directorships held by the Directors and the position of Membership / Chairmanship on Committees as on 31st March 2017 is given below. All the Directors are compliant with the provisions of the Companies Act, 2013 (hereinafter referred to as "the Act") and "SEBI Regulations" in this regard.

Such declarations are placed at the Board meeting.

Name of the Director	Category	No. of Directorships/ Chairmanships (Excluding Wendt India)	No. of Committee Memberships/ Chairmanships (Excluding Wendt India)
		Public Limited Companies	
M.M Murugappan Chairman DIN: 00170478	Promoter and Non Executive Director (PD)	9 (4 as Chairman)	8 (out of which 3 as Chairman)
Edmar Allitsch (Alternate Director- Peter Verholen)- (AD) DIN: 03073511	Promoter and Non Executive Director (PD)	-	-
K Srinivasan DIN: 00088424	Non Executive Director (NED)	3	1
Shrinivas G.Shirgurkar DIN: 00173944	Non Executive/ Independent Director (ID)	4	1
K S Shetty DIN: 01759936	Non Executive/ Independent Director (ID)	-	-

Note:

- Independent Director means a Director as defined under SEBI (LODR) Regulations, 2015.
- Number of other Directorships indicated above is exclusive of Directorships on the Board of Private Limited Companies (which are not holding or subsidiaries of Public Companies)/ Foreign Companies/ Alternate Directorship/ Section 8 Companies.
- The details of the Committee membership/ Chairmanship are in relation to the specified committees viz. Audit Committee & Stakeholder Relationship Committee (SRC) of Indian Public Limited Companies.
- None of the Directors are related to each other.

c) Diversity in Board

Diversity, in all its aspects, serves a significant purpose for Board effectiveness. It can widen perspectives while making decisions, avoid similarity of attitude and help companies better understand and connect with its stakeholders. Such diversity may be with regard to academic qualifications, technical expertise, relevant industry knowledge, experience, nationality and age. The Wendt Board represents diversity in terms of all these parameters.

d) Board Meetings

A minimum of four Board Meetings are required to be held each year and the gap between two Board Meetings should not exceed four months. During the FY 2016-17, Five Board meetings were held to discuss and decide business policies/strategies and review the Financial Performance of the Company and its Subsidiaries. Four Board meetings are scheduled in advance for the entire year to be held after the end of each financial quarter. Apart from the above, additional Board meetings will be convened to address specific needs, if any, of the Company otherwise the Board's approval will be taken by passing resolution by circulation, as permitted by law, which will be approved in the ensuing Board Meeting.

The tentative annual calendar of Board Meetings for the ensuing year is decided in advance by the Board. The Board Meetings are governed by a structured Agenda. Agenda for each meeting along with the explanatory notes are drafted and distributed well in advance to the Directors. Presentations are made by the CEO, the Senior Management

Team on the Company's performance, operations, plans and other matters of importance on quarterly basis. The Board has complete access to any information within your Company and they are updated about their roles and responsibilities in the Company.

During the year 2016-17, the Board of Directors of your Company met five times and the gap between two meetings did not exceed one hundred and twenty days. The necessary quorum was present for all the meetings. The dates on which the said meetings were held are as follows:

28th April 2016,
26th July 2016,
24th October 2016,
24th January 2017,
20th March 2017.

The attendance of each Director at the Board meetings and at the last Annual General Meeting (AGM) is as under:

Name	Category	No. of Board Meetings during the year 16-17		Attended last AGM held on 26.07.2016
		Held	Attended	
M M Murugappan- Chairman	PD	5	4	Yes
Edmar Allitsch	PD	5	-	No
Peter Verholen (Alternate to Edmar Allitsch)	AD	5	-	No
K Srinivasan	NED	5	5	Yes
Shrinivas G Shirgurkar	ID	5	5	Yes
K S Shetty	ID	5	4	Yes

- 4 Board meetings are scheduled in advance for the entire year to be held after the end of each financial quarter. Additional Board meetings such as Board Meeting for Business Plan approval are convened by giving appropriate notice.
- In addition for any business exigencies, the resolutions are passed by circulation and later placed in the ensuing Board Meeting.
- Committees of the Board meet whenever required.

Independent Directors

Independent Directors play an important role in the governance processes of the Board. With different points of views flowing from their expertise and experience they enrich the decision making process at the Board and prevent conflicts of interest in the decision making process. All the board members including Independent Directors have the opportunity and access to interact with the management. The Independent Directors have submitted declarations that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations and have confirmed that they do not hold directorship more than the prescribed limit in the Listing Regulations.

Pursuant to Schedule IV of the Companies Act 2013 and the Rules made thereunder, the Independent Directors of the Company met on 20th March 2017, in absence of the non-Independent Directors and members of management.

Appointment and Tenure

The appointment of Independent Directors is carried out in a structured manner. The Nomination & Remuneration Committee identifies potential candidates based on certain laid down criteria and takes into consideration the diversity of the Board. As regards the appointment and tenure of Independent Directors, following is the policy adopted by the Board:

- Wendt Board has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013.

- The Independent Directors will serve a maximum of two terms of five years each.
- None of the Independent Directors serve as "Independent Directors" in more than seven listed companies.
- In the process of transition to the Companies Act, 2013, which is effective 1st April, 2014, those Independent Directors who have already served for ten or more years will serve for a maximum period of one term of five years. This is consistent with the provisions of Companies Act, 2013. In effect, the transition will be managed by re-appointing such Independent Directors for a period of one more term that does not exceed five years.

Board Evaluation

Pursuant to the provisions of the Act and the SEBI Regulations, the Board of Directors (Board) has carried out an annual evaluation of its own performance, and that of its committees and individual directors.

Structured questionnaires were prepared to evaluate the performance of the Board as a whole, individual performance of each Director and self – assessment carried out by the Directors. These assessment sheets with respect to the evaluation of the performance of the Directors were based on various aspects which, inter alia, included assessment of the level of participation, understanding of the role and responsibilities, understanding of the business and competitive environment, effectiveness of the contributions made during the Board meetings, understanding of the strategic issues and challenges for your Company etc. In assessing the overall performance of the Board, the parameters included the assessment of time devoted by the Board on the Company's long term goals and strategies, Board effectiveness, quality of discussions at the meetings of the Board, time spent and quality of discussions on key subjects like risk assessment and minimization and governance duties and performance of specific duties.

The questionnaires for assessing the performance of the Committees of the Board included aspects like understanding of the terms of reference by the Committee members, adequacy of the composition of the Committees, effectiveness of the discussions at the Committee meetings, information provided to the Committee to discharge its duties, performance of the Committee vis-à-vis its responsibilities, etc.

The Chairperson was evaluated mainly on key aspects of his role. These performance exercises were conducted seeking inputs from all the Directors/ committee members wherever applicable.

Board Familiarisation Process

Your Company has in place a structured induction and familiarisation programme for all its Directors including the Independent Directors. Your Company through such programmes familiarises not only the Independent Directors but any new appointee on the Board with a brief background of your Company, their roles, rights, responsibilities, nature of the industry in which it operates, business model operations, ongoing events, etc. They are updated on all business related issues and new initiatives.

At the time of appointing a Director, a formal letter of appointment is given to the Director, inter alia, explaining the role, function, duties and responsibilities of the Director and the Board's expectations from the Director. The Director is also explained in detail the compliances required from him / her under the Act, SEBI Regulations and other relevant regulations and his / her affirmation taken with respect to the same.

The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively discharge his / her role as a Director of the Company. Further, as an ongoing process, the Board of Directors is updated on a quarterly basis through presentations and discussions on the overall economic trends, the performance of the Company, analysis of the circumstances which helped or adversely impacted the Company's performance, comparison of the Company's performance and the initiatives taken / proposed to be taken to bring about an overall improvement in the performance of the Company, marketing strategy, business risks and mitigation plan etc.

The familiarisation programme for Independent Directors is disclosed on the Company's website www.wendtindia.com.

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e) Information supplied to the Board of Directors

All the information that is required to be made available, as applicable to the Company, in terms of Schedule II Part A of the SEBI (LODR) Regulations, 2015, is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings. There is a structured manner in which the agenda items are prepared and distributed for the Board meetings. During the Board meetings, the senior management is invited to present the plans and achievements relating to their respective areas of responsibility.

Information Placed before the Board:

The following information is regularly provided to the Board, as part of agenda papers for the Board meetings:

- All matter covered under the Listing Requirements.
- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the listed entity and its business segments.
- Minutes of meetings of audit committee and other committees of the board of directors.
- The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- Quarterly details of investments by the Company in liquid mutual funds and returns thereon.
- Quarterly update on wholly owned subsidiaries.
- Update on order book position.
- Updates on R & D, Lean manufacturing and major sales initiatives taken by Company.
- Updates on HR related activities.

The Board has established procedures to periodically review compliance reports pertaining to all laws applicable to the Company prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

NON EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURE

Your Company does not pay any commission or remuneration to the Directors apart from sitting fees for each meeting of Board or Committee thereof attended. Details of sitting fee paid to the Directors are given in the respective place in the Report.

B. BOARD COMMITTEES

The Committees constituted by the Board play a fundamental role in upholding and nurturing the principles of good governance which translates into ethical business practices, transparency and accountability in the Company's dealing with its stakeholders and in the utilization of resources for creating sustainable growth and societal wealth.

The terms of reference of these Committees are approved by the Board and are in line with the requirements of Companies Act, 2013 and the SEBI Regulations. The minutes of Committee meetings are tabled at the Board meetings for its review and the Chairperson of each Committee briefs the members of the Board on the important deliberations and decisions of the respective Committees. The minutes of the proceedings of the Committee Meetings are captured in the same manner as the Board Meetings and in accordance with the provisions of the Companies Act, 2013. All Committees have formally established terms of reference/ charter, subject to revision/amendment as and when required.

The following committees of the Board are in existence during the year 2016-17.

a) Audit Committee
b) Stakeholder Relationship Committee
c) Corporate Social Responsibility Committee
d) Nomination & Remuneration Committee

a. AUDIT COMMITTEE

A key element in the Corporate Governance process of any organization is its Audit Committee. The Audit Committee is, inter alia, entrusted with the responsibility to monitor the financial reporting, audit process, determine the adequacy of internal controls, evaluate and approve transactions with related parties, disclosure of financial information and recommendation of the appointment of Statutory and Internal Auditors. It acts as a link between the Statutory and Internal Auditors and the Board of Directors. Effective Audit Committees can greatly assist the Boards in discharge of their duties in respect of integrity of the Company's financial reporting.

The Committee is constituted and governed by a Charter which is in line with the provisions of Regulation 18 of SEBI (LODR) Regulations 2015, read with section 177 of the Companies Act 2013. The functions performed by the Committee are broadly as under:

Terms of Reference/Charter of the Audit Committee

A. Powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

B. The role of the audit committee shall include the following:

1. Overseeing listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   a. Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
   b. Changes, if any, in accounting policies and practices and reasons for the same;
   c. Major accounting entries involving estimates based on the exercise of judgment by management;
   d. Significant adjustments made in the financial statements arising out of audit findings;
   e. Compliance with listing and other legal requirements relating to financial statements;
   f. Disclosure of any related party transactions;
   g. Modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the listed entity with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

C. The audit committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Internal auditor shall be subject to review by the Audit Committee.
6. Statement of deviations:
   (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
   (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

Meetings of the Audit Committee

During the year 2016-17, the Audit Committee met four times during the year. As per the statutory requirement, the maximum gap between two Audit Committee Meetings did not exceed the mandatory four months. The dates on which the said meetings were held are as follows:

28th April 2016,
26th July 2016,
24th October 2016,
24th January 2017.

The necessary quorum was present for all the meetings. All the members on the Audit Committee possess the requisite qualification for appointment on the Committee and have sound knowledge of finance, accounting practices and internal controls, are financially literate and have requisite experience in financial management.

The representatives of the Statutory Auditors are permanent invitees to the Audit Committee Meetings. They have attended all the Audit Committee Meetings held during the year. The CEO and CFO are also the permanent invitees to the Committee and the Internal Auditors and the senior management executives are invited to participate in the meetings of the Audit Committee wherever necessary, as decided by the Committee.

The Chairman of the Audit committee was present at the last Annual General Meeting held on 26th July 2016.

In the Audit Committee Meeting of the Company held on 28th April 2016, Mr K S Shetty, Independent Director, who was scheduled to attend the meeting had taken ill suddenly and had communicated his inability to undertake the travel for attending the meeting. Regulation 18(2)(b) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 mandates that the quorum for the Audit Committee meeting of a listed company shall be either two members or 1/3 of the members, whichever is greater, with at least two Independent Directors. The Audit Committee and Board composition of the Company comprises only two Independent Directors and the Company is not permitted to alter the composition pursuant to the CLB order dated 18th January 2011.

The Companies (Meetings of the Board and its Powers) Rules, 2014 does not permit audit committee meetings at which the annual accounts are being considered to be conducted through audio visual means. Further, considering Mr. Shetty's health condition the meeting could not be conducted through audio visual means.

As the Company, being a listed company, had already notified the stock exchanges the date of consideration of the audited annual financial statements and publication which is in the public domain and in view of Mr. Shetty's inability to indicate the probable date by when he would be in a position to attend the meeting, the Committee decided to proceed with the conduct of the meeting. Consequently, with the consent of the Chairman and the requisite quorum being present as per the Companies Act, 2013 the meeting commenced.

The Company Secretary officiates as the Secretary of the Committee.

The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Committee meetings during the year 2016-17	
		Held	Attended
Shrinivas G Shirgurkar (Chairman)	ID	4	4
K S Shetty	ID	4	3
K Srinivasan	NED	4	4

b. STAKEHOLDER RELATIONSHIP COMMITTEE

The Stakeholder Relationship Committee is constituted in line with the provisions of Regulation 20 of SEBI (LODR)

Regulations 2015 read with section 178 of the Act. The Stakeholder Relationship Committee has been constituted to assist the Board in safeguarding the interests of and redressing the grievances of the security holders of the Company.

Terms of Reference/Charter of the Stakeholder Relationship Committee

The Stakeholder Relationship Committee of the Board is constituted with powers and responsibilities including, but not limited to:

- To approve/ reject registration of transfer/ transmission/transposition of shares.
- To authorize issue of Duplicate Share Certificates and Share Certificates after Split / Consolidation / Rematerialization and in Replacement of those which are defaced, mutilated, torn or old, decrepit or worn out.
- To monitor and review the performance and service standards of the Registrar and Share Transfer Agents of the Company and provide continuous guidance to improve the service levels.
- To monitor and review the mechanism for redressal of shareholders' / investors' grievances
- To authorise Company Secretary to attend to matters relating to non-receipt of annual reports, notices, non-receipt of declared dividend/interest, change of address for correspondence etc and to monitor action taken.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

The Stakeholders Relationship Committee comprises of Mr M M Murugappan as Chairman, Mr K Srinivasan and Mr K S Shetty as members. The Committee meets as often as required to discharge its function. Details of share transfers/ transmissions, approved by the Committee are placed before the Board on a regular basis.

During the year, the Stakeholder Relationship Committee met on 20th March 2017 and the details of the attendance by the Committee members are as follows:

Name	Category	No. of Committee Meetings during the year 2016-17	
		Held	Attended
M M Murugappan, Chairman	PD	1	1
K Srinivasan	NED	1	1
K S Shetty	ID	1	1

Details of complaints received, and the number of pending complaints are furnished in the “General Shareholder Information” section of this Annual Report.

As per SEBI Circular an exclusive mail id investorservices@wendtindia.com has been created to address the Investor Grievances.

The Company Secretary acts as the Secretary to the Committee.

The Board has appointed the Company Secretary of the Company as the Compliance Officer for the purpose of compliance with the requirements of the SEBI Regulations.

c. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility Committee's responsibility is to assist the Board in undertaking CSR Activities by way of formulating and monitoring spending on CSR Activities by the Company. The composition of the CSR Committee is in alignment with provisions of Section 135 of the Companies Act, 2013. The Board has approved a CSR policy formulated and recommended by the Committee which is uploaded and available on the Company's website www.wendtindia.com.

The CSR Committee comprises of Mr. K S Shetty as Chairman, Mr. Shrinivas G Shirgurkar and Mr. K Srinivasan as members.

Terms of Reference/Charter of the Corporate Social Responsibility Committee

The responsibilities of the Corporate Social Responsibility Committee are to:

a) Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
b) Review and recommend the amount of expenditure to be incurred on the activities referred to above.
c) To monitor the implementation of the CSR Policy of the Company from time to time.
d) Institute a transparent monitoring mechanism for implementation of the CSR activities.
e) To provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.
f) Review the performance of the Company in the area of Corporate Social Responsibility.
g) To make amendments or modifications in CSR Policy as required by law or otherwise.
h) Carry out any other function or activity as may be considered for ensuring corporate social responsibility objectives are met.

Meetings of the Corporate Social Responsibility Committee

The Committee met 2 (two) times during the financial year 2015-16 on 24th October 2016 and 20th March 2017. The details of the attendance by the Committee members are as follows:

Name	Category	No. of Committee Meetings during the year 2016-17	
		Held	Attended
K S Shetty, Chairman	ID	2	2
Shrinivas G Shirgurkar	ID	2	2
K Srinivasan	NED	2	2

The Company Secretary of the Company officiates as the Secretary of the Committee.

d. NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI (LODR) Regulations 2015, read with section 178 of the Companies Act 2013. It is the responsibility of the Committee to determine the composition of the Board based on need and requirements of the Company from time to time and to identify and nominate suitable candidates for Board membership. The Committee also formulated policies relating to the remuneration of Directors, Key Managerial Personnel and other employees of the Company.

The Nomination & Remuneration Committee comprises of Mr. K S Shetty as Chairman, Mr. Shrinivas G Shirgurkar and Mr. K Srinivasan as members.

Terms of Reference/Charter of the Nomination & Remuneration (N & R) Committee

a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
b) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
c) Devising a policy on diversity of Board of Directors;
d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
e) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

During the year, the Nomination & Remuneration Committee met on 24th October 2016 and 20th March 2017 and

the details of the attendance by the Committee members are as follows:

Name	Category	No. of Committee Meetings during the year 2016-17	
		Held	Attended
K S Shetty, Chairman	ID	2	2
Shrinivas G Shirgurkar	ID	2	2
K Srinivasan	NED	2	2

The Company Secretary of the Company officiates as the Secretary of the Committee.

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination & Remuneration (N & R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO and their remuneration. This Policy is accordingly derived from the said charter.

1. Criteria for Selection & Remuneration of Non-Executive Directors

a. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with directors having expertise in the field of manufacturing, marketing, finance, governance and general management.
b. In case of appointment of Independent Directors, the N & R Committee shall certify itself with regard to the independent nature of the Directors vis-a-vis the Company so as to enable the Board to discharge its function and duties effectively.
c. In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.
d. The Non-Executive Directors ("NEDs") are paid remuneration by way of Sitting Fees within the limits set by government regulations for every Board/ Committee meeting attended by them. The Sitting Fees is paid on the basis of their attendance in Board Meeting, Audit Committee Meeting, Stakeholder's Relationship Committee Meeting, Corporate Social Responsibility Committee Meeting and Nomination and Remuneration Committee Meeting.

2. Criteria for Selection & Remuneration of Key Management Personnel / Senior Executives

a The Company's total compensation for Key Management Personnel / Senior Executives consists of:
   o Fixed compensation
   o Variable compensation in the form of annual incentive
   o Benefits
   o Work related facilities and perquisites

b. Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation includes Basic Salary, Housing Allowance, Leave Travel Allowance and a cash allowance.
c. The Annual Incentive (variable pay) of senior executives is linked directly to the performance of the Business Unit and the Company through a Balanced Score Card in accordance with the Employees Incentive Scheme of the Company. The Balanced Score Card comprises goals under four perspectives – Financial, Customer, Internal Process and Learning and Growth Perspective. The objective is to reward current performance as reflected in the financial perspective as well as to focus on initiatives to secure the long-term health of the Company as encapsulated in the other three Perspectives.
d. A formal annual performance management process is applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives are directly linked to

the performance ratings of individual executives.

d. Overall compensation is subject to periodic reviews which take into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.

A copy of Remuneration Policy is made available on the website of the Company www.wendtindia.com

C DISCLOSURES

(A) WENDT (INDIA) CODE OF CONDUCT

Your Company has in place a Code of Conduct which helps to maintain high standards of ethics for the Company's employees. In terms of Code of Conduct, the Directors and Senior Management must act within the boundaries of the authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interests of the Company and its shareholders and stakeholders. The Company has adopted a Code of Conduct which applies to all its Directors and employees in terms of Regulation 17 of the SEBI (LODR) Regulations, 2015.

All the Board Members and the Senior Management Personnel of your Company have affirmed their compliance with the Code of Conduct for the year ended 31st March 2017. A declaration signed by the Chief Executive has been submitted to the Board.

A copy of the Code of Conduct is made available on the website of the Company www.wendtindia.com.

(B) PREVENTION OF INSIDER TRADING

The Company has adopted a “Code of Conduct for prevention of Insider Trading” to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading) Regulations 2015. The code also includes practices and procedures for fair disclosure of unpublished Price sensitive information. The Code is designed to ensure preservation of confidentiality of unpublished price sensitive information, to prevent misuse of such information and to prohibit a Designated Person and his / her Immediate Relative from Trading in Wendt's Securities while in possession of unpublished price sensitive information. This Code also lays down the ethical standards to be adhered to while dealing in Securities of the Company.

The Company has amended and adopted a new Code for Prevention of Insider Trading which came into effect from January 24, 2017. The Board of Directors at its meeting held on 24th January 2017 approved the 'Wendt (India) Limited - Code of Conduct to Regulate, Monitor and Report Trading by Insiders'. The same can be accessed from the Company's website www.wendtindia.com.

(C) WHISTLE BLOWER POLICY

Your Company is committed to the high standards of Corporate Governance and stakeholder responsibility. It has adopted a Whistle Blower Policy under Vigil mechanism and has established the necessary mechanism in line with the requirements under the Companies Act, 2013, Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

It is a mechanism for employees and directors to report concerns about unethical behavior, actual or suspected fraud, or violation of our code of conduct or ethics policy and to ensure that adequate safeguards shall be provided to the whistle blowers against any victimization or vindictive practices like retaliation, threat or any adverse (direct or indirect) action on their employment. The Policy also ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. The Board of Directors has appointed the Chairman of the Audit Committee as the Whistle Blower Administrator for directors and for employees, an Independent person is the Ombudsman for the Company. The policy also provides for direct access to the Chairman of the Audit Committee. The Audit Committee on a quarterly basis considers matters reported and track matters to closure as per law.

A copy of Whistle Blower Policy is made available on the website of the Company www.wendtindia.com

(D) SUBSIDIARY COMPANIES

The Company has two wholly owned overseas subsidiaries. The Company does not have any material non-listed

Indian Subsidiary Company, whose turnover or net worth (paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth of the holding company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company. Both the subsidiary companies are managed with their Board having the rights and obligations to manage such companies. The Board of Directors of the subsidiary companies meet quarterly to review the quarterly performance and subsequently the same are being placed before the Board of Directors of your Company.

A copy of Policy for determining Material Subsidiaries is made available on the website of the Company www.wendtindia.com

(E) RELATED PARTY TRANSACTIONS

During the year 2016-17, there were no materially significant related party transactions have been entered by the Company with the Promoters, Directors or Management or their relatives that may have a potential conflict with the interest of the Company. All related party transactions were done with prior approval of the Audit Committee. Statements of transactions in summary form with related parties in the ordinary course of business are placed at Audit Committee meetings and reviewed by the Committee. All Transactions with related parties during the year were in the ordinary course of business and on an arm's length basis.

Details of all related party transactions are disclosed under “Related Party Transactions” in the Notes to Accounts, refer Note No. 47 of the Financial Statements of the Company which form part of this Annual Report as required under Indian Accounting standards 24' Related Party Disclosure's (“IND AS 24”).

A copy of Policy on Related Party Transactions is made available on the website of the Company www.wendtindia.com

(F) COMPLIANCE OF MATTER RELATING TO CAPITAL MARKET

Your Company has complied with all requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the past three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authorities relating to the above.

(G) ADHERENCE TO ACCOUNTING STANDARDS

Your Company follows the mandatory Accounting Standards notified under the Companies Act, 2013 and prescribed by The Institute of Chartered Accountants of India and to the best of its knowledge, there are no deviations in the accounting treatment that require specific disclosure.

(H) INDIAN ACCOUNTING STANDARDS (IND AS) – IFRS CONVERGED STANDARDS

The Company is required to adopt “IND AS” w.e.f. the financial year 2017-18. But the Company has voluntarily adopted “IND AS” from the financial year 2016-17 as it was necessary for the consolidation of parent company's financial results.

Further, this will enhance the acceptability and transparency of the financial statements prepared and presented by the Company. The implementation of “IND AS” was a major change process for which the Company has established a project team and has dedicated considerable resources. The impact of the change on adoption of “IND AS” has been assessed and the Company is fully accustomed with the “IND AS” principles.

(I) GOING CONCERN

The Directors are satisfied that your Company has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the going concern basis in preparing the financial statements.

(J) RISK MANAGEMENT

The Company has been addressing various risks impacting the Company. The Company has comprehensive risk management policy and the same is periodically reviewed by the Board of Directors. The Risk Management Issues are discussed in the Management Discussion and Analysis Report.

(K) REMUNERATION OF DIRECTORS

Your Company has no pecuniary relationship or transaction with its non-executive Directors other than payment of sitting fees for attending Board and Committee Meetings.

All the Directors are Non-Executive Directors and the details of the Sitting Fee paid to Directors for the period under review are as follows.

Director	Remuneration	Sitting Fee* (Rs.)
M M Murugappan- Chairman	Nil	90,000
Edmar Allitsch	Nil	Nil
Peter Verholen (Alternate to Edmar Allitsch)	Nil	Nil
K Srinivasan	Nil	Nil
Shrinivas G Shirgurkar	Nil	2,10,000
K S Shetty	Nil	1,90,000

* Sitting Fee includes Board, Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Nomination & Remuneration Committee fees.

Details of Shareholding of Directors as on 31st March 2017 is as below:

Director	No. of Shares (Rs. 10/- Paid up)
M M Murugappan- Chairman	Nil
Edmar Allitsch	Nil
Peter Verholen (Alternate to Edmar Allitsch)	Nil
K Srinivasan	2,650
Shrinivas G Shirgurkar	Nil
K S Shetty	Nil

(L) MANAGEMENT

(i) To avoid duplication and overlap between the Director's Report and a separate Management Discussion and Analysis Report, the information required to be provided has been given in the Directors Report itself as required by the SEBI Regulations.

(ii) No material transaction has been entered into by the Company with the Promoters Directors or the senior management, their subsidiaries or relatives etc. that may have a potential conflict with interest of the Company at large. The declaration to this effect has been submitted by all the senior management.

(M) SHAREHOLDERS

As required under the SEBI Regulations and as per the Companies Act, 2013, the brief profile of the Director who is recommended by the Board for appointment is as follows:

Name	Hima Srinivas
Date of Birth	24/09/1956
Date of appointment	24th April 2017
Qualification	MBA (Finance)
Experience in Specific functional areas	Ms. Hima Srinivas is a finance professional having degree in MBA - Finance from Andhra University. She has over 30 years of experience in the field of Financial Management including Treasury, Management Accounting, Portfolio Management, Long term Planning, Budgeting, Financial Analysis, Project appraisals, Mergers & Acquisitions including a few overseas ventures, etc. She has worked with reputed companies for nearly three decades.

As required under the SEBI Regulations and as per the Companies Act, 2013, the brief profile of the Director who is retiring by rotation and eligible for re-appointment is as follows:

Name	K Srinivasan
Date of Birth	22nd November 1957
Date of appointment	30th January 2002
Qualification	B Tech(Mechanical)
Experience in Specific functional areas	Mr K Srinivasan holds a bachelor's degree in mechanical engineering. He has over 30 years of experience in the machine tools and abrasive industries in sales, technical, production and general management. He was part of the Management Council of the Wendt Group Global. He was part of the team that turned around the Industrial Ceramics Business of CUMI. He was handling the Marketing and Business Development function at Abrasives before taking over the mantle of President & Wholetime Director of CUMI. Presently he is the Managing Director of CUMI and director in other group and associate companies.

(N) SECRETARIAL AUDIT REPORT

The Company has undertaken Secretarial Audit for the year 2016-17 which, inter alia, includes audit of compliance with the Companies Act, 2013, and Regulations and Guidelines prescribed by the Securities and Exchange Board of India. The Secretarial Audit Report forms part of this Report.

(O) CEO/CFO CERTIFICATION

In accordance with the requirements of Regulation 17(8) of the SEBI Regulations, 2015, Mr Rajesh Khanna, Chief Executive and Mr Mukesh Kumar Hamirwasia, Chief Financial Officer of the Company have certified to the Board regarding the fairness of the financial statements and other matters as required under the above regulation.

(P) REPORT ON CORPORATE GOVERNANCE

Along with this report on Corporate Governance, certificate from the Auditor is annexed as required by the SEBI Regulations.

(Q) GENERAL BODY MEETINGS

Details of Annual General Meetings

Location and time, where last three Annual General Meetings held:

Year	Date	Time	Venue	Ordinary Resolution
2015-16	26.07.2016	02:30 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore	• Adoption of Annual Accounts for the year ended March 31, 2016. • Re-appointment of Mr. K Srinivasan as Director. • Appointment of M/s Deloitte Haskins & Sells as the Statutory Auditors of the Company for the year 2016-17. • Declaration of Dividend on equity shares.
2014-15	23.07.2015	04:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore	• Adoption of Annual Accounts for the year ended March 31, 2015. • Re-appointment of Mr. K Srinivasan as Director. • Ratification of Appointment of M/s Deloitte Haskins & Sells as the Statutory Auditors of the Company for the year 2015-16. • Declaration of Dividend on equity shares.
2013-14	24.07.2014	04:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore	• Adoption of Annual Accounts for the year ended March 31, 2014. • Re-appointment of Mr. Shrinivas G Shirgurkar as an Independent Director of the Company for a term of 5 consecutive years. • Re-appointment of Mr. K S Shetty as an Independent Director of the Company for a term of 5 consecutive years. • Appointment of M/s Deloitte Haskins & Sells as the Statutory Auditors of the Company for a term of 2 years. • Declaration of Dividend on equity shares.

No postal ballot was conducted by the Company during the last three financial years.

No special resolution was passed during the last three financial years.

D. MEANS OF COMMUNICATION

Your Company follows a robust process of communicating with its stakeholders and investors. For this purpose, it displays multiple channels of communications viz. through dissemination of information on the on-line portal of the

Stock Exchanges, press releases, the Annual Reports and uploading relevant information on its website www.wendtindia.com. Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end:

a) **Quarterly/Half Yearly/Annual Results:** The unaudited quarterly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within two months from the close of the financial year, as required under SEBI Regulations. The aforesaid financial results are announced to the Stock Exchanges within thirty minutes from the close of the Board Meeting at which these were considered and approved.

b) **Stock Exchange:** Your Company makes timely disclosures of necessary information to BSE Limited and the National Stock Exchange of India Limited in terms of the Listing Regulations and other rules and regulations issued by the SEBI.

The Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part A of Schedule III of the SEBI Regulations including material information having a bearing on the performance / operations of the Company or other price sensitive information. All information is filed electronically on BSE's on-line Portal - BSE Corporate Compliance & Listing Centre (Listing Centre) and on NSE Electronic Application Processing System (NEAPS), the on-line portal of National Stock Exchange of India Limited.

c) **NEAPS (NSE Electronic Application Processing System):** NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are also filed electronically through NEAPS.

d) **BSE Corporate Compliance & Listing Centre:** BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, inter alia, Shareholding pattern, Corporate Governance Report, Corporate announcements, amongst others are also filed electronically on the Listing Centre.

e) **Publication of Quarterly/Half Yearly/Annual Results:** The Quarterly/ Half Yearly/Annual Financial Results of the Company are published in the prescribed format within 48 hours of the conclusion of the Board Meeting, one in English newspaper having nationwide circulation and one in Vernacular newspaper of the State of Karnataka, where the registered office of Your Company is situated.

The quarterly financial results during the financial year 2016-17 were published as detailed below:

Quarter (F.Y. 2016-17)	Date of Board Meeting	Date of Publication	Name of the newspaper
1st Quarter ended 30th June, 2016	26.07.2016	27.07.2017	Business Standard and Vijay Karnataka
2nd Quarter ended 30th September, 2016	24.10.2016	25.10.2016	Business Standard and Vijay Karnataka
3rd Quarter ended 31st December, 2016	24.01.2017	25.01.2017	Business Standard and Vijay Karnataka

e) **Website:** Your Company's website www.wendtindia.com contains a dedicated section "Investor Relations" where information for shareholders is available. The quarterly/half yearly/Annual Financial Results are promptly and prominently posted on the website. The Annual Reports of the subsidiary companies are also posted on the website of the Company. The Quarterly Corporate Governance Report, Shareholding Pattern, Policies, status of unclaimed dividend and other communications made to the Stock Exchanges are also available on the website. This results in prompt information disposal to the shareholders and also contributes in saving paper thus saving trees and helps in making the planet greener.

f) **Annual Report:** Annual Report of Your Company containing, inter alia, Audited Standalone and Consolidated Financial Statements, Directors' Report, Report on Corporate Governance, Auditors' Report and other important information is circulated to all the Members and other entitled thereto within the statutory period and well in advance of the Annual General Meeting. The Management Discussion and Analysis Report (MDAR) forms part of the Annual Report. The Annual Report is also available on the Company's website www.wendtindia.com in downloadable pdf format for ease of use.

g) **Reminder to Investors:** Reminders to encash the unclaimed dividend on shares and unclaimed shares are sent to the shareholders as per records every year.

h) **Designated email id for investors:** Your Company has a designated exclusive email id for investors at investorservices@wendtindia.com.

i) **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are Centralized database of all complaints, online upload of Action Taken Reports by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

E. NON MANDATORY REQUIREMENTS

a) Shareholders' Rights

Annual, Half yearly and other quarterly financial statements are published in newspaper, one in English newspaper having nationwide circulation and one in Vernacular newspaper of the State of Karnataka, where the registered office of the Company is situated, and posted on Your Company's website (www.wendtindia.com).

b) Audit qualifications

During the year under audit, there is no audit qualification.

c) Training of Board Members

At the Board/Committee Meetings, detailed presentations are being shared by the management on the business related matters, risks, opportunities, strategy and effect of the regulatory changes etc.

d) Separation of the Office of Chairman and the Chief Executive Officer (CEO)

At Wendt, the role and office of the Chairman and Chief Executive Officer (CEO) are separate. This promotes the right balance and prevents unfettered decision making power with a single individual. For greater efficiency, there is also a clear demarcation of the role and responsibilities of the Chairman and the CEO.

The Chairman provides the necessary guidance and support to the CEO, and both have regular and structured access to the executive and management team. CEO is the principal executive of the Company and is accountable for the management and operations of the Company and implementation of business policies and strategies agreed to by the Board of Directors in a manner that is consistent with best business practices. CEO leads internally, with the Chairman adding value in strategy and structure, and ensuring that the Company is represented with integrity to institutions, investors, analysts and other stakeholders.

e) Social Accountability Policy

Your Company recognizes the need and is committed to provide a safe, healthy and respectable work environment to all its employees. Your Company strives to provide an environment, which is free of discrimination, intimidation and abuse. Your Company has put in place SA 8000 System & Social Accountability Policy. As per the policy, the Company will not engage, support or tolerate the use of Child Labour, Forced or Compulsory Labour, Discrimination based on Race, National or Social origin, Caste, Birth, Religion, Disability, Gender etc., Corporal punishment, Mental or Physical coercion, verbal abuse, harsh or inhumane treatment of personnel and will comply with all the requirements as outlined by applicable Law.

GENERAL SHAREHOLDER INFORMATION

This is annexed.

By order of the Board
For Wendt (India) Limited

Chennai
24th April 2017

M M Murugappan
Chairman

TO THE MEMBERS OF WENDT (INDIA) LIMITED
INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

1. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Wendt (India) Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company for the year ended March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. One of the conditions of Regulation 17(1)(b) of the Listing Regulations requires that if the non-executive Chairman is a promoter, at least one-half of the Board of the Company should consist of independent directors and the gap between resignation and appointment of an independent director in his place shall not exceed 180 days. An independent director of the Company ceased to be a director w.e.f. July 27, 2010 and no other independent director has been appointed in his place upto the date of this certificate. Accordingly, as at March 31, 2017, the Company has two independent directors as against the requirement of minimum three directors.
8. One of the conditions of the Regulation 17(1)(a) of the Listing Regulations requires that the Board of the Directors of the Company should consist of one woman director. As on March 31, 2017, no woman director has been appointed.
9. During the year, Mr. K S Shetty, one of the independent directors of the Company was unable to attend the Audit Committee meeting dated 28th April, 2016, which resulted in insufficient quorum as per Regulation 18(2b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the said Committee Meeting. However, the quorum as per Companies Act, 2013 was fulfilled.
10. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the management and subject to our comments in paragraphs 7, 8 and 9 above, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
11. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 008072S)

S Ganesh
Partner
(Membership No. 204108)

Bangalore
24th April, 2017

GENERAL SHAREHOLDER INFORMATION

1. Date of Incorporation: 21st August, 1980

2. Annual General Meeting

Date and time : Monday, July 24th, 2017 at 04.00 P.M

Venue : Bharatiya Vidya Bhavan
Race Course Road,
Bangalore- 560 001, Karnataka

Last date of receipt of Proxy forms: 22nd July 2017 before 04.00 p.m.

3. Financial Calendar

The financial year of the Company commences from 1st April every year and ends on 31st March in the succeeding year. Results for the financial year 2017-18 shall be declared as per the following schedule:

Particulars	Quarter	Due date
Unaudited results	30th June 2017	15th August 2017
Unaudited results	30th September 2017	15th November 2017
Unaudited results	31st December 2017	15th February 2018
Audited Results	31st March 2018	31st May 2018

4. Book Closure Date

14th July 2017 to 24th July 2017 (both days inclusive)

5. Dividend Payment Date

The Company declared an interim dividend of Rs. 10/- per share in its Board Meeting held on 24th January 2017 for the financial year 2016-17 to those members whose names were appearing in the Register of Members on 8th February 2017. The Board of Directors of the Company has proposed a dividend of Rs. 15 per share (150%) on equity shares of Rs. 10/- each. The dividend will be paid on 1st August 2017 after approval at the Annual General Meeting.

6. Registered Office Adress

Flat No. 105, 1st Floor, Cauvery Block,
National Games Housing Complex,
Kormanagala
Bangalore-560047, Karnataka
Tel: +91 80 25701423/1424
Fax:+91 80 25701425

7. Listing Details & Codes

Bombay Stock Exchange : 505412
National Stock Exchange : WENDT
Listing Fee (FY 16-17) : Paid

8. Corporate Identification Number: L85110KA1980PLC003913

9. NSDL & CDSL (ISIN): INE274C01019

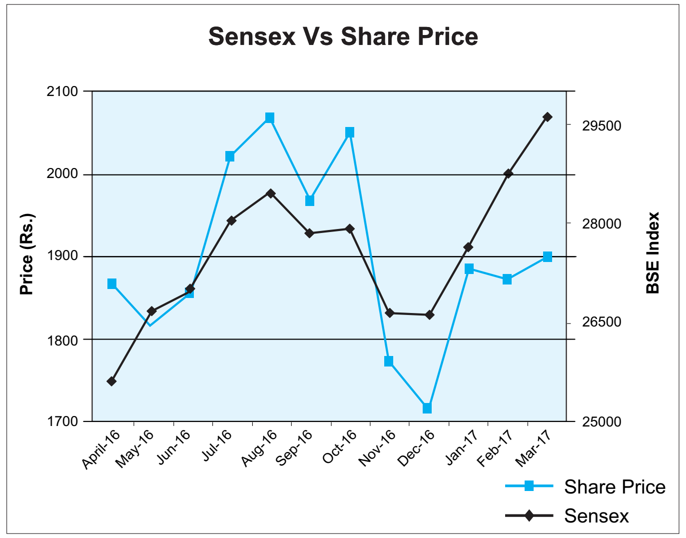
10. Certificate from Practicing Company Secretary:

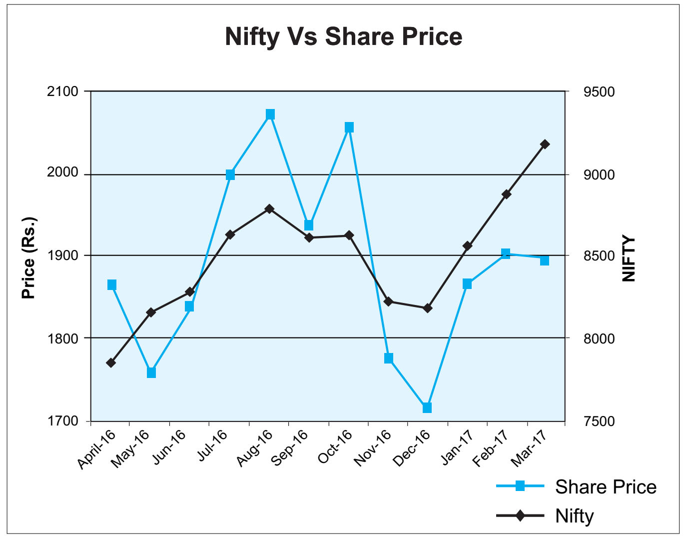
Pursuant to Regulation 7(3) of the SEBI Regulations, 2015, certificate on half yearly basis was issued by Mr S Viswanathan, Company Secretary in Practice for due compliance of share transfer formalities by the Company.

11. Share Price Data

Month		Bombay Stock Exchange		National Stock Exchange	
		High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2016	APRIL	1950.00	1745.00	1950.00	1735.05
	MAY	1900.00	1720.00	1990.00	1706.05
	JUNE	1957.00	1771.65	2000.00	1761.20
	JULY	2037.00	1817.65	2050.00	1840.00
	AUGUST	2180.00	1951.10	2178.35	1980.05
	SEPTEMBER	2103.95	1835.00	2089.00	1800.00
	OCTOBER	2150.00	1915.00	2099.00	1934.90
	NOVEMBER	2099.95	1700.00	2085.00	1700.00
	DECEMBER	1819.00	1666.00	1824.00	1650.00
2017	JANUARY	1900.00	1702.20	1925.00	1701.05
	FEBRUARY	1945.00	1860.00	1938.00	1857.00
	MARCH	1947.00	1807.05	1935.00	1845.00

12. Stock Performances in comparison to broad based indices:



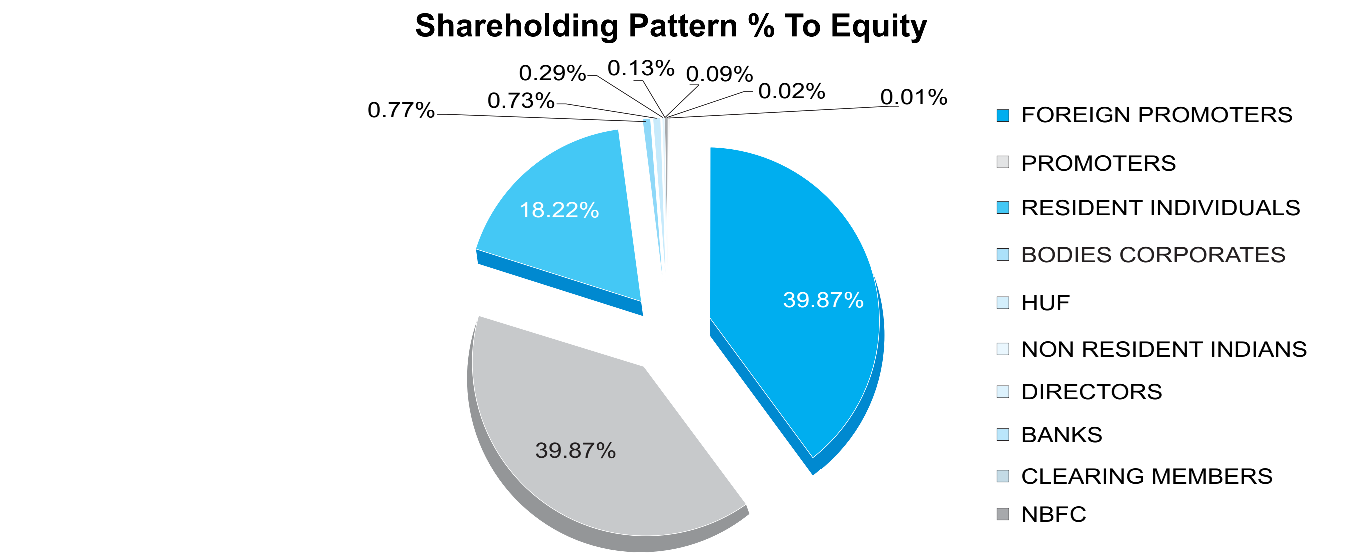


13. Distribution of Shareholding as on 31st March, 2017

Category (Amount) (Rs.)	No. of shareholders	% of shareholders	Total Shares	Amount (Rs.)	% of Amount
1-5,000	5,267	97.77%	2,59,505	25,95,050.00	12.98%
5,001-10,000	76	1.41%	58,116	5,81,160.00	2.90%
10,001-20,000	32	0.59%	44,809	4,48,090.00	2.24%
20,001-30,000	5	0.09%	12,711	1,27,110.00	0.64%
30,001-40,000	2	0.04%	7,253	72,530.00	0.36%
40,001-50,000	2	0.04%	8,827	88,270.00	0.44%
50,001-1,00,000	-	-	-	-	-
1,00,001 & Above	3	0.06%	16,08,779	1,60,87,790	80.44%
TOTAL	**5,387**	**100%**	**20,00,000**	**2,00,00,000**	**100%**

14. Shareholding Pattern as on 31st March 2017

Category	No. of shareholders	Total no. of Shares held	% of Share Capital
PROMOTERS (PRO)	1	7,97,352	39.87%
FOREIGN PROMOTERS (FPR)	1	7,97,352	39.87%
RESIDENT INDIVIDUALS (PUB)	4,936	3,64,496	18.22%
BODIES CORPORATE (LTD)	125	15,481	0.77%
HUF	235	14,625	0.73%
DIRECTORS	1	2,650	0.13%
BANKS (BNK)	2	1,850	0.09%
NON RESIDENT INDIANS	72	5,743	0.29%
CLEARING MEMBERS	13	351	0.02%
NBFC	1	100	0.01%
TOTAL	**5,387**	**20,00,000**	**100%**



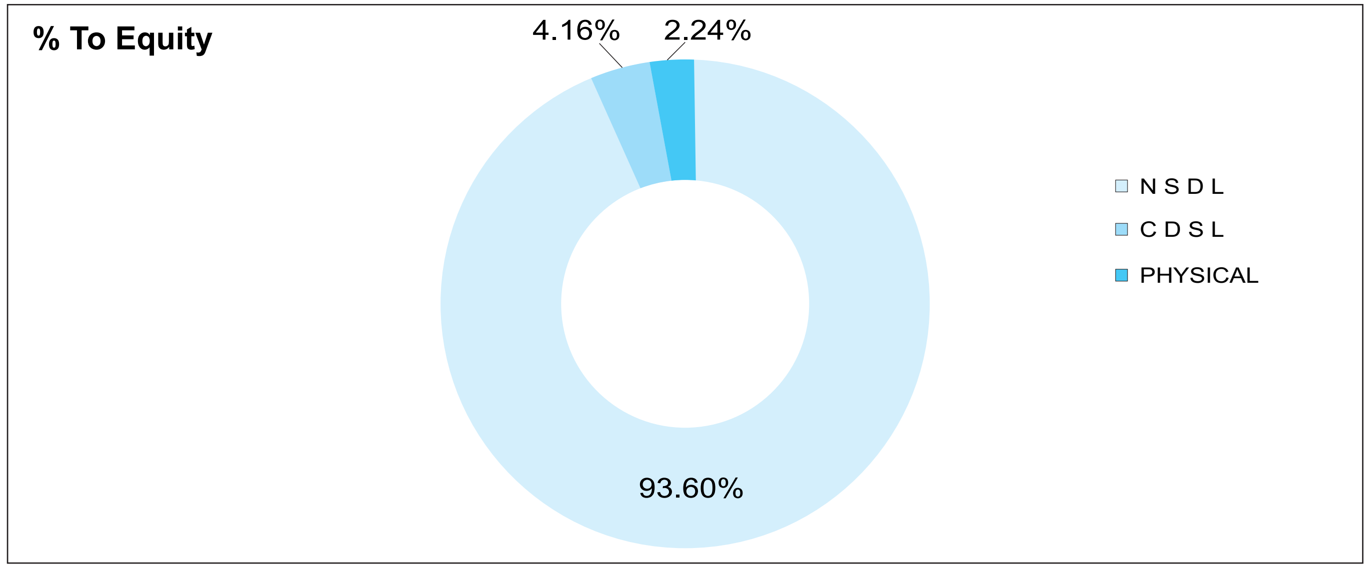
15. Dematerialisation of Shares

Your Company has signed agreements with both National Securities Depositories Limited (NSDL) and with Central Depository Services (India) Limited (CDSL) to provide the facility of holding equity shares in dematerialized form with either of the two depositories.

As per SEBI's instruction, the Company's shares can be sold through stock exchanges only in dematerialized form.

As on 31st March 2017, 19,55,200 Shares constituting 97.76 % of the total paid up capital of the company are in demat form.

Shareholding Summary as on 31/03/2017			
Category	**No. of share holders**	**Total no. of Shares**	**% to share capital**
PHYSICAL	406	44,800	2.24
NSDL	3,377	1,872,093	93.60
CDSL	1,604	83,107	4.16
TOTAL	5,387	2,000,000	100.00



16. Outstanding GDRS/ADRS/Warrants or any convertible Instruments conversion date and likely impact on equity.

The Company has not issued any GDRS/ADRS/Warrants or any convertible Instruments during the financial year 2016-17.

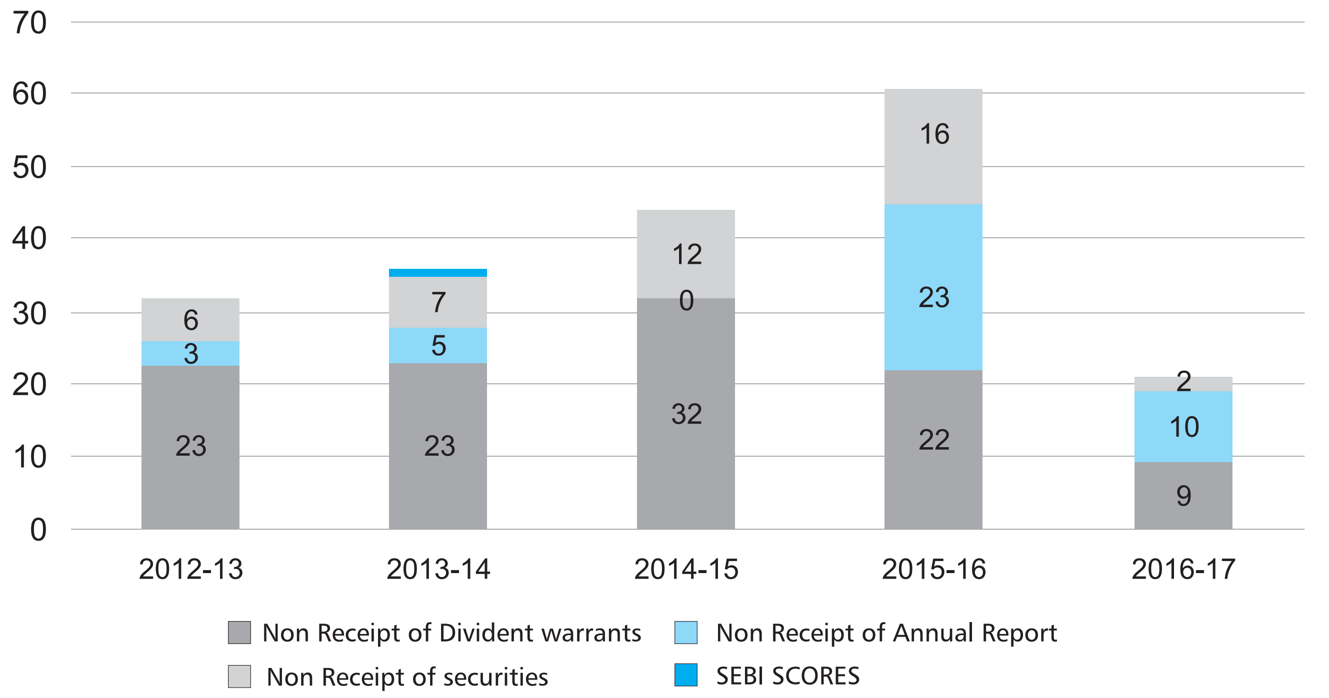
17. Share Transfer Process

Your Company has Stakeholder Relationship Committee represented by the Board of Directors. The Board has delegated power to approve transfers to the Stakeholder Relationship Committee and the status on share transfer is reported to the Board on regular basis. The applications for transfer of shares and other requests from shareholders holding shares in physical form are processed by Karvy Computershare Private Limited, Company's Registrar & Transfer Agent. Physical Share Transfers are registered and returned generally within a period of 15 days from the date of receipt if all the documents are correct and valid in all respects.

18. Complaints received during the financial year ended 31st March 2017 by the Company and the Registrar and Transfer Agents of the Company.

Nature of Complaints	No. of complaints		
	Received	Resolved	Pending
Non receipt of Dividend Warrants	9	9	Nil
Non receipt of Share Certificates	2	2	Nil
Non receipt of Annual Report	10	10	Nil
Total	**21**	**21**	**Nil**

Trend of Investor Complaints Received During Last 5 Years



19. Unclaimed Dividend

Section 124 of the Companies Act, 2013, mandates that companies have to transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the **Investor Education and Protection Fund (IEPF)**. In accordance with the following schedule, the dividends for the years mentioned as follows, if unclaimed within a period of seven years, will be transferred to IEPF. No claim shall lie against the Company for the amounts so transferred nor shall any payment be made in respect of such claims. Shareholders who have not claimed their dividend are requested to approach M/s Karvy Computershare Private Limited, for issue of demand drafts in lieu of the revalidated dividend warrants.

Year	Type of Dividend	Dividend per share (Rs)	Date of declaration	Due date for transfer
2009-10	Final	25.00	27/07/2010	27/09/2017
2010-11	Final	25.00	27/07/2011	27/09/2018
2011-12	Final	25.00	13/07/2012	13/09/2019
2012-13	Final	15.00	25/07/2013	25/09/2020
2013-14	Interim	10.00	22/01/2014	22/03/2021
2013-14	Final	15.00	24/07/2014	24/09/2021
2014-15	Interim	10.00	27/01/2015	27/03/2022
2014-15	Final	15.00	23/07/2015	23/09/2022
2015-16	Interim	10.00	25/01/2016	25/03/2023
2015-16	Final	15.00	26/07/2016	26/09/2023
2016-17	Interim	10.00	24/01/2017	24/03/2024

A separate communication was sent in February 2017 to the shareholders, who have not encashed their dividends for the year 2009-10, providing them details of their uncashed dividends and requesting them to comply with the procedure for seeking payment of the same.

A sum of Rs. 1,70,590/- and 1,88,370/- have been transferred to the Investor Education and Protection Fund during the year 2016 -17 towards interim and final unclaimed/unpaid dividend for the year 2008-09.

20. Unclaimed Shares

In accordance with the requirement of SEBI Regulations, the Company reports that there are 2 allottees pertaining to a holding of 75 shares which are lying unclaimed. The shares with regard to the same are lying in the Escrow Account.

The voting rights on the shares outstanding in the Escrow account as on March 31, 2017 shall remain frozen till the rightful owner of such shares claims the shares.

21. Transfer of 'Underlying Shares' into Investor Education and Protection Fund (IEPF) (in cases where unclaimed dividends have been transferred to IEPF for a consecutive period of seven years)

In terms of Section 125(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017, the Company is required to transfer the shares in respect of which dividends have remained unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government. As required under the said Rules, the Company has published a Notice in the newspapers inviting the Members attention to the aforesaid Rules. The Company has also sent out individual communication to the concerned Members whose shares are liable to be transferred to IEPF Account, pursuant to the said Rules to take immediate action in the matter.

22. Reconciliation of Share Capital Audit

As required by the Securities & Exchange Board of India (SEBI) quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Auditor's Certificate in regard to the same is submitted to BSE Limited and NSE Limited and is also placed before the Board of Directors.

23. Company's Recommendation to the Shareholders

Your Company recommends the following to the shareholders to mitigate/avoid risks while dealing with securities and related matters.

i) Dematerialize (Demat) your shares

Shareholders are requested to convert their physical holding to demat/electronic form through any of the Depository Participants (DPs) to avoid the hassles involved in the physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in shares. Holding shares in demat form helps investors to get immediate transfer to securities. No stamp duty is payable on transfer of shares held in demat form and risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries are avoided.

ii) Register your National Electronic Clearing Service(NECS)/Electronic Clearing Service(ECS)

SEBI vide its circular dated 21st March 2013 has emphasized on the usage of electronic mode for payments to the members for various purposes. To ensure compliance, members are requested to provide an NECS/ECS mandate to the Company in case of shares held in physical form and ensure that the correct and updated particulars of their bank account are available with the depository participant (DP) in case of share held in demat form. This would also facilitate in receiving direct credits of dividends etc from companies and avoiding postal delays and loss in transit.

iii) Nomination facility

As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain nomination form from the RTA of the Company, Karvy Computershare Private Limited. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard. The members can approach the Company or Karvy Computershare Private Limited with regard to the same.

iv) Permanent Account Number (PAN)

Members holding shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferees, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services of transfer, transmission and issue of duplicate share certificates.

v) Encash your Dividend in time

Please encash your dividends promptly to avoid hassles of revalidation/losing your right of claim owing to transfer of unclaimed dividends beyond seven years to **Investors Education and Protection Fund**.

vi) Support the Green Initiative

To support the **'Green Initiative'**, your Company has proposed to send Notice calling General Meetings, Annual Report and other documents in electronic mode in future vide its letter dated 9th June 2014 and 10th February 2012 to all the shareholders at their email addresses. It was also requested to inform the Company in case the shareholders wish to receive the above documents in physical form. Accordingly, the Annual Report along with Notice will be sent to the members in electronic mode at their email addresses.

Members holding shares in demat form are requested to provide their email id to the depository through their concerned depository participant and members holding shares in physical form are requested to provide email id to the Company at investorservices@wendtindia.com or at cs.wendt@karvy.com and also update the email address as and when there is any change.

vii) Quoting the Folio No./DP Id - Client ID

Members are requested to quote their Folio No. / DP & Client ID Nos., as the case may be, their Contact nos./ Fax nos. and email id in all correspondence with the Company. All correspondences regarding shares of the Company should be addressed to the Company's Registrar, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

viii) Specimen Signature

Please maintain a record of your specimen signature before lodgment of shares with the Company to obviate possibility of difference in signature at a later date.

ix) Updation of details

Members holding shares in physical form are requested to notify promptly any change in address/ pin code and bank account details. Beneficial owners of shares in dematerialized form are requested to send their instructions regarding change of address, bank details, nomination, power of attorney etc. directly to their DP as the same are maintained by the DPs.

x) Consolidation of securities

Member(s) of the Company who have multiple accounts in identical name(s) or more than one share certificate in the same name under different ledger folio(s) are requested to apply for the consolidation of such folio(s) and send the relevant share certificates to the Company.

xi) Queries at the AGM

Members desiring any information with regard to the accounts are requested to write to the Company at least a week in advance of the Annual General Meeting date so as to enable the management to keep the information ready. However, the queries relating to operational and financial performance may be raised at the Annual General Meeting.

xii) Lodging investor complaint with SCORES

SEBI has started an online investor grievance redressal forum **"SEBI Complaints Redress System-SCORES"**. Investors, have to first approach the Company/Registrar & Share Transfer Agent for their complaints redressal and in case they are dissatisfied with the response, they can log on to http://scores.gov.in/ and lodge their complaint by doing one time registration.

24. Plant Location

Wendt (India) Limited
Plot No. 69/70, SIPCOT Industrial Estate
Hosur- 635126, Tamil Nadu
Tel: +91 4344 276851/52, 405500
Fax: +91 4344 405620, 405630

25. SUBSIDIARIES

(i) **Wendt Grinding Technologies Limited, Thailand**
109/21, Moo.4, Tambon Pluakdaeng,
Aumpur Pluakdaeng,
Rayong 21140
Thailand

(ii) **Wendt Middle East FZE, Sharjah**
Warehouse No. W3-8
PO Box No.50732
Hamriyah Free Zone - Sharjah
United Arab Emirates

26. Addresses for Communication

(a) **Compliance Officer & Company Secretary**

Akanksha Bijawat
Wendt (India) Limited

Plot No. 69/70, SIPCOT Industrial Estate
Hosur- 635126, Tamil Nadu
Tel: +91 4344 405500

Email: Investorservices@wendtindia.com
akankshab@wendtindia.com

(b) Registrar and Share Transfer Agent

Karvy Computershare Private Limited
Unit: Wendt (India) Limited
Karvy Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad - 500 032
Tel: +91 40 67162222-1510-1512
Fax:+91 40 23001153
Email: mailmanager@karvy.com
Website: www.karvy.com

(c) Toll Free number of Registrar & Share Transfer Agent's exclusive call centre

1-800-3454001

(d) Web based Query redressal system

A new facility has been extended by Registrar & Share Transfer Agent for redressal of shareholders' queries. The shareholder can visit http://karisma.karvy.com/ and click on "Investors" options for query registration after free identity registration.

The above report has been placed before the Board at its meeting held on April 24th, 2017 and the same was approved.

By order of the Board
For Wendt (India) Limited

Place: Chennai
Date: 24th April 2017

M M Murugappan
Chairman

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF WENDT (INDIA) LIMITED.

1.0 Report on the Standalone Ind AS Financial Statements

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

2.0 Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in the section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3.0 Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

4.0 Opinion

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

5.0 Report on Other Legal and Regulatory Requirements

5.1 As required by section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of the section 164(2) of the Act.

(f) With respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 31 to the Standalone Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosure in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company.

5.2 As required by the Companies (Auditors Report) order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement of the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 008072S)

S Ganesh
Partner
(Membership No. 204108)

Bangalore
24th April, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 5.1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

1.0 Report on the Internal Financial Controls over Financial Reporting 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 **Wendt (India) Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of standalone Ind AS financial statements of the Company for the year ended on that date.

2.0 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.

3.0 Auditor's 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act 2013, to the extent applicable to an audit of internal financial controls. 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.

4.0 Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

5.0 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.

6.0 Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 008072S)

S Ganesh
Partner
(Membership No. 204108)

Bangalore
24th April, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 5.2 under "Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets are physically verified during the year by the Management in accordance with a regular programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules 2014, as amended prescribed by the Central Government under sub section 1 of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value added tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value added tax, Cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value added tax, which have not been deposited as on March 31, 2017 on account of disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under Clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence, reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid any managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of the related party transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence, reporting under Clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 008072S)

S Ganesh
Partner
(Membership No. 204108)

Bangalore
24th April, 2017

Standalone Financial Statements

BALANCE SHEET AS AT 31ST MARCH, 2017

(Rs. in lakhs)

	Particulars	Note No.	March 31, 2017	March 31, 2016	April 1, 2015
A	**ASSETS**				
1	**Non-current assets**				
	(a) Property, Plant and Equipment	3	**5,635.74**	5,389.25	5,209.37
	(b) Capital work-in-progress		**194.39**	550.27	289.61
	(c) Goodwill	4	**10.27**	-	-
	(d) Other Intangible assets	5	**237.59**	120.96	149.38
	(e) Financial Assets				
	(i) Investments	6	**430.55**	430.55	430.55
	(ii) Others	7	**-**	-	-
	(f) Other non-current assets	9	**44.51**	29.92	28.03
	(g) Income Tax Assets (Net)	10	**299.48**	440.02	403.45
	Total Non - Current Assets	**(1)**	**6,852.53**	**6,960.97**	**6,510.39**
2	**Current assets**				
	(a) Inventories	11	**1,844.31**	1,787.36	1,643.90
	(b) Financial Assets				
	(i) Investments	6	**1,071.50**	929.84	1,440.16
	(ii) Trade receivables	12	**2,872.26**	2,907.18	2,110.54
	(iii) Cash and cash equivalents	13	**36.90**	27.24	29.24
	(iv) Bank balances other than (iii) above	13	**230.13**	28.66	40.66
	(v) Other Financial Assets	7	**110.36**	113.87	85.38
	(c) Other Current assets	9	**397.64**	396.21	317.03
	Total Current Assets	**(2)**	**6,563.10**	**6,190.36**	**5,666.91**
	Total Assets	**(1+2)**	**13,415.63**	**13,151.33**	**12,177.30**
B	**EQUITY AND LIABILITIES**				
1	**Equity**				
	(a) Equity Share capital	14	**200.00**	200.00	200.00
	(b) Other Equity	15	**10,043.37**	9,544.45	9,152.39
	Total equity (1)		**10,243.37**	**9,744.45**	**9,352.39**
	LIABILITIES				
2	**Non-current liabilities**				
	(a) Provisions	16	**187.42**	88.48	67.63
	(b) Deferred tax liabilities (Net)	8	**565.62**	553.18	533.06
	(c) Other non-current liabilities	17	**39.09**	38.92	42.69
	Total Non - Current Liabilities	**(2)**	**792.13**	**680.58**	**643.38**
3	**Current liabilities**				
	(a) Financial Liabilities				
	(i) Trade payables	18	**1,439.10**	1,831.32	1,543.63
	(ii) Other financial liabilities	19	**453.75**	230.00	169.57
	(b) Provisions	16	**91.58**	77.36	69.26
	(c) Income Tax Liabilities (Net)	10	**121.20**	217.57	189.49
	(d) Other current liabilities	17	**274.50**	370.05	209.58
	Total Current Liabilities	**(3)**	**2,380.13**	**2,726.30**	**2,181.53**
	Total Equity and Liabilities (1+2+3)		**13,415.63**	**13,151.33**	**12,177.30**

See accompanying notes to the financial statements

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

S GANESH
Partner

M M MURUGAPPAN
Chairman

SHRINIVAS G SHIRGURKAR
Director

K SRINIVASAN
Director

Bangalore
24th April, 2017

Chennai
24th April, 2017

MUKESH KUMAR HAMIRWASIA
Chief Financial Officer

AKANKSHA BIJAWAT
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(Rs. in lakhs)

	Particulars	Note No.	Year ended 31.03.2017	Year ended 31.03.2016
1	Revenue from operations	20	14,080.64	12,777.57
2	Other Income	21	372.98	486.15
3	**Total Revenue (1 + 2)**		**14,453.62**	**13,263.72**
4	**EXPENSES**			
	(a) Cost of materials consumed	22	4,197.78	3,673.13
	(b) Purchases of Stock-in-trade	23	275.67	289.31
	(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	24	(139.63)	(12.76)
	(d) Excise duty on sale of goods		1,130.90	960.54
	(e) Employee benefit expense	25	2,301.54	2,076.64
	(f) Finance costs	26	12.20	0.62
	(g) Depreciation and amortisation expense	27	963.53	835.24
	(h) Other expenses	28	4,141.50	3,941.66
	Total Expenses (4)		**12,883.49**	**11,764.38**
5	**Profit before tax (3 - 4)**		**1,570.13**	**1,499.34**
6	**Tax Expense**			
	(1) Current tax	29	439.10	409.39
	(2) Current tax for earlier years	29	(50.74)	28.72
	(3) Deferred tax	29	12.44	20.12
	Total tax expense		**400.80**	**458.23**
7	**Profit for the period (5 - 6)**		1,169.33	1,041.11
8	**Other comprehensive income**			
	A Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans		(68.62)	(48.34)
	Total Other Comprehensive Income		**(68.62)**	**(48.34)**
9	**Total comprehensive income for the period (7 + 8)**		**1,100.71**	**992.77**
10	**Earnings per equity share:**	30		
	(1) Basic		58.47	52.06
	(2) Diluted		58.47	52.06

See accompanying notes to the financial statements

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

S GANESH
Partner

M M MURUGAPPAN
Chairman

SHRINIVAS G SHIRGURKAR
Director

K SRINIVASAN
Director

Bangalore
24th April, 2017

Chennai
24th April, 2017

MUKESH KUMAR HAMIRWASIA
Chief Financial Officer

AKANKSHA BIJAWAT
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(Rs. in lakhs)

(A) Equity Share Capital

Balance as at April 1, 2015	200.00
Add: Changes in equity share capital during the year	-
Balance as at March 31, 2016	**200.00**
Balance as at April 1, 2016	200.00
Add: Changes in equity share capital during the year	-
Balance as at March 31, 2017	**200.00**

(B) Other Equity

Particulars	Reserves and surplus			Items of other comprehensive income	Total
	Capital Reserve	General Reserve	Retained Earnings	Remeasurement of defined benefit plan	
Balance at April 1, 2015	20.98	5,176.75	3,954.66	-	9,152.39
Transfer to General Reserve	(20.98)	20.98	-	-	-
Balance as at April 1, 2015	**-**	**5,197.73**	**3,954.66**	**-**	**9,152.39**
Profit for the year	-	-	1,041.11	-	1,041.11
Other comprehensive income for the year, net of income tax	-	-	-	(48.34)	(48.34)
Total comprehensive income for the year	**-**	**-**	**1,041.11**	**(48.34)**	**992.77**
Payment of Final Dividend for the preceding financial year	-	-	(300.00)	-	(300.00)
Payment of Dividend tax on Final Dividend for the preceding financial year	-	-	(59.99)	-	(59.99)
Payment of Interim Dividend for the current year	-	-	(200.00)	-	(200.00)
Payment of Dividend tax on Interim Dividend for the current year	-	-	(40.72)	-	(40.72)
Transfer to General Reserve	-	400.00	(400.00)	-	-
Balance as at March 31, 2016	**-**	**5,597.73**	**3,995.06**	**(48.34)**	**9,544.45**
Profit for the year	-	-	1,169.33	-	1,169.33
Other comprehensive income for the year, net of income tax	-	-	-	(68.62)	(68.62)
Transfer from Retained earnings	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**1,169.33**	**(68.62)**	**1,100.71**
Payment of Final Dividend for the preceding financial year	-	-	(300.00)	-	(300.00)
Payment of Dividend tax on Final Dividend for the preceding financial year	-	-	(61.07)	-	(61.07)
Payment of Interim Dividend for the current year	-	-	(200.00)	-	(200.00)
Payment of Dividend tax on Interim Dividend for the current year	-	-	(40.72)	-	(40.72)
Transfer to General Reserve	-	120.00	(120.00)	-	-
Balance as at March 31, 2017	**-**	**5,717.73**	**4,442.60**	**(116.96)**	**10,043.37**

See accompanying notes to the financial statements

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

S GANESH
Partner

M M MURUGAPPAN
Chairman

SHRINIVAS G SHIRGURKAR
Director

K SRINIVASAN
Director

Bangalore
24th April, 2017

Chennai
24th April, 2017

MUKESH KUMAR HAMIRWASIA
Chief Financial Officer

AKANKSHA BIJAWAT
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Rs. in lakhs)

Particulars		Year ended 31.03.2017	Year ended 31.03.2016
Cash flow from operating activities			
Profit before tax		**1,570.13**	**1,499.34**
Adjustments for :			
Depreciation and amortisation expense		963.53	835.24
Provision for trade receivables (net of reversal)		(16.54)	10.77
Finance costs		12.20	0.62
Interest on bank and other deposits		(4.68)	(4.16)
Dividend from current investments - mutual funds		(23.67)	(50.68)
Dividend from long term investments in subsidiaries		(223.48)	(268.71)
Loss / (Profit) on sale / discarding of tangible fixed assets (net)		0.13	(0.19)
Liabilities / Provisions no longer required, written back		(8.68)	(9.81)
Profit on sale of current investments (net)		(30.96)	(30.63)
Unrealised exchange loss		4.98	3.43
Operating profit before working capital changes		**2,242.96**	**1,985.22**
Changes in working capital :			
Inventories		(56.95)	(143.46)
Trade receivables		34.83	(816.12)
Other financial assets		3.51	(28.49)
Other current assets		(1.43)	(79.18)
Other non-current financial assets		-	-
Other non-current assets		(14.59)	(1.89)
Trade payables		(380.57)	292.97
Other financial liabilities - current		200.43	34.26
Other non-current liabilities and Provisions		30.49	(31.26)
Other current liabilities and provisions		(72.64)	178.38
CASH FLOW FROM OPERATING ACTIVITIES		**1,986.04**	**1,390.43**
Direct Tax Paid (net of refunds)		(344.19)	(446.60)
NET CASH FLOW FROM OPERATING ACTIVITIES	**(A)**	**1,641.85**	**943.83**
Cash flow from investing activities			
Capital expenditure on tangible fixed assets, including capital advances		(1,001.07)	(1,095.83)
Capital expenditure on intangible fixed assets, including capital advances		(37.85)	(180.06)
Proceeds from Sale of tangible fixed assets		4.84	6.23
Sale / (Purchase) of current investments (net)		(110.70)	540.95
Interest received on deposits with banks and others		4.68	4.16
Dividend from long term investment in subsidiaries		223.48	268.71
Dividend from current investments - mutual funds		23.67	50.68
Bank balances not considered as cash and cash equivalents			
- Placed		(500.00)	(500.00)
- Matured / encashed		298.53	512.00
NET CASH FLOW USED IN INVESTING ACTIVITIES	**(B)**	**(1,094.42)**	**(393.16)**
Cash flow from financing activities			
Finance costs		(12.20)	(0.62)
Dividend Paid (including tax thereon)		(601.79)	(600.71)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**(C)**	**(613.99)**	**(601.33)**
NET CASH INFLOW / (OUTFLOW)	**(A+B+C)**	**(66.56)**	**(50.66)**
OPENING CASH AND CASH EQUIVALENTS	**D**	**(21.42)**	**29.24**
CLOSING CASH AND CASH EQUIVALENTS (Refer note No. 13)	**E**	**(87.98)**	**(21.42)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(E-D)**	**(66.56)**	**(50.66)**

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

S GANESH
Partner

M M MURUGAPPAN
Chairman

SHRINIVAS G SHIRGURKAR
Director

K SRINIVASAN
Director

Bangalore
24th April, 2017

Chennai
24th April, 2017

MUKESH KUMAR HAMIRWASIA
Chief Financial Officer

AKANKSHA BIJAWAT
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE No.1

1 COMPANY OVERVIEW

Wendt (India) Limited was incorporated on August 21, 1983 under the provisions of the erstwhile Companies Act,1956, and is a joint venture between Wendt GmbH, Germany and Carborundum Universal Limited, India. Wendt (India) Limited is a leading manufacturer of Super Abrasives, High precision Grinding, Honing and Special Purpose Machines and High Precision components. The Company's registered office is in Bangalore and factory is situated in Hosur, Tamilnadu.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements of the company have been prepared in accordance with Ind ASs notified under the Companies (Indian accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable for all the periods upto and including quarter and the year ended March 31, 2016, the company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under Section 133 of the Companies Act, 2013. These are the company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note no 41 for the details of first-time adoption exemption availed by the Company.

2.2 Basis of preparation and presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which 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.

2.3 Estimates

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment and provisions and contingent liabilities.

2.3.1 Impairment of investments in subsidiaries

The Company reviews its carrying value of investments carried at amortised cost annually. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

2.3.2 Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

2.3.3 Provisions and contingent liabilities

A provision is recognised when the company has a present obligation as a result of past event and it is

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements.

2.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition- date fair values of the assets transferred by the company, liabilities incurred by the company to the former owners of the acquiree and the equity interests issued by the company in exchange of control of the acquiree. Acquisition-related cost are generally recognised in profit or loss as incurred.

2.5 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained above facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill arising on acquisition of a business is carried at costs as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to the specific cash-generating unit which is acquired as a part of the business combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated to reduce the carrying amount of the goodwill. Any impairment loss recognised for goodwill is not reversed in subsequent periods.

2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue includes excise duty but excludes sales tax / VAT, discounts and returns as applicable.

2.6.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are despatched and titles have passed, at which time all the following conditions are satisfied :

- the company has transferred to the buyer the significant risk and rewards of ownership of the goods
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the company and

- the cost incurred or to be incurred in respect of the transactions can be measured reliably.

2.6.2 Rendering of services

Revenue from rendering of services priced on a time and material basis is recognized on rendering of services as per the terms of contracts with customers.

2.6.3 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of the income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6.4 Rental income

The company's policy for recognition of revenue from operating lease is described in note 2.7.1

2.7 Leasing - Operating

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.7.1 The Company as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.7.2 The Company as lessee

Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

2.8 Foreign currencies

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency for India, which is the functional currency of the company.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at that date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit and loss.

2.9 Employee benefits

2.9.1. Long Term Employee Benefits

Long -Term Employee Benefits - Compensated Absences

Accumulated Compensated absences which fall due beyond 12 months is provided for in the books on actuarial valuation basis at the year end using projected unit credit method.

Defined Contribution Plans

Superannuation fund, Provident fund and Pension fund are defined contribution plans towards which the company makes contribution at predetermined rates to the Superannuation Trust, and the Regional Provident Fund Commissioner respectively. The same is debited to the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees. The Company also makes contributions to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

Defined Benefit Plan

The liability for gratuity to employees as at the Balance sheet date is determined on the basis of actuarial valuation using Projected Unit Credit method. The amount is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India. The liability thereof is paid and absorbed in the statement of profit and loss at the year end.

Remeasurement, comprising actuarial gain and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to profit or loss. Defined benefit costs are categorised as follows :

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income;
- remeasurement

Termination benefits are recognized as an expense as and when incurred.

2.9.2 Short-term employee benefits

Short term employee benefits including performance incentive and compensated absences which are expected to occur within 12 months after the end of the period in which the employee renders related service are determined as per Company's policy and recognized as expense based on expected obligation on undiscounted basis.

2.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

2.10.1 Current tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

2.10.2 Deferred tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or losses at the time of the transaction.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2.11 Earnings per share

The basic earnings/ (loss) per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

2.12 Research and development costs

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Property, plant and equipment.

2.13 Property, Plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Tangible assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of tangible assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest

on borrowings attributable to acquisition of qualifying tangible assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of tangible asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on tangible assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Tangible assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use. Individual assets costing less than Rs.5,000 each are depreciated in full in the year of acquisition.

Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Depreciation

Depreciation is recognised so as to write of the cost of the assets(other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the tangible assets are as follows:-

Factory Building	30 years
Residential Building	60 years
Computers and Data Processing Equipments	3 years
General Plant and Machinery	
(i) Single Shift	15 years
(ii) Double Shift	10 years
(iii) Triple Shift	7.5 years
Factory equipment	15 years
Office appliances	5 years
Furniture and Fixtures	10 years
Vehicles	8 years

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the used / Second hand machines & process bath equipments , in whose case the life of the assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation on assets added / disposed off during the year is provided on pro-rata basis from the month of addition or up to the month prior to the month of disposal, as applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.14 Intangible assets

2.14.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.14.2. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost)

2.14.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:-

Technical Knowhow	5 years
Software	5 years
Brands and Trademarks	5 years
Patents and Copyrights	5 years

2.15 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets 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 assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2.16 Inventories

Finished Goods and work-in-progress are valued at lower of cost and net realizable value. Cost comprises of materials, labour, and an appropriate proportion of production overheads and excise duty, wherever applicable and excludes interest, selling and distribution expenses. Cost is computed on weighted average basis. Raw materials, stores and spares are valued at lower of cost and net realizable value. Cost computed on weighted average basis includes freight, taxes and duties net of CENVAT / VAT credit, wherever applicable. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.17 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

2.18 Financial Instruments

Financial assets and financial liabilities are recognised when an entity become a party to the contractual provision of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.19 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

2.19.1. Classification of financial assets

Financial Assets that meet the following conditions are subsequently measured at amortised cost (except for financial assets that are designated as at fair value through profit or loss on initial recognition) :

- the asset is held within business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding.

Financial assets are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less any impairment loss.

Amortised cost are represented by security deposits, cash and cash equivalents and eligible current and non-current assets. Cash and cash equivalent comprise cash on hand and in banks and demand deposit with banks which can be withdrawn at any time without prior notice or penalty on the principal.

For the purposes of cash flow statement, cash and cash equivalent include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the company's cash management system.

For the impairment policy on financial assets measured at amortised cost, refer Note 2.19.4

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for financial assets that are designated as at fair value through profit or loss on initial recognition) :

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding.

2.19.2 Investment in equity instruments at FVTOCI

On initial recognition, the company can make an irrevocable election (on an instrument- by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investment in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently , they are measured at fair value with gain and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instrument through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

2.19.3. Financial assets at fair value through profit or loss (FVTPL)

Financial asset at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporate any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial asset at FVTPL is recognised when the company's right to receive the dividends is established. It is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount can be measured reliably.

FVTPL is a residual category for financial assets. Any financial categorisation as at amortised cost or as FVTOCI, is classified at FVTPL. In addition, the company may elect to designate the financial asset, which otherwise meets amortised cost or FVTOCI criteria, at FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

2.19.4. Impairment of financial assets

The company measures the loss allowance for a financial instruments at an amount equal to the lifetime expected credit losses if the credit risk on that financial instruments has increased significantly since initial recognition. If the credit risk on a financial instruments has not increased significantly since initial recognition, the company measures the loss allowance for that financial instruments at an amount equal to 12 month expected credit losses. 12 month expected credit losses are portion of the lifetime expected credit losses and represents the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the 12 months.

For trade receivables or any contractual rights to receive cash or another financial assets that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the company always measures the loss

(Rs. in lakhs)

allowance at an amount equal to life time expected credit losses.

Further, for the purposes of measuring lifetime expected credit loss allowance for trade receivables, the company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.20 First-time adoption - mandatory exceptions, optional exemptions

2.20.1 Overall principle

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

2.20.2 Investments in equity of subsidiaries

The company has elected to continue with the carrying value of its investments in equity instruments of subsidiary companies recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its cost as of the transition date.

2.21 New standards and interpretations not yet adopted

Amendment to Ind AS 7 :

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities to meet the disclosure requirement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

(Rs. in lakhs)

Note 3 - Tangible Assets

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Block							
Cost as at April 1, 2015	**3.66**	**1,554.63**	**6,468.57**	**610.94**	**224.49**	**96.83**	**8,959.12**
Additions	-	3.11	770.25	168.97	22.85	7.05	**972.23**
Disposals	-	-	46.44	55.49	-	10.03	**111.96**
Balance as at March 31, 2016	**3.66**	**1,557.74**	**7,192.38**	**724.42**	**247.34**	**93.85**	**9,819.39**
Balance as at April 1, 2016	**3.66**	**1,557.74**	**7,192.38**	**724.42**	**247.34**	**93.85**	**9,819.39**
Acquisitions through business combinations (Note 42)	-	-	17.60	-	-	-	**17.60**
Additions	-	24.90	868.22	189.11	13.68	33.97	**1,129.88**
Disposals	-	-	147.78	60.26	-	8.50	**216.54**
Balance as at March 31, 2017	**3.66**	**1,582.64**	**7,930.42**	**853.27**	**261.02**	**119.32**	**10,750.33**
II. Accumulated depreciation							
Balance as at April 1, 2015	-	**315.83**	**2,936.33**	**364.64**	**95.58**	**37.37**	**3,749.75**
Depreciation expense for the year (Note 27)	-	49.52	582.90	121.16	20.33	12.40	**786.31**
Eliminated on disposal of assets	-	-	41.77	54.77	-	9.39	**105.93**
Balance as at March 31, 2016	-	**365.35**	**3,477.46**	**431.03**	**115.91**	**40.38**	**4,430.13**
Balance as at April 1, 2016	-	**365.35**	**3,477.46**	**431.03**	**115.91**	**40.38**	**4,430.13**
Depreciation expense for the year (Note 27)	-	52.05	658.37	150.66	21.20	13.74	**896.02**
Eliminated on disposal of assets	-	-	147.13	60.26	-	4.17	**211.56**
Balance as at March 31, 2017	-	**417.40**	**3,988.70**	**521.43**	**137.11**	**49.95**	**5,114.59**
Net Carrying Value as on April 1, 2015	**3.66**	**1,238.80**	**3,532.24**	**246.30**	**128.91**	**59.46**	**5,209.37**
Net Carrying Value as on March 31, 2016	**3.66**	**1,192.38**	**3,714.92**	**293.39**	**131.43**	**53.47**	**5,389.25**
Net Carrying Value as on March 31, 2017	**3.66**	**1,165.24**	**3,941.72**	**331.84**	**123.91**	**69.37**	**5,635.74**

(Rs. in lakhs)

Note 4 - Goodwill

A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cost			
Balance at beginning of year	-	-	-
Additional amounts recognised from business combinations occurred during the year (Note 42)	10.27	-	-
Balance at end of year	**10.27**	-	-
Accumulated Impairment			
Balance at beginning of year	-	-	-
Impairment losses recognised in the year	-	-	-
Balance at end of year	-	-	-

Note 5 - Other Intangible Assests

Description of Assets	Technical Knowhow	Computer Software	Brands/ Trademarks	Patents	Total
I. Gross Block					
Cost as at April 1, 2015	**188.56**	**210.33**	-	-	**398.89**
Additions	13.71	6.81	-	-	**20.52**
Balance as at March 31, 2016	**202.27**	**217.14**	-	-	**419.41**
Balance as at April 1, 2016	**202.27**	**217.14**	-	-	**419.41**
Additions through business combination (Refer Note 42)	-	-	81.00	50.00	**131.00**
Additions	-	53.13	-	-	**53.13**
Balance as at March 31, 2017	**202.27**	**270.27**	**81.00**	**50.00**	**603.54**
II. Accumulated amortisation					
Balance as at April 1, 2015	**122.05**	**127.46**	-	-	**249.51**
Amortisation expense for the year (Refer Note 27)	23.72	25.21	-	-	**48.93**
Balance as at March 31, 2016	**145.77**	**152.67**	-	-	**298.44**
Balance as at April 1, 2016	**145.77**	**152.67**	-	-	**298.44**
Amortisation expense for the year (Refer Note 27)	18.52	29.34	12.15	7.50	**67.51**
Balance as at March 31, 2017	**164.29**	**182.01**	**12.15**	**7.50**	**365.95**
Net Carrying Value as on April 1, 2015	**66.51**	**82.87**	-	-	**149.38**
Net Carrying Value as on March 31, 2016	**56.49**	**64.47**	-	-	**120.96**
Net Carrying Value as on March 31, 2017	**37.98**	**88.26**	**68.85**	**42.50**	**237.59**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 6 - Investments

Sl No.	Particulars	Unit Price (Rs)	As at March 31, 2017 Current Units (Nos)	As at March 31, 2017 Current Amount	As at March 31, 2017 Non Current Units (Nos)	As at March 31, 2017 Non Current Amount	As at March 31, 2016 Current Units (Nos)	As at March 31, 2016 Current Amount	As at March 31, 2016 Non Current Units (Nos)	As at March 31, 2016 Non Current Amount	As at April 1, 2015 Current Units (Nos)	As at April 1, 2015 Current Amount	As at April 1, 2015 Non Current Units (Nos)	As at April 1, 2015 Non Current Amount
A	**COST**													
	I. Unquoted Investments (all fully paid)													
	Investments in Equity Instruments													
	- of Subsidiaries													
	i) WENDT GRINDING TECHNOLOGIES LTD, THAILAND (10,299,993 equity shares of face value Baht 10/- each (previous year 10,299,993), partly paid up @ 2.5 Baht per share		-	-	10,299,993	277.39	-	-	10,299,993	277.39	-	-	10,299,993	277.39
	ii) WENDT MIDDLE EAST FZE, SHARJAH (8 equity shares of face value of AED 150,000 each (previous year 8) fully paid up)		-	-	8	153.16	-	-	8	153.16	-	-	8	153.16
	TOTAL UNQUOTED INVESTMENTS CARRIED AT COST [A]			-		**430.55**		-		**430.55**		-		**430.55**
B	**Designated as Fair Value Through Profit and Loss**													
	I. Quoted Investments													
	Investments in Mutual Funds													
1	ICICI Prudential Banking and PSU Debt Fund - Regular Plan - Daily Dividend	10.07	-	-	-	-	1,078,739	108.61	-	-	1,020,017	102.69	-	-
2	ICICI Prudential Money Market Fund - Daily Dividend	100.13	19,997	20.02	-	-	-	-	-	-	101,160	101.29	-	-
3	ICICI Prudential Flexible Income -Regular Plan - Daily Dividend	105.74	-	-	-	-	-	-	-	-	109,339	115.61	-	-
4	ICICI Prudential Savings Fund - Daily Dividend	101.43	125,467	127.26	-	-	-	-	-	-	21,019	21.17	-	-
5	Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend Renivestment	100.02	49,179	49.19	-	-	30,003	30.02	-	-	118,725	118.79	-	-
6	IDFC Cash Fund - Daily Dividend -(Regular Plan)	1001.08	-	-	-	-	3,000	30.03	-	-	-	-	-	-
7	Reliance Liquid Fund Cash Plan-Direct Growth Plan	2254.23	-	-	-	-	-	-	-	-	1,793	40.43	-	-
8	Reliance Liquid Fund Treasury Plan - Daily Dividend Option Dividend Reinvestment	1528.74	4,002	61.18	-	-	-	-	-	-	-	-	-	-
9	TATA Money Market Fund Plan A-Daily Dividend	1001.52	-	-	-	-	-	-	-	-	3,073	30.78	-	-
10	TATA Short Term Bond Fund Plan A - Growth	30.57	295,555	90.35	-	-	295,555	83.23	-	-	295,555	77.15	-	-
11	TATA Short Term Bond Fund Direct Plan - Growth	31.48	186,618	58.75	-	-	186,618	53.69	-	-	186,618	49.35	-	-
12	Baroda Pioneer Credit Opportunities Fund -Plan A Monthly Dividend-Reinvestment	10.91	3,531,867	385.27	-	-	2,475,765	260.34	-	-	500,000	51.19	-	-
13	Baroda Pioneer Credit Opportunities Fund -Plan A Growth	11.52	-	-	-	-	963,308	108.29	-	-	-	-	-	-
14	Baroda Pioneer Treasury Advantage Fund-Plan A Daily Dividend -Reinvestment	1029.68	14,125	145.45	-	-	2,925	30.05	-	-	6,420	65.83	-	-
15	Baroda Pioneer Short Term Bond Fund-Plan A Dividend-Re investment	10.07	-	-	-	-	-	-	-	-	2,044,663	205.97	-	-
16	Baroda Pioneer Short Term Bond Fund-Plan A Growth	16.06	-	-	-	-	569,063	89.36	-	-	341,337	49.50	-	-
17	Franklin India Ultra Short Bond Fund Super Institutional Plan -Daily Dividend Reinvestment	10.08	-	-	-	-	-	-	-	-	491,307	49.52	-	-
18	Franklin India Ultra Short Bond Fund Super Institutional Plan - Direct Daily Dividend Reinvestment	10.06	-	-	-	-	-	-	-	-	308,065	31.00	-	-
19	Franklin India Treasury Management A/c Super Institutional Plan -Daily Dividend Reinvestment	1000.72	-	-	-	-	-	-	-	-	32,965	329.89	-	-
20	Religare Invesco Credit Opportunities Fund -Daily Dividend	1000.29	-	-	-	-	4,974	49.76	-	-	-	-	-	-
21	Religare Invesco Medium Term Bond Fund-Growth	1525.30	-	-	-	-	5,668	86.46	-	-	-	-	-	-
22	DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend	1000.81	2,998	30.01	-	-	-	-	-	-	-	-	-	-
23	DSP BlackRock Money Manager Fund - Regular -Daily Dividend	1004.23	3,983	40.00	-	-	-	-	-	-	-	-	-	-
24	Indiabulls Liquid Fund - Existing Plan Daily Dividend - Reinvestment	1001.15	1,500	15.02	-	-	-	-	-	-	-	-	-	-
25	Indiabulls Ultra Short Term Fund - Existing Plan Daily Dividend - Reinvestment	1003.52	4,883	49.00	-	-	-	-	-	-	-	-	-	-
	TOTAL INVESTMENTS CARRIED AT FVTPL [B]			1,071.50		-		929.84		-		1,440.16		-
	TOTAL INVESTMENTS (A) + (B)			**1,071.50**		**430.55**		**929.84**		**430.55**		**1,440.16**		**430.55**
	TOTAL INVESTMENTS CARRYING VALUE (A) + (B)			**1,071.50**		**430.55**		**929.84**		**430.55**		**1,440.16**		**430.55**
	Other disclosures													
	Aggregate book value of quoted investments			**1,032.85**		-		**896.91**		-		**1,435.97**		-
	Aggregate market value of quoted investments			**1,071.50**		-		**929.84**		-		**1,440.16**		-
	Aggregate value of unquoted investments			-		**430.55**		-		**430.55**		-		**430.55**
	Aggregate amount of impairment in value of investments			-		-		-		-		-		-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 7 - Others

Particulars	As at March 31, 2017 Current	As at March 31, 2017 Non- Current	As at March 31, 2016 Current	As at March 31, 2016 Non- Current	As at April 1, 2015 Current	As at April 1, 2015 Non- Current
a) Others						
- Security Deposits	9.50	-	5.14	-	4.22	-
- Employee's Loans and advances	57.60	-	81.05	-	58.01	-
- Receivables from subsidiaries	41.99	-	20.80	-	20.90	-
- Rent receivable	1.27	-	6.88	-	2.25	-
	110.36	-	113.87	-	85.38	-
TOTAL	**110.36**	**-**	**113.87**	**-**	**85.38**	**-**

Note 8 - Deferred tax Liabilities

Particulars	March 31, 2017 Opening Balance	March 31, 2017 Recognised in profit and Loss	March 31, 2017 Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	622.28	13.38	635.66
Net Gain on Fair Value of Mutual Funds	11.36	2.02	13.38
	633.64	15.40	649.04
Tax effect of items constituting deferred tax assets			
Employee Benefits	(49.39)	(13.80)	(63.19)
Provision for doubtful trade receivables	(21.10)	10.83	(10.27)
Others	(9.97)	0.01	(9.96)
	(80.46)	(2.96)	(83.42)
Total	**553.18**	**12.44**	**565.62**

Particulars	March 31, 2016 Opening Balance	March 31, 2016 Recognised in profit and Loss	March 31, 2016 Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	607.26	15.02	622.28
Net Gain on Fair Value of Mutual Funds	1.42	9.94	11.36
	608.68	24.96	633.64
Tax effect of items constituting deferred tax assets			
Employee Benefits	(43.98)	(5.41)	(49.39)
Provision for doubtful trade receivables	(20.79)	(0.31)	(21.10)
Others	(10.85)	0.88	(9.97)
	(75.62)	(4.84)	(80.46)
Total	**533.06**	**20.12**	**553.18**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 9 - Other Assets - non-current and current

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non- Current	Current	Non- Current	Current	Non- Current
(a) Advances to suppliers	44.85	-	67.67	-	29.98	-
(b) Balances with government authorities (other than income taxes)						
(i) Cenvat credit receivable	82.66	-	91.27	-	65.23	-
(ii) VAT credit receivable	9.92	-	17.39	-	25.45	-
(iii) Service tax credit receivable	93.23	-	94.43	-	96.84	-
(c) Other loans and advances	61.20	-	43.43	-	26.80	-
(d) Prepayments	105.78	-	82.02	-	72.73	-
(e) Security Deposits with Government	-	44.51	-	29.92	-	28.03
TOTAL	397.64	44.51	396.21	29.92	317.03	28.03

Note 10 - Income tax Assets & Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income tax Assets - Non Current			
Advance Income tax paid	297.38	392.95	236.38
MAT credit entitlement	-	44.97	164.97
Fringe benefit taxes	2.10	2.10	2.10
Total	**299.48**	**440.02**	**403.45**
Income tax Liabilities - Current			
Provision for Income Tax	121.20	217.57	189.49
Total	**121.20**	**217.57**	**189.49**

Note 11 - Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Raw materials	852.31	911.21	821.08
(b) Work-in-progress	644.95	487.48	506.35
(c) Finished goods	130.61	111.60	101.11
(d) Stock-in-trade (in respect of goods acquired for trading)	55.37	92.22	71.08
(e) Stores and spares	161.07	184.85	144.28
TOTAL	**1,844.31**	**1,787.36**	**1,643.90**
Included above, goods-in-transit:			
(i) Raw materials	24.35	120.89	63.17
Total goods-in-transit	**24.35**	**120.89**	**63.17**

Notes

1) Out of the total inventories of Rs. 1844.31 lakhs (March 31, 2016: Rs.1787.36 lakhs & April 1, 2015 : Rs. 1643.90 lakhs), the carrying amount of inventories carried at fair value less costs to sell Rs. 42.95 lakhs. (March 31, 2016: Rs.38.14 lakhs & April 1, 2015 : Rs. 43.94 lakhs).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 12 - Trade receivables

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non Current	Current	Non Current	Current	Non Current
(Unsecured)						
(a) Considered good	2,872.26	-	2,907.18	-	2,110.54	-
(b) Considered doubtful	29.69	-	60.98	-	61.16	-
	2,901.95	-	2,968.16	-	2,171.70	-
Less: Allowance for doubtful debts	29.69	-	60.98	-	61.16	-
TOTAL	**2,872.26**	**-**	**2,907.18**	**-**	**2,110.54**	**-**

Note 12(a) - Movement in the allowance for doubtful debts

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at beginning of the year	60.98	61.16
Impairment losses recognised in the year		
- Other receivables	20.05	41.94
Amounts written off during the year as uncollectable	(14.75)	(10.95)
Amounts recovered during the year	(36.59)	(31.17)
Balance at end of the year	**29.69**	**60.98**

Note 12(b) - Trade Receivables breakup

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Of the above, trade receivables from:			
- Related Parties	253.95	242.13	196.37
- Others	2,648.00	2,726.03	1,975.33
Total	**2,901.95**	**2,968.16**	**2,171.70**
Current	**2,901.95**	**2,968.16**	**2,171.70**
Non Current	**-**	**-**	**-**

Ageing	Expected credit loss (%)
Within the credit period	-
1-30 days past due	1
31-60 days past due	1
61-90 days past due	2
More than 90 days past due	5

Age of receivables	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within the credit period	1,916.60	1,907.48	1,528.33
1-30 days past due	404.57	412.91	267.29
31-60 days past due	228.74	215.34	153.36
61-90 days past due	94.48	137.27	72.75
More than 90 days past due	257.56	295.16	149.97

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 13 - Cash and Cash Equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current Cash and bank balances			
(a) Unrestricted Balances with banks	22.78	0.95	18.77
(b) Cheques on hand	13.57	25.57	9.92
(c) Cash in hand	0.55	0.72	0.55
Total Cash and Bank Balances	**36.90**	**27.24**	**29.24**
(a) Deposit accounts	0.70	0.55	10.52
(b) Earmarked balances in Dividend accounts	229.43	28.11	30.14
Total Other Bank Balances	**230.13**	**28.66**	**40.66**
Total Cash and Cash Equivalents	**267.03**	**55.90**	**69.90**

(a) Reconciliation of Cash and Cash Equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total Cash and Cash Equivalents as above	267.03	55.90	69.90
Less:- Bank Balances not considered as Cash and Cash equivalents			
(i) In deposit accounts (having original maturity of more than 3 months)	0.70	0.55	10.52
(ii) In earmarked accounts - Dividend	229.43	28.11	30.14
Total	**36.90**	**27.24**	**29.24**
Book Overdraft used for cash management purposes [Refer Note 19(d)]	(124.88)	(48.66)	-
Cash and cash equivalents as per statement of cash flow	**(87.98)**	**(21.42)**	**29.24**

Note - 14: Equity Share Capital

(a) Number of shares

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised: 3,000,000 (March 31, 2016: 3,000,000 and April 1, 2015: 3,000,000) Equity shares of Rs.10/- each with voting rights	3,000,000	3,000,000	3,000,000
Issued, Subscribed and Fully Paid: 2,000,000 (March 31, 2016: 2,000,000 and April 1, 2015: 2,000,000) Equity shares of Rs.10/- each with voting rights	2,000,000	2,000,000	2,000,000
Total	2,000,000	2,000,000	2,000,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

(b) Reconciliation of the number of shares outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount Rs. in lakhs	No. of Shares	Amount Rs. in lakhs	No. of Shares	Amount Rs. in lakhs
Shares outstanding at the beginning of the period Add: Shares issued during the year	2,000,000	200	2,000,000	200	2,000,000	200
Shares outstanding at the end of the period	**2,000,000**	**200**	**2,000,000**	**200**	**2,000,000**	**200**

(c) Details of shares held by each shareholder holding more than 5% shares in the Company:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Equity Shares : (with equal voting rights)						
Wendt GmbH, Germany	797,352	39.87	797,352	39.87	797,352	39.87
Carborundum Universal Limited, India	797,352	39.87	797,352	39.87	797,352	39.87

(d) Rights, Preferences and Restrictions attached to shares

The Company has only one class of equity shares with voting rights (one vote per share). The dividends proposed by the Board of directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders are entitled to receive only the residual assets of the Company. The distribution of dividend is in the proportion to the number of equity shares held by the shareholders.

Note 15 - Other equity

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Reserve	-	-	-
General Reserve	5,717.73	5,597.73	5,197.73
Retained earnings	4,442.60	3,995.06	3,954.66
Other Comprehensive Income	(116.96)	(48.34)	-
Total	**10,043.37**	**9,544.45**	**9,152.39**

15.1 Capital Reserve

This represents capital subsidy of earlier years.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	-	-	20.98
Movements	-	-	(20.98)
Balance as at the year end	**-**	**-**	**-**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

15.2 General Reserve

This represents appropriation of profit by the Company.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	5,597.73	5,197.73	5,176.75
Transfer from Surplus in Statement of Profit and Loss	120.00	400.00	-
Movements	-	-	20.98
Balance as at the year end	**5,717.73**	**5,597.73**	**5,197.73**

15.3 Retained earnings

Retained Earnings comprise of the Company's undistributed earnings after taxes.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	3,995.06	3,954.66	3,954.66
Profit for the year	1,169.33	1,041.11	-
Payment of Final Dividend for the preceding financial year	(300.00)	(300.00)	-
Dividend Tax on Final Dividend for the preceding financial year	(61.07)	(59.99)	-
Payment of Interim Dividend for the current year	(200.00)	(200.00)	-
Dividend Tax on Interim Dividend for the current year	(40.72)	(40.72)	-
Transfer to General Reserve	(120.00)	(400.00)	-
Balance as at the year end	**4,442.60**	**3,995.06**	**3,954.66**

15.4 Other Comprehensive Income

Other Items of other comprehensive income consist of remeasurement of net defined benefit liability.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	(48.34)	-	-
Transfer from Surplus in Statement of Profit and Loss	(68.62)	(48.34)	-
Balance as at the year end	**(116.96)**	**(48.34)**	**-**

15.5 Distributions made and proposed

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2017, March 31, 2016 and March 31, 2015 was Rs. 25. Rs. 25 and Rs. 25 respectively.

The Board of Directors at its meeting held on April 28, 2016 had recommended a final dividend of 150% (Rs.15/- per equity share of face value Rs.10/- each). The proposal was approved by shareholders at the Annual General Meeting held on July 26, 2016, this has resulted in a cash outflow of Rs. 361.07 lakhs, inclusive of dividend distribution tax of Rs. 61.07 lakhs. Also, the Board of Directors at its meeting held on January 24, 2017 had declared an interim dividend of 100% (Rs.10/- per equity share of face value of Rs.10/- each). Further, the Board of Directors at its meeting held on April 24, 2017 have recommended a final dividend of 150% (Rs.15/- per equity share of face value of Rs.10/- each) which is subject to approval of shareholders. If approved, this would result in a cash outflow of Rs. 361.07 lakhs, inclusive of dividend distribution tax.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 16 - Provisions

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non- Current	Current	Non- Current	Current	Non- Current
(a) Provisions						
(1) Compensated absences	91.58	91.02	77.36	65.36	69.26	60.13
(2) Other employee obligations	-	96.40	-	23.12	-	7.50
Total	**91.58**	**187.42**	**77.36**	**88.48**	**69.26**	**67.63**

Note 17 - Other Liabilities

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non- Current	Current	Non- Current	Current	Non- Current
(a) Advances received from customers	170.90	-	279.56	-	141.05	-
(b) Statutory dues						
- taxes payable (other than income taxes)	103.60	39.09	90.49	38.92	68.53	42.69
Total	**274.50**	**39.09**	**370.05**	**38.92**	**209.58**	**42.69**

Note 18 - Trade Payables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payable for goods & services (Refer Note 1 below)	1,242.95	1,577.81	1,398.34
Trade payable for salaries and wages	196.15	253.51	145.29
Total	**1,439.10**	**1,831.32**	**1,543.63**

Note:

1.) Trade payable for goods & services includes dues of Micro and Small Enterprises Rs. 63.34 lakhs (March 31, 2016 Rs. 34.51 lakhs; April 1, 2015 Rs. 45.60 lakhs) (Refer Note 32)

Note 19 - Other Financial Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Unpaid dividends	229.43	28.11	30.14
(b) Short term Deposits	10.00	10.00	10.00
(c) Other liabilities			
- Creditors for capital supplies/services	39.27	92.19	114.68
- Retention Money	6.08	6.08	5.90
- Employee's contractual obligations	6.75	8.46	8.85
- Others	37.34	36.50	-
(d) Book Overdraft	124.88	48.66	-
Total	**453.75**	**230.00**	**169.57**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 20 - Revenue from Operations

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
a)	Revenue from sale of goods (includes excise duty of Rs.1,130.90 lakhs, previous year Rs. 960.54 lakhs)	13,692.40	12,439.68
b)	Revenue from rendering of services (refer note (ii) below)	217.83	176.36
c)	Other operating income (refer note (iii) below)	170.41	161.53
	Total	14,080.64	12,777.57

Note:

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(i)	**Sale of products comprises**		
	Manufactured Goods		
	Resin, Metal and Electroplated Diamond / CBN Wheels, Hones, Pellets, Dressing tools etc	9,636.28	8,284.82
	Machine, Accessories and components	3,343.03	3,446.68
	Others	287.97	333.81
	Total - Sale of manufactured goods	13,267.28	12,065.31
	Traded goods		
	Polishing films	195.34	198.54
	Dressers	56.50	39.87
	Others	173.28	135.96
	Total - Sale of Traded goods	425.12	374.37
	Total - Sale of Products	13,692.40	12,439.68
(ii)	**Sale of Services comprises**		
	Machining charges	217.83	176.36
	Total - Sale of Services	217.83	176.36
(iii)	**Other Operating income comprises**		
	Sale of Scrap	53.19	31.48
	Service charges	52.80	38.74
	Commission	18.08	50.93
	Management fee and other charges received from subsidiaries	33.20	35.28
	Export Incentive received	13.14	5.10
	Total - Other Operating income	170.41	161.53

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 21 - Other Income

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a)	Interest Income		
	- On Financial Assets at Amortised Cost	4.68	4.16
(b)	Dividend Income		
	- Dividend income on long-term investments (from subsidiaries)	223.48	268.71
	- Dividend income from current investments - mutual funds	23.67	50.68
(c)	Operating lease rental income	13.42	13.20
(d)	Net Gain / (Loss) on sale of current investments	25.25	1.89
(e)	Profit on sale of capital assets (net of loss on assets sold / scrapped / written off)	0.83	0.19
(f)	Forex gain	19.89	48.56
(g)	Net gain arising on financial assets designated as at FVTPL	5.71	28.74
(h)	Provisions and credit balances no longer required, written back		
	- For doubtful trade receivables	36.59	31.17
	- For other expenses	8.68	9.81
(i)	Miscellaneous income	10.78	29.04
	Total	**372.98**	**486.15**

Note 22 - Cost of Materials Consumed

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Opening stock	911.21	821.08
Add: Purchases	4,138.88	3,763.26
	5,050.09	4,584.34
Less: Closing stock	852.31	911.21
Cost of materials consumed	**4,197.78**	**3,673.13**
Material consumed comprises:		
Industrial and Synthetic Diamonds and Cubic Boron Nitride	1624.76	1499.87
Bonding Mixture and Matrix Powder	294.70	345.53
Steel	296.79	249.58
Other items	1981.53	1578.15
Total	**4197.78**	**3673.13**

Note 23 - Purchases of Stock-in-trade

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Polishing Films	153.02	126.35
Dressing Sticks	10.67	5.61
Floking Filter System	10.91	7.65
Dressers	-	76.50
Others	101.07	73.20
Total	275.67	289.31

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 24 - Change in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Opening stock		
Work - in - progress	487.48	506.35
Finished goods	111.60	101.11
Stock-in- trade	92.22	71.08
	691.30	678.54
Closing stock		
Work - in - progress	644.95	487.48
Finished goods	130.61	111.60
Stock-in- trade	55.37	92.22
	830.93	691.30
Net (increase) / decrease	(139.63)	(12.76)

Note 25 - Employee Benefits Expense

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Salaries and wages, including bonus	1,861.98	1,668.31
(b) Contribution to provident and other funds	179.10	159.14
(c) Staff welfare expenses	260.46	249.19
Total	**2,301.54**	**2,076.64**

Note 26 - Finance Cost

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Interest expense	11.86	0.61
(b) Other borrowing cost	0.34	0.01
Total	**12.20**	**0.62**

Note 27 - Depreciation and amortisation expense

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Depreciation of Property, Plant and Equipment (Note no. 3)	896.02	786.31
(b) Amortisation of intangible assets (Note no. 5)	67.51	48.93
Total	**963.53**	**835.24**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 28 - Other Expenses

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
Stores and spares consumed		828.82		656.52
Contract labour		106.69		102.26
Repairs and maintenance - Buildings		79.05		98.91
Repairs and maintenance - Machinery		121.03		115.44
Repairs and maintenance - Others		40.49		43.66
Power & Fuel oil consumed		319.30		291.61
Freight outward and packing charges (net)		190.11		163.07
Rent		15.76		14.10
Processing Charges		600.35		558.67
Directors' Sitting Fees		5.00		5.40
Rates and taxes		106.26		87.47
Contribution to Research Institution		2.00		2.00
Expenditure on corporate social responsibility (CSR)		26.84		32.95
Donation		3.52		3.51
Insurance charges		19.11		17.07
Selling Commission		21.90		78.21
Bad Trade receivables written off	23.54		12.49	
Less:- Transferred from Provision	14.75	8.79	10.95	1.54
Provision for doubtful trade receivables		20.05		41.94
Increase / (decrease) of excise duty on inventory (Refer note (i) below)		2.11		1.17
Auditors remuneration and out-of-pocket expenses				
- As Auditors		8.24		8.24
- For Taxation matters		1.00		1.00
- For Other services		-		1.00
- Auditors out-of-pocket expenses		2.25		4.02
Bank Charges		57.80		51.24
Service fee		182.05		166.57
Other expenses				
- Legal and other professional costs		188.46		270.96
- Selling Expenses		337.29		296.11
- Travelling & Conveyance Expenses		407.41		443.66
- Communication expenses		32.04		26.47
- Miscellaneous expenses		407.78		356.89
Total Other Expenses		**4,141.50**		**3,941.66**

Note (i)

The above excise duty relates to difference between the opening and closing stock of finished goods.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 29 - Income tax recognised in profit or loss

(a) Income Tax Expense

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current tax		
In respect of the current year	439.10	409.39
In respect of the Prior year	(50.74)	28.72
	388.36	438.11
Deferred tax		
In respect of the current year	12.44	20.12
	12.44	20.12
Total Income tax expense	**400.80**	**458.23**

(b) Numerical Reconciliation between average effective tax rate and applicable tax rate :

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Amount (Rs. in lakhs)	Tax Rate	Amount (Rs. in lakhs)	Tax Rate
Profit Before tax	**1,570.13**	**34.61**	**1499.34**	**34.61**
Income Tax using the Company's domestic Tax rate #	543.39	34.61	518.89	34.61
- Effect of income that is exempt from tax	(6.18)	(0.39)	(15.52)	(1.04)
- Effect of expenses that are not deductible in determining taxable profit	78.50	5.00	66.38	4.43
- Effect of concessions (Research and development)	(108.44)	(6.91)	(72.64)	(4.84)
- Effect of dividend income from foreign subsidiaries	(38.67)	(2.46)	(47.33)	(3.16)
- Others	(17.06)	(1.09)	(20.27)	(1.35)
	451.54	28.76	429.51	28.65
- Adjustment recognised in the current year in relation to current tax of previous years	(50.74)	(3.23)	28.72	1.92
Income Tax recognised In P&L (Effective Tax Rate)	**400.80**	**25.53**	**458.23**	**30.56**

The tax rates under Indian Income tax Act for the year ended March 31, 2017 and March 31, 2016 is 34.61%.

Note 30 - Earning per share (EPS)

Particulars	March 31, 2017	March 31, 2016
a) Profit for the year	1,169.33	1,041.11
b) Weighted average number of equity shares	2,000,000	2,000,000
c) Nominal value of shares (in rupees)	10	10
Earnings per share (in rupees) - Basic and diluted	58.47	52.06

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 31 - Contingent Liability and commitments to the extent not provided for:

31.1 Contingent Liabilities

Particulars	March 31, 2017	March 31, 2016
a) Claims against the Company not acknowledged as debt: Disputed income tax demands under appeal The Company has received favourable orders from the Income Tax Appellate Tribunal (ITAT), in respect of two assessment years. In respect of one assessment year, the Company has received a favourable order from Commissioner of Income Tax - Appeals (CIT-A), but the order giving effect to the ITAT and CIT -A order is yet to be received by the Company. The said amounts have been arrived at based on the assessment orders received from the relevant authority. Outflows, if any, arising out of this claim would depend on the outcome of the decision and the Company's rights for further appeal before the Judiciary.	59.32	59.32

31.2 Commitments

Particulars	March 31, 2017	March 31, 2016
a) Estimated amount of contracts remaining to be executed on capital account (in respect of tangible assets) and not provided for (net of advances Rs.8.31 lakhs; previous year Rs.9.05 lakhs)	368.40	634.66
b) Other Commitments	-	-

31.3 The Company has a working capital limit with State Bank of India, secured by hypothecation of stock and book debts and collateral charge on all fixed assets other than land and building. However, the Company has not utilized the said facility during the current / previous year.

Note 32 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	March 31, 2017	March 31, 2016
(i) Principal amount remaining unpaid to any supplier as at the end of each accounting year	63.34	34.51
(ii) Interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(v) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 33 - Value of imports on CIF basis:

Particulars	March 31, 2017	March 31, 2016
Raw Materials	2,333.73	2,194.34
Traded goods	199.91	147.67
Stores and Spare parts	106.03	82.28
Capital Goods	243.76	607.20

Note 34 - Expenditure in Foreign Currency

Particulars	March 31, 2017	March 31, 2016
Technical consultancy fee	46.08	94.32
Travel	50.32	87.74
Others	45.09	105.72

Note 35 - Details of consumption of imported and indigenous items

Particulars	For the year ended March 31, 2017	
	Rs. lakhs	%
Imported		
Raw Material	2,451.90 (2,317.17)	58 (63)
Stores and Spare parts	115.35 (83.01)	14 (13)
Indigenous		
Raw Material	1,745.88 (1,355.96)	42 (37)
Stores and Spare parts	713.47 (573.51)	86 (87)

Note 36 - Earnings in Foreign exchange :

Particulars	March 31, 2017	March 31, 2016
i) F.O.B.Value of goods exported	3019.42	3301.01
ii) Others.	301.58	354.92

Note 37 - Remittances in foreign currency during the year on account of dividend

Particulars	March 31, 2017	March 31, 2016
(a) Year to which dividend relates	-	2014-15 & 2015-16 (Interim)
(b) Total number of non-resident shareholders to whom remittance was made	-	1
(c) Total number of shares held by them on which dividend was due	-	797352
(d) Amount remitted (Rs. in lakhs)	-	199.34

Note 38 - Research and Development Expenditure

Research and Development expenditure incurred during the year aggregates to Rs. 243.25 lakhs (Previous year Rs. 246.26 lakhs) as detailed below:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	March 31, 2017	March 31, 2016
- Revenue expenditure (refer note below)	201.74	238.49
- Capital expenditure (including capital work in progress)	41.51	7.77
Total	243.25	246.26

Note:- Revenue expenditure shown above includes Depreciation on R&D assets of Rs. 46.96 lakhs (Previous year Rs.48.08 lakhs), Consultancy Services of Rs. 30.78 lakhs (Previous year Rs. 78.59 lakhs), Consultancy travel expenditure of Rs. 4.17 lakhs (Previous year Rs. 14.99 lakhs) & Contract manpower of Rs. 0.16 lakhs (Previous year Rs. 1.41 lakhs).

Note 39 - Corporate Social Responsibility

(a) Gross amount required to be spent by the company during the year :- Rs. 32.34 lakhs (Previous Year Rs. 35.27 lakhs)

(b) Amount spent by the company during the year :- Rs. 32.34 lakhs (Previous Year Rs. 38.45 lakhs)

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	-	-	-
(ii) On purposes other than (i) above			
- in 2016-17	28.06	4.28	32.34
- in 2015-16	(34.82)	(3.63)	(38.45)

Note 40 - Dislosure on Specified Bank Notes (SBN)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308('E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

(in Rupes)

Particulars	SBNs	Other denomination notes	Total
Closing balance in hand as on November 8, 2016	81,000	6,746	87,746
(+) Permitted receipts	-	404,048	404,048
(-) Permitted payments		339,458	339,458
(-) Amount deposited in Bank	81,000	-	81,000
Closing cash in hand as on December 30, 2016	**-**	**71,336**	**71,336**

Note 41 - First-time Adoption of Ind AS

These standalone financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind-AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with statutory reporting requirement in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for periods ending on or after March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies in Note 2. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

41.1 Exemptions & Exceptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

41.1 (a) Investments in subsidiaries

The Company has elected to adopt the carrying value under previous GAAP as on the date of transition i.e. April 1, 2015 in its separate financial statements.

41.1 (b) Estimate exception

Upon an assessment of the estimates made under Indian GAAP, the company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

41.2 Reconciliations

(I) Reconciliation of equity as previously reported under Indian GAAP to IND AS
(ii) Reconciliation of Profit and Total Comprehensive income as previously reported under Indian GAAP to IND AS
(iii) Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015
(iv) Effect of Ind AS adoption on the statement of profit or loss for the year ended March 31, 2016
(v) Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016
(vi) Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS

(i) Reconciliation of equity as previously reported under Indian GAAP to Ind AS:

Particulars	Notes	As at April 1, 2015 (Date of Transition)	As at March 31, 2016 (end of last period presented under previous GAAP)
Equity as reported under previous GAAP		8,989.98	9,362.16
Ind AS: Adjustments increase (decrease):			
Fair Valuation of investments under Ind AS (net of tax)	(a)	2.77	21.57
Dividends not recognised as liability until declared under Ind As	(b)	300.00	300.00
Dividend tax on the above	(b)	59.99	61.07
Recognition of deferred taxes using the balance sheet approach	(e)	(0.35)	(0.35)
		9,352.39	**9,744.45**

(ii) Reconciliation of Profit and Total Comprehensive income under Indian GAAP to Ind AS:-

Particulars	Notes	Year ended March 31, 2016 (latest period presented under previous GAAP)
Profit after tax as reported under previous GAAP		973.97
Ind AS: Adjustments increase (decrease):		
Remeasurement of defined benefit obligation recognised in other comprehensive income	(c)	48.34
Fair Valuation of investments under Ind AS (net of tax)	(a)	18.80
Profit for the year as per Ind AS		1,041.11
Other comprehensive income for the year		(48.34)
Total comprehensive income under Ind AS		992.77

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

(iii) Effect of Ind AS adoption on the balance sheet as at March 31, 2016 & April 1, 2015

Particulars	Notes	As on March 31, 2016 (End of last period presented under previous GAAP)			As on April 1, 2015 (Date of Transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet
Non-current assets							
Property, Plant and Equipment		5,389.25	-	5,389.25	5,209.37	-	5,209.37
Capital work-in-progress	(f)	541.22	9.05	550.27	249.22	40.39	289.61
Goodwill		-	-	-	-	-	-
Other Intangible assets		120.96	-	120.96	149.38	-	149.38
Financial Assets							
Investments		430.55	-	430.55	430.55	-	430.55
Others		-	-	-	-	-	-
Other non-current assets	(f)	38.97	(9.05)	29.92	68.42	(40.39)	28.03
Income Tax Assets (Net)		440.02		440.02	403.45	-	403.45
Total Non-current assets		6,960.97	-	6,960.97	6,510.39	-	6,510.39
Current assets							
Inventories		1,787.36	-	1,787.36	1,643.90	-	1,643.90
Financial assets							
(i) Investments	(a)	896.91	32.93	929.84	1,435.97	4.19	1,440.16
(ii) Trade receivables		2,907.18	-	2,907.18	2,110.54	-	2,110.54
(iii) Cash and cash equivalents		27.24	-	27.24	29.24	-	29.24
(iv) Bank balances other than (iii) above		28.66	-	28.66	40.66	-	40.66
(v) Other Financial assets		113.87	-	113.87	85.38	-	85.38
Other Current assets		396.21	-	396.21	317.03	-	317.03
Total current assets		6,157.43	32.93	6,190.36	5,662.72	4.19	5,666.91
Total assets		**13,118.40**	**32.93**	**13,151.33**	**12,173.11**	**4.19**	**12,177.30**
Equity							
Equity Share capital		200.00	-	200.00	200.00	-	200.00
Other Equity	(a, b & e)	9,162.16	382.29	9,544.45	8,789.98	362.41	9,152.39
Total equity		**9,362.16**	**382.29**	**9,744.45**	**8,989.98**	**362.41**	**9,352.39**
Non-Current Liabilities							
Provisions		88.48	-	88.48	67.63	-	67.63
Deferred tax liabilities (net)	(a & e)	541.47	11.71	553.18	531.29	1.77	533.06
Other Non-Current liabilities		38.92	-	38.92	42.69	-	42.69
Total Non-Current Liabilities		**668.87**	**11.71**	**680.58**	**641.61**	**1.77**	**643.38**
Current Liabilities							
Financial Liabilities							
(i) Trade payables		1,831.32	-	1,831.32	1,543.63	-	1,543.63
(ii) Other financial liabilities	(g)	181.34	48.66	230.00	169.57	-	169.57
Provisions	(b)	438.43	(361.07)	77.36	429.25	(359.99)	69.26
Current Tax Liabilities (net)		217.57	-	217.57	189.49	-	189.49
Other Current liabilities	(g)	418.71	(48.66)	370.05	209.58	-	209.58
Total Current Liabilities		**3,087.37**	**(361.07)**	**2,726.30**	**2,541.52**	**(359.99)**	**2,181.53**
Total liabilities		**3,756.24**	**(349.36)**	**3,406.88**	**3,183.13**	**(358.22)**	**2,824.91**
Total equity and liabilities		**13,118.40**	**32.93**	**13,151.33**	**12,173.11**	**4.19**	**12,177.30**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

(iv) Effect of Ind AS adoption on the statement of profit or loss for the year ended March 31, 2016

Particulars	Notes	Year ended March 31, 2016 latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS Profit & Loss
Revenue				
Revenue from operations	(d)	11,817.03	960.54	12,777.57
Other income	(a)	457.41	28.74	486.15
Total Income (A)		12,274.44	989.28	13,263.72
Expenses				
Cost of materials consumed		3,673.13	-	3,673.13
Purchases of stock-in-trade		289.31	-	289.31
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(12.76)	-	(12.76)
Excise duty on sale of goods	(d)	-	960.54	960.54
Employee benefits expense	(c)	2,124.98	(48.34)	2,076.64
Finance costs		0.62	-	0.62
Depreciation and amortisation expense		835.24	-	835.24
Other expenses		3,941.66	-	3,941.66
Total expenses (B)		10,852.18	912.20	11,764.38
Profit before tax (C) = (A-B)		1,422.26	77.08	1,499.34
Tax expense				
(i) Current tax		438.11	-	438.11
(ii) Deferred tax		10.18	9.94	20.12
Total Taxes (D)		448.29	9.94	458.23
Profit after tax (E) = (C - D)		973.97	67.14	1,041.11
Other comprehensive income				
(i) Items that will not be reclassified to profit or loss				
a) Remeasurement of the defined benefit plans	(c)	-	(48.34)	(48.34)
Total other comprehensive income (F)		-	(48.34)	(48.34)
Total comprehensive income for the period (E + F)		**973.97**	**18.80**	**992.77**

(v) Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016

Particulars	Notes	Year ended March 31, 2016 latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS Cash flow
Net cash flows from operating activities	(g)	992.49	(48.66)	943.83
Net cash flows used in investing activities		(393.16)	-	(393.16)
Net cash flows used in financing activities		(601.33)	-	(601.33)
Net increase (decrease) in cash and cash equivalents		**(2.00)**	**(48.66)**	**(50.66)**
Cash and cash equivalents at beginning of period		29.24	-	29.24
Cash and cash equivalents at end of period		**27.24**	**(48.66)**	**(21.42)**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

(vi) Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS:

Particulars	Notes	As on March 31, 2016 (End of last period presented under previous GAAP)			As on April 1, 2015 (Date of Transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet
Cash and cash equivalents consist of:							
Cash on hand		0.72	-	0.72	0.55	-	0.55
Cheques on hand		25.57	-	25.57	9.92	-	9.92
Balances in banks		0.95	-	0.95	18.77	-	18.77
Total cash and cash equivalents		**27.24**		**27.24**	**29.24**		**29.24**
Book overdraft	(g)		(48.66)	(48.66)	-	-	-
Total cash and cash equivalents as per cash flow		**27.24**	**(48.66)**	**(21.42)**	**29.24**	**-**	**29.24**

Notes for the above reconciliations:

(a) Under previous GAAP, current investments were measured at lower of cost or fair value. Under Ind AS, these financial assets have been classified as FVTPL on the date of transition. The fair value changes are recognised in profit or loss. On transitioning to Ind AS, these financial assets have been measured at their fair values which is higher than cost as per previous GAAP, resulting in an increase in carrying amount by Rs.32.93 lakhs as at March 31, 2016 and by Rs.4.19 lakhs as at April 1, 2015. The corresponding deferred taxes have also been recognised as at March 31, 2016 (Rs.12.78 lakhs) and as at April 1, 2015 (Rs.1.42 lakhs), and also for the year ended March 31, 2016 (Rs.9.94 lakhs). The net effect of these changes is an increase in total equity as at March 31, 2016 of Rs.24.34 lakhs (Rs. 2.77 lakhs as at April 1, 2015), increase in profit before tax of Rs.28.74 lakhs and in total profit for the year ended March 31, 2016 of Rs.18.80 lakhs.

(b) Under previous GAAP, dividend on equity shares recommended by the board of directors after the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under Ind AS, such dividends and taxes thereon are recognised when declared by the members in a general meeting. The effect of this change is an increase in total equity as at March 31, 2016 of Rs. 361.07 lakhs (Rs.359.99 lakhs as at April 1, 2015), but does not affect the profit before tax and total profit for the year ended March 31, 2016.

(c) Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in other comprehensive income. The actuarial losses for the year ended March 31, 2016 were Rs.48.34 lakhs. This does not affect the total equity, but there is an increase in profit before tax of Rs.48.34 lakhs , and in total profit of Rs.48.34 lakhs, for the year ended March 31, 2016.

(d) Under previous GAAP, revenue from sale of goods was presented net of excise duty under revenue from operations. Whereas under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense is presented separately on the face of the statement of profit or loss. The change does not affect total equity as at April 1, 2015 and March 31, 2016, profit before tax or total profit for the year ended March 31, 2016.

(e) Under previous GAAP, deferred tax were calculated on Profit & loss approach, Whereas under Ind AS, deferred tax to be calculated on Balance sheet approach. This adjustment has resulted in an increase in deferred tax liability by Rs.0.35 lakhs and have resulted in a decrease in equity under Ind AS by Rs.0.35 lakhs as at April 1, 2015 and March 31, 2016.

(f) Under previous GAAP, capital advance were shown under Long term Loans & advances, whereas under Ind AS, the same is included in capital work in progress of Rs.9.05 lakhs as at March 31, 2016 & Rs.40.39 lakhs as at April 1, 2015.

(g) Under previous GAAP, book overdraft of Rs.48.66 lakhs as at March 31, 2016 were shown under Other current liabilities, whereas under Ind AS, the same is shown under other financial liabilities. Further, for the purpose of cash and cash equivalent for statement of cash flow, book overdraft is a part of cash and cash equivalents and hence, an amount of Rs. 48.66 lakhs is reduced.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 42 - Business Combinations

The Company had acquired the "Diamond Tool" business from Star Diamond Tools Private Limited at a consideration of Rs. 250 lakhs, under slump sale on March 29, 2016.

This acquisition is made to enhance the company's offerings in the field of one of our existing product line stationery dressers and this would also augment our existing manufacturing capability and capacity.

Consideration transferred :-

Particulars	Amount
Tangible Assets	
Machines and equipments	18.28
Inventories	90.45
Intangible assets	
Brands & Trade marks	81.00
Patents	50.00
Goodwill	10.27
Total	**250.00**

(I) The initial accounting for the acquisition of the business was provisionally determined as at the year ended March 31, 2016, pending installation of the tangible assets and registration of the intangible assets. Accordingly, as on March 31, 2016, the Company had classified these assets under the head "Capital Work-in-progress" and the inventories of Rs.90.45 lakhs were included under current assets for the year ended March 31, 2016. The tangible assets were received by the company in the month of April 2016 and was subsequently installed and commissioned. These tangible assets have been capitalized during the year 2016-17.

(ii) The intangible assets comprising of Brands & Trademarks and Patents. Trademarks have been filed for registration in the name of the company. These intangible assets acquired in the business combination amounting to Rs.131.00 lakhs have been recognized separately from Goodwill at their fair value at the acquisition date (which is regarded as their cost).

(iii) Goodwill arising on the acquisition of Star Diamond Tools Private Limited amounting to Rs.10.27 lakhs has been recognized.

Impact of acquisition:-

In the financial year 2016-17, the company generated a revenue of Rs.277.30 lakhs from this new business and anticipates good growth of revenues in the coming years. Included in the segment results of superabrasives, Rs. 20.08 lakhs attributable to the additional business generated on account of the acquisition of "Star Diamond Tools Private Ltd".

Note 43 - Financial Instruments

43.1 Capital Management

The capital includes issued equity share capital and all other equity reserves attributable to the equity holders. The Company's objectives when managing capital is to safeguard their ability to continue as a going concern while maximizing the return to shareholders through the optimization of cash and cash equivalents along with investment which is predominantly investment in liquid and short term mutual funds.

43.2 Categories of financial instruments

The carrying value and fair value of financial instruments by categories as of March 31, 2017, March 31, 2016 and April 1, 2015 were as follows:

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(Rs. in lakhs)

Particulars	Carrying Amount			Fair Value		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Financial Assets						
Measured at fair- value through profit and loss (FVTPL)						
Investments	1,071.50	929.84	1,440.16	1,071.50	929.84	1,440.16
Measured at amortized cost						
- Investments in subsidiary	430.55	430.55	430.55	430.55	430.55	430.55
- Cash	36.90	27.24	29.24	36.90	27.24	29.24
- Bank balance	230.13	28.66	40.66	230.13	28.66	40.66
- Trade Receivables	2,872.26	2,907.18	2,110.54	2,872.26	2,907.18	2,110.54
- Other Financial Assets	110.36	113.87	85.38	110.36	113.87	85.38
Total Financial Assets	4,751.70	4,437.34	4,136.53	4,751.70	4,437.34	4,136.53
Financial Liabilities						
Measured at amortized cost						
Trade payables	1439.10	1831.32	1543.63	1,439.10	1,831.32	1,543.63
Others Financial Liabilities	453.75	230.00	169.57	453.75	230.00	169.57
Total Financial Liabilities	1,892.85	2,061.32	1,713.20	1,892.86	2,061.32	1,713.20

The management assessed that fair value of cash and short- term deposits, trade receivables, trade payables, book overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

I) Long-term receivables are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

ii) The fair value of the quoted mutual funds is based on price quotations at reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debtor similar terms, credit risk and remaining maturities.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2– Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (i.e. Derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets measured at fair value on recurring basis as at March 31, 2017, March 31, 2016 and April 1, 2015.

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
FVTPL financial assets designated at fair value (Note 6):					
Investment in mutual funds (quoted)	March 31, 2017	1,071.50	1,071.50	-	-
Investment in mutual funds (quoted)	March 31, 2016	929.84	929.84	-	-
Investment in mutual funds (quoted)	April 1, 2015	1,440.16	1,440.16	-	-

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

Note 43.3 Financial Risk management objectives and polices

The Company treasury function provides service to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the company through internal risk report which analyze exposures by degree and magnitude of risk. These risk include market risk, currency risk, credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using policies approved by the board of directors, which provide written principles on interest risk, credit risk and investment of excess liquidity. The Company does not enter into trade financial instruments for speculative purpose.

The Company treasury function reports quarterly to the senior management team that monitors risk and policies implemented to mitigate risk exposures.

43.3.1 Market risk

The company is exposed primarily to the financial risk of change in foreign currency exchange rate. The Company transact into different foreign currencies. Foreign currencies are recognised at the rate of exchange prevailing at the date of transaction. Company being a net exporter, follows the policy of natural hedging of foreign exchange earnings. Net forex gains is always at positive side.

43.3.2 Foreign currency risk management

The company undertakes transactions denominated in foreign currencies, consequently, the company is exposed to exchange rate fluctuations. The company, being a net exporter, follows the policy of natural hedging of foreign exchange earnings and outflow and hence it does not take any forward covers.

The carrying amounts of the Company's foreign currency (unhedged) denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	March 31, 2017		March 31, 2016	
	Foreign Currency	INR	Foreign Currency	INR
- Creditors against Import of goods, capital items and Services				
USD	4.79	314.72	5.94	397.55
EUR	0.80	56.47	1.65	125.30
GBP	0.04	3.44	0.18	17.02
JPY	-	-	13.30	7.95
- Trade and other receivables				
USD	6.33	405.56	8.02	528.37
EUR	2.95	200.55	2.09	155.04
GBP	0.96	76.35	1.37	129.09

For the year ended March 31, 2017 and March 31, 2016, every 1% increase / decrease of the respective foreign currencies compared to functional currency of the company would impact operating margins by 0.10% (0.10%) and 0.15% (0.15%) respectively.

43.3.3 Credit Risk

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The customers are broadly classified into high risk and medium risk, accordingly credit limit exposure is fixed. The company carries out payment performance review of all customers and based on this analysis, risk category of customers are evaluated annually. Further, the utilization of credit limit is regularly monitored through inbuilt locks in the ERP system.

43.3.4 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's

approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's business and reputation.

The Company regularly reviews its receivables, inventory & other working capital elements to mitigate any liquidity concerns. Any surplus from the business funds needs is parked in debt mutual funds (liquid / liquid plus) from reputed AMCs to provide day to day working capital.

Also, the company has unutilized credit limits with bank.

Note 44 - Segment Disclosure

44.1 Products and services from which reportable segments derive their revenue

The CEO of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the CODM, in deciding how to allocate resources and assessing performance.

1) The Company is organised into two main business segments, namely :

   a) Super Abrasives and b) Machines, Accessories and Components.

The above segments have been identified taking into account the organisation structure as well as the differing risks and returns of these segments. The Company has identified business segments as its primary segments. The reportable business segments are in line with the segment wise information which is being presented to the CODM.

2) Segment Assets and Segment Liabilities of the Company's business have not been identified to any reportable segment, as these are used interchangeably between segments and hence segment disclosure relating to capital employed has not been given.

3) Revenues earned from the business combination is included in Super Abrasives segment. Revenues are earned both in India and Outside India.

44.2 Segment Revenues and Results

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
1. Segment Revenue (including sale of services)		
a) Super Abrasives	10,414.53	9,065.38
b) Machines, Accessories and Components	3,495.70	3,550.66
Total	13,910.23	12,616.04
Less:- Inter Segment Revenue	-	-
Revenues / Income From Operations	**13,910.23**	**12,616.04**
2. Segment Results Profit before tax and interest.		
a) Super Abrasives	1,822.00	1,256.67
b) Machines, Accessories and Components	451.64	611.16
Total	2,273.64	1,867.83
Less: (i) Finance costs	12.20	0.62
(ii) Other un-allocable Expenditure net of un-allocable income of Rs. 543.39 lakhs (P.Y. Rs. 647.68 lakhs)	691.31	367.87
(iii) Tax expense	400.80	458.23
Profit for the year	**1,169.33**	**1,041.11**

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(Rs. in lakhs)

44.3 Revenue by Geographical market

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
India	10,890.81	9,315.03
Out side India	3,019.42	3,301.01
Total Revenues	13,910.23	12,616.04

44.4 Information about major customers

No single customer represents 10% or more of the company's total revenue for the year ended March 31, 2017 and March 31, 2016.

Note 45 - Leases

(a) The Company is obligated under cancelable operating leases towards residential accommodation, which are renewable at the option of both the lessor and the lessee. Total rental expense debited to the Statement of Profit and Loss under cancelable operating leases amounts to Rs. 15.60 lakhs. (Previous year: Rs 14.10 lakhs).

There are no sub-lease payments received/receivable recognised in the statement of profit and loss. Also, there are no contingent rents payable and there are no restrictions imposed by lease agreements such as those concerning dividends and additional debt.

(b) The Company has leased out a portion of its factory building to a related party.

The lease agreement is for a period of 12 months and can be terminated by either party by giving one month notice.

Details of the above referred lease are as given below:

Particulars	Amount
Gross carrying amount	1,582.64
Less: Accumulated Depreciation	417.40
Net carrying amount	**1,165.24**

The depreciation recognized in respect of the factory building for the year is Rs. 52.05 lakhs.

There are no contingent rents receivable.

Note 46 - Employee Benefits

Defined Contribution Plans

The Company operates defined contribution benefit plans for all qualifying employees of the company.

Superannuation fund, Providend fund and pension fund are defined contribution plans towards which the company makes contribution at predetermined rates to the Superannuation Trust funded with Life Insurance Corporation Of India and the Regional Provident Fund Commissioner respectively. The same is debited to the Statement of Profit and Loss accounts based on the amount of contribution required to be made and services rendered by the employees.

Defined Benefit Plans

The Company is having defined benefit plan namely gratuity for all qualifying employees of the company.

The liability for gratuity to employees as at the Balance sheet date is determined on the basis of actuarial valuation using Projected Unit Credit method. The amount is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India. The liability thereof is paid and absorbed in the statement of profit and loss at the year end.

Remeasurement, comprising actuarial gain and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to profit or loss.

The plans typically expose the company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Investment risk	The present value of the defined benefit plan liability is calculated using the discount rate which is determined by reference to market yield at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yields at the end of the reporting period. If the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability: however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectance of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

A. Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at March 31, 2017 and March 31, 2016:

(a) Change in defined benefit obligation (DBO)

Particulars	As at March 31, 2017	As at March 31, 2016
Defined benefit obligation at beginning of period	335.46	249.04
Service cost		
a) Current service cost	30.01	31.41
b) Past service cost	-	-
Interest expenses	25.33	19.36
Benefits Paid	(37.74)	(14.06)
Remeasurements:		
a) Effect of changes in demographic assumptions	-	8.61
b) Effect of change in financial assumptions	53.74	-
c) Effect of experience adjustments	(28.92)	41.10
Defined benefit obligation at end of period	**377.88**	**335.46**

(b) Change in fair value of plan assets

Particulars	As at March 31, 2017	As at March 31, 2016
Fair value of plan assets at beginning of period	275.84	241.53
Interest Income	20.80	20.70
Contributions	29.05	26.29
Benefits Paid	(37.74)	(14.06)
Remeasurements:		
a) Return on plan assets (excluding interest income)	(43.81)	1.38
Fair value of plan assets at end of period	**244.14**	**275.84**

(c) Amounts recognized in the Balance Sheet

Particulars	As at March 31, 2017	As at March 31, 2016
Defined benefit obligation	377.88	335.46
Fair value of plan assets	(244.14)	(275.84)
Funded status	133.74	59.62
Effect of asset ceiling	-	-
Net defined benefit liability / (asset)	**133.74**	**59.62**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

(d) Amounts recognized in the Statement of Profit and Loss

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Service Cost	30.01	31.41
Net interest cost	-	
a) Interest expense on DBO	4.53	(1.33)
Net Gratuity Cost in the Statement of Profit and Loss	**34.54**	**30.08**

(e) Amounts recognized in the Other Comprehensive Income

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Remeasurement of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	24.81	49.72
(Return) / Loss on plan assets excluding amounts included in the net interest on the defined benefit liability / (asset)	(43.81)	1.38
Net Cost in Other Comprehensive Income	**68.62**	**48.34**

(f) Significant actuarial assumptions

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Discount rate	7.00%	8.00%
Salary escalation rate	7.00%	5.00%
Attrition Rate	6.00%	6.00%
Retirement Age	58 years	58 years
Pre-retirement mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Disability	Nil	Nil

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

(g) Sensitivity analysis - DBO end of Period

Particulars	As at March 31, 2017	As at March 31, 2016
Discount rate +100 basis points	356.91	318.71
Discount rate -100 basis points	401.51	354.09
Salary Increase Rate +1%	399.42	352.80
Salary Increase Rate -1%	358.40	319.60
Attrition Rate +1%	377.71	338.56
Attrition Rate -1%	378.04	332.05

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual changes in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

(h) Expected cash flows for following year

Particulars	As at March 31, 2017	As at March 31, 2016
Expected employer contributions /Addl. Provision next year	50.26	45.84
Expected total benefit payments		
Year 1	37.34	36.50
Year 2	76.69	37.60
Year 3	46.64	61.45
Year 4	22.56	45.33
Year 5	42.76	21.61
Next 5 years	97.22	103.42

The Company expects to make a contribution of Rs. 29.69 lakhs (as at March 31, 2016: Rs.29.04 lakhs; as at April 1, 2015: Rs.26.29 lakhs) to the defined benefit plans during the next financial year. The employee benefit obligations(net) have been included in current liabilities based on the expected contributions.

B. Compensated Absences

(a) Charge to Statement of Profit and Loss and Liability

Particulars	As at March 31, 2017	As at March 31, 2016
Charge / (credit) in the Statement of Profit and Loss	57.13	19.80
Liability as at the year end		
- Short- term (Refer Note 16)	91.58	77.36
- Long- term (Refer Note 16)	91.02	65.36
	182.60	**142.72**

(b) Actuarial Assumptions

Particulars	As at March 31, 2017	As at March 31, 2016
Discount Rate	7.00% p.a.	8.00% p.a.
Salary Escalation Rate	7.00% p.a.	5.00% p.a.

C. Defined Contribution Plans

Particulars	As at March 31, 2017	As at March 31, 2016
Employers' Contribution to Provident Fund *	60.17	57.63
Employers' Contribution to Superannuation Fund *	52.48	48.38
Employers' Contribution to Employee's State Insurance #	9.56	8.25
Employers' Contribution to Employee's Pension Scheme 1995 *	31.91	23.06

* Included in Contribution to provident and other funds
# Included in staff welfare expenses

Note 47 - Related Party Transactions

1) List of Related parties:

i) Party with whom control exists -Subsidiaries
   (a) Wendt Grinding Technologies Ltd, Thailand
   (b) Wendt Middle East FZE, Sharjah

ii) Venturers to the joint venture with whom transactions have taken place during the year
   (a) Carborundum Universal Limited (CUMI)
   (b) Wendt GmbH Germany

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(Rs. in lakhs)

iii) Company in which director is a director
- (a) Ace Designers Ltd
- (b) Pragati Transmission P Ltd
- (c) Tespa Tools Pvt Ltd

iv) Key Management Personnel
Mr.Rajesh Khanna, Chief Executive

v) Relatives of Key Management Personnel
Mrs. Preethi Khanna - Wife of Mr. Rajesh Khanna

2) Transaction with related parties during the year ended March 31, 2017 and March 31, 2016 are as follows:

Particulars	Subsidiaries		Joint venturers		Director's Company		Key Management Personnel		Total	
	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16
Purchase of Capital Goods										
Wendt GmbH, Germany	-	-	2.29	13.30	-	-	-	-	2.29	13.30
Carborundum Universal Limited (CUMI)	-	-	-	0.30	-	-	-	-	-	0.30
Other Purchases										
Wendt Gmbh, Germany	-	-	425.86	424.96	-	-	-	-	425.86	424.96
Carborundum Universal Limited (CUMI)	-	-	95.47	87.12	-	-	-	-	95.47	87.12
Wendt Grinding Technologies Ltd., Thailand	3.99	-	-	-	-	-	-	-	3.99	-
Tespa Tools Pvt Ltd	-	-	-	-	0.60	12.33	-	-	0.60	12.33
Sale of Goods and Services										
Wendt GmbH, Germany	-	-	381.08	407.53	-	-	-	-	381.08	407.53
Carborundum Universal Limited (CUMI)	-	-	631.00	433.57	-	-	-	-	631.00	433.57
Wendt Grinding Technologies Ltd., Thailand	229.40	178.98	-	-	-	-	-	-	229.40	178.98
Wendt Middle East FZE	190.11	337.10	-	-			-	-	190.11	337.10
Ace Designers Ltd	-	-	-	-	0.22	-	-	-	0.22	-
Pragati Transmission P Ltd	-	-	-	-	0.38	0.25	-	-	0.38	0.25
Payment of Rent										
Rajesh Khanna	-	-	-	-	-	-	7.80	7.05	7.80	7.05
Preethi Khanna	-	-	-	-	-	-	7.80	7.05	7.80	7.05
Receipt of Dividend										
Wendt Middle East FZE	53.20	107.95	-	-	-	-	-	-	53.20	107.95
Wendt Grinding Technologies Ltd., Thailand	170.28	160.75	-	-		-	-	-	170.28	160.75
Payment of Service Fee and Commission										
Carborundum Universal Limited (CUMI)	-	-	209.59	194.47	-	-	-	-	209.59	194.47
Wendt Middle East FZE	4.39	38.64	-	-	-	-	-	-	4.39	38.64

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(Rs. in lakhs)

Particulars	Subsidiaries		Joint venturers		Director's Company		Key Management Personnel		Total	
	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16
Payment of Dividend										
Carborundum Universal Limited (CUMI)	-	-	199.34	199.34	-	-	-	-	199.34	199.34
Wendt GmbH Germany *	-	-	199.34	199.34	-	-	-	-	199.34	199.34
Management fee, Service charges, Commission, Rent and Accounting charges										
Wendt GmbH Germany	-	-	18.08	50.92	-	-	-	-	18.08	50.92
Carborundum Universal Limited (CUMI)	-	-	13.42	13.20	-	-	-	-	13.42	13.20
Wendt Grinding Technologies Ltd Thailand	20.64	24.29	-	-	-	-	-	-	20.64	24.29
Wendt Middle East FZE	8.92	10.98	-	-	-	-	-	-	8.92	10.98
Reimbursement of Expenses - Paid										
Carborundum Universal Limited (CUMI)	-	-	57.75	17.12	-	-	-	-	57.75	17.12
Reimbursement of Expenses - Received										
Wendt GmbH Germany	-	-	0.25	0.19	-	-	-	-	0.25	0.19
Carborundum Universal Limited (CUMI)	-	-	100.80	31.51	-	-	-	-	100.80	31.51
Wendt Grinding Technologies Ltd Thailand	1.30	2.88	-	-	-	-	-	-	1.30	2.88
Wendt Middle East FZE	-	1.61	-	-	-	-	-	-	-	1.61

3) The details of amounts due to or due from related parties as at March 31, 2017, March 31, 2016 and April 1, 2015 are as follows:

Particulars	Subsidiaries			Joint venturers			Director's Company			Total		
	31.03.17	31.03.16	01.04.15	31.03.17	31.03.16	01.04.15	31.03.17	31.03.16	01.04.15	31.03.17	31.03.16	01.04.15
Amount due From												
Wendt GmbH Germany	-	-	-	39.49	62.79	58.46	-	-	-	39.49	62.79	58.46
Carborundum Universal Limited (CUMI)	-	-	-	205.69	149.64	102.29	-	-	-	205.69	149.64	102.29
Wendt Grinding Technologies Ltd Thailand	40.56	50.50	56.52	-	-		-	-	-	40.56	50.50	56.52
Wendt Middle East FZE	20.53	-	-	-	-		-	-	-	20.53	-	-
Ace Designers Ltd		-	-				-	-	0.17	-	-	0.17
Amount due to												
Wendt GmbH Germany	-	-	-	31.72	93.85	46.76	-	-	-	31.72	93.85	46.76
Wendt Grinding Technologies Ltd Thailand	1.34	-	-	-	-		-	-	-	1.34	-	-
Wendt Middle East FZE	75.55	174.33	21.25	-	-		-	-	-	75.55	174.33	21.25
Carborundum Universal Limited (CUMI)	-	-	-	34.68	253.64	156.35	-	-	-	34.68	253.64	156.35

4) The details of compensation to Key Managerial Personnel are as follows:

Particulars	16-17	15-16
Post-Employment Benefits	14.69	31.06
Other Long Term Benefits	2.72	10.37

a) The related party relationships are as identified by the Company, on the basis of information available with the Company and relied upon by the auditors.

b) No amounts in respect of related parties have been written off / back other than any amount included above during the year.

* Amount for 16-17 lying in unclaimed / unpaid dividend account

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 48 - Approval of financial statements

The financial statements were approved for issue by the board of directors on April 24, 2017.

Signatures to Notes 1 to 48

For and on behalf of the Board of Directors

M M MURUGAPPAN Chairman	SHRINIVAS G SHIRGURKAR Director	K SRINIVASAN Director
Chennai 24th April, 2017	MUKESH KUMAR HAMIRWASIA Chief Financial Officer	AKANKSHA BIJAWAT Company Secretary

Statement of Holding Company's Interest in Subsidiary Company

(Rs. in lakhs)

1	Name of the Company	Wendt Grinding Technologies Ltd	Wendt Middle East FZE
2	The Financial year of the Subsidiary ended on	31st March 2017	31st March 2017
3			
a	i) Number of ordinary shares held by Wendt India Ltd in the Subsidiary Company on the above date	1,02,99,993	8
		Face Value Paid up value	Face Value Paid up value
	ii) Face value and paid up value per share	Thai Baht 10 - Thai Baht 2.50	AED 150,000 AED 150,000
	iii) Interest of Wendt India Ltd	100%	100%
b	i) Number of Preference shares held by Wendt India Ltd in the Subsidiary Company on the above date	---	---
	ii) Face value and paid up value per share	----	----
	iii) Interest of Wendt India Ltd	----	----
		Rs in lakhs	**Rs in lakhs**
4	The Net aggregate profit/loss of subsidiary Company so far as it concerns the holding Company		
	i) Not dealt with in the accounts of Wendt India Ltd		
	a) For the Subsidiary 's Financial year ended 31st March, 2017 *	196.56	45.61
	b) For the previous financial years of the Subsidiary since it became a subsidiary of Wendt India Ltd	1571.21	225.80
	ii) Dealt with in the accounts of Wendt India Ltd, by way of Dividends on the shares held in the subsidiary		
	a) For the Subsidiary 's Financial year ended 31 st March, 2017	170.28	53.20
	b) For the previous financial years of the Subsidiary since it became a subsidiary of Wendt India Ltd	1037.72	107.95

* Computed based on the exchange rates as on 31st March 2017 (Thai Baht Rs. 1.882 and AED Rs. 17.629)

For and on behalf of the Board of Directors

M M MURUGAPPAN Chairman	SHRINIVAS G SHIRGURKAR Director	K SRINIVASAN Director
Chennai 24th April, 2017	MUKESH KUMAR HAMIRWASIA Chief Financial Officer	AKANKSHA BIJAWAT Company Secretary

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WENDT (INDIA) LIMITED.

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **WENDT (INDIA) LIMITED** (hereinafter referred to as the "Holding Company") and its subsidiaries (the holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year than ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the "Act") that give you a true and fair view of the consolidated financial position , consolidated financial performance including other comprehensive income, consolidated cash flows and the statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessments of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation and presentation of the Consolidated Ind AS financial statements' that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and audit evidence obtained by the other auditors in terms of the reports referred to in the sub paragraphs (a) of Other Matters paragraph below, is sufficient and appropriate to provide a basis of our audit opinion on the Consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to below

in the Other Matters paragraph, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and to give a true and fair view in conformity of the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matter

(a) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets (net) of Rs.1,625 lakhs as at March 31, 2017, total revenues of Rs. 2,094 lakhs and net cash inflow amounting to Rs.30 lakhs for the year ended on that date, as considered in the Consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

(b) The comparative financial information for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 in respect of the two subsidiaries included in this Consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

Our opinion on the Consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of the subsidiaries referred in the Other Matters paragraph above we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors.

c) The Consolidated Balance sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS financial statements.

d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Holding Company's Board of Directors, none of the Directors is disqualified as on March 31, 2017 from being appointed as a Director in terms of Section 164(2) of the Act.

f) With respect to adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Holding Company has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements – Refer Note 30 to the Consolidated Ind AS financial statements.

   ii. The Holding Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

iv. The Holding Company has provided requisite disclosures in the Consolidated Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by those entities for the purposes of preparation of the Consolidated Ind AS financial statements and as produced to us by the Management of the respective group entities.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 008072S)

Bangalore
24th April 2017

S Ganesh
Partner
(Membership No. 204108)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

1.0 Report on the Internal Financial Controls over Financial Reporting 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 **Wendt (India) Limited** ("the Holding Company") as of March 31, 2017 in conjunction with our audit of Consolidated Ind AS financial statements of the Company for the year ended on that date.

2.0 Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company, which is incorporated in India, are 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.

3.0 Auditor's Responsibility

Our responsibility is to express an opinion on the Holding 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with the 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 controls based on the assessed risks. The procedures selected depend on the auditor's judgments, 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 Holding Company's internal financial controls system over financial reporting.

4.0 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 maintainenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being 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.

5.0 Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitation 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 risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6.0 Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company, which is incorporated in India, 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 March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 008072S)

S Ganesh
Partner
(Membership No. 204108)

Bangalore
24th April, 2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(Rs. in lakhs)

Particulars	Note No.	March 31, 2017	March 31, 2016	April 1, 2015
A ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	3	**5,873.28**	5,652.42	5,515.74
(b) Capital work-in-progress		**194.39**	550.27	289.61
(c) Goodwill	4	**10.27**	-	-
(d) Other Intangible assets	5	**237.94**	121.31	149.58
(e) Financial Assets				
(i) Investments	6	**-**	-	-
(ii) Others	7	**-**	-	-
(f) Other non-current assets	9	**53.15**	37.90	36.55
(g) Income Tax Assets (Net)	10	**295.84**	436.38	399.76
Total Non - Current Assets (1)		**6,664.87**	**6,798.28**	**6,391.24**
2 Current assets				
(a) Inventories	11	**2,087.67**	2,042.98	1,875.50
(b) Financial Assets				
(i) Investments	6	**1,467.21**	1,387.63	2,081.04
(ii) Trade receivables	12	**3,069.03**	3,141.78	2,316.15
(iii) Cash and cash equivalents	13	**485.92**	446.71	395.62
(iv) Bank balances other than (iii) above	13	**230.13**	28.66	40.66
(v) Other Financial Assets	7	**73.27**	94.84	71.45
(c) Other Current assets	9	**467.38**	414.67	332.13
Total Current Assets (2)		**7,880.61**	**7,557.27**	**7,112.55**
Total Assets (1+2)		**14,545.48**	**14,355.55**	**13,503.79**
B EQUITY AND LIABILITIES				
1 Equity				
(a) Equity Share capital	14	**200.00**	200.00	200.00
(b) Other Equity	15	**11,031.51**	10,498.63	10,121.08
Total equity (1)		**11,231.51**	**10,698.63**	**10,321.08**
LIABILITIES				
2 Non-current liabilities				
(a) Provisions	16	**191.49**	92.64	88.14
(b) Deferred tax liabilities (Net)	8	**565.62**	553.18	533.06
(c) Other non-current liabilities	17	**39.09**	38.92	42.69
Total Non - Current Liabilities (2)		**796.20**	**684.74**	**663.89**
3 Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	18	**1,602.54**	2,072.19	1,763.22
(ii) Other financial liabilities	19	**453.75**	230.00	169.57
(b) Provisions	16	**91.58**	77.36	69.26
(c) Income Tax Liabilities (Net)	10	**144.89**	237.27	215.30
(d) Other current liabilities	17	**225.01**	355.36	301.47
Total Current Liabilities (3)		**2,517.77**	**2,972.18**	**2,518.82**
Total Equity and Liabilities (1+2+3)		**14,545.48**	**14,355.55**	**13,503.79**

See accompanying notes to the financial statements

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

S GANESH, Partner
Bangalore, 24th April, 2017

M M MURUGAPPAN, Chairman
Chennai, 24th April, 2017

SHRINIVAS G SHIRGURKAR, Director

K SRINIVASAN, Director

MUKESH KUMAR HAMIRWASIA, Chief Financial Officer

AKANKSHA BIJAWAT, Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Rs. in lakhs)

	Particulars	Note No.	Year ended 31.03.2017	Year ended 31.03.2016
1	Revenue from operations	20	**15,745.26**	14,440.75
2	Other Income	21	**164.29**	235.58
3	**Total Revenue (1 + 2)**		**15,909.55**	**14,676.33**
4	**EXPENSES**			
	(a) Cost of materials consumed	22	**4,197.78**	3,673.13
	(b) Purchases of Stock-in-trade		**1,202.57**	1,259.74
	(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	23	**(127.28)**	(36.91)
	(d) Excise duty on sale of goods		**1,130.90**	960.54
	(e) Employee benefit expense	24	**2,462.98**	2,234.35
	(f) Finance costs	25	**12.20**	0.62
	(g) Depreciation and amortisation expense	26	**999.50**	870.30
	(h) Other expenses	27	**4,374.00**	4,134.95
	Total Expenses (4)		**14,252.65**	**13,096.72**
5	**Profit before tax (3 - 4)**		**1,656.90**	**1,579.61**
6	**Tax Expense**			
	(1) Current tax	28	**490.08**	453.08
	(2) Current tax for earlier years	28	**(50.74)**	28.72
	(3) Deferred tax	28	**12.44**	20.12
	Total tax expense		**451.78**	**501.92**
7	**Profit for the period (5 - 6)**		**1,205.12**	**1,077.69**
8	**Other comprehensive income**			
	A Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans		**(68.62)**	(48.34)
	B Items that may be reclassified to profit or loss			
	(i) Exchange differences in translating the financial statements of foreign operations		**(1.83)**	(51.09)
	Total Other Comprehensive Income		**(70.45)**	**(99.43)**
9	**Total comprehensive income for the period (7 + 8)**		**1,134.67**	**978.26**
10	**Earnings per equity share:**	29		
	(1) Basic		**60.26**	53.88
	(2) Diluted		**60.26**	53.88

See accompanying notes to the financial statements

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

For and on behalf of the Board of Directors

S GANESH, Partner
Bangalore, 24th April, 2017

M M MURUGAPPAN, Chairman
Chennai, 24th April, 2017

SHRINIVAS G SHIRGURKAR, Director

K SRINIVASAN, Director

MUKESH KUMAR HAMIRWASIA, Chief Financial Officer

AKANKSHA BIJAWAT, Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Rs. in lakhs)

(A) Equity Share Capital

Balance as at April 1, 2015	200.00
Add: Changes in equity share capital during the year	-
Balance as at March 31, 2016	**200.00**
Balance as at April 1, 2016	200.00
Add: Changes in equity share capital during the year	-
Balance as at March 31, 2017	**200.00**

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Rs. in lakhs)

(B) Other Equity

Particulars	Reserves and surplus				Items of other comprehensive income		Total
	Capital Reserve	General Reserve	Statutory Reserve	Retained Earnings	Remeasurement of defined benefit plan	Exchange difference	
Balance at April 1, 2015	20.98	5,176.75	24.91	4,490.51	-	407.93	10,121.08
Transfer to General Reserve	(20.98)	428.91		-	-	(407.93)	-
Balance as at April 1, 2015	**-**	**5,605.66**	**24.91**	**4,490.51**	**-**	**-**	**10,121.08**
Profit for the year	-	-	-	1,077.69	-	-	1,077.69
Other comprehensive income for the year, net of income tax	-	-	-	-	(48.34)	(51.09)	(99.43)
Total comprehensive income for the year	-	-	-	1,077.69	(48.34)	(51.09)	978.26
Payment of Final Dividend for the preceding financial year	-	-	-	(300.00)	-	-	(300.00)
Payment of Dividend tax on Final Dividend for the preceding financial year	-	-	-	(59.99)	-	-	(59.99)
Payment of Interim Dividend for the current year	-	-	-	(200.00)	-	-	(200.00)
Payment of Dividend tax on Interim Dividend for the current year	-	-	-	(40.72)	-	-	(40.72)
Transfer to General Reserve	-	400.00	-	(400.00)	-	-	-
Transfer to Statutory Reserve	-	-	15.36	(15.36)	-	-	-
Balance as at March 31, 2016	**-**	**6,005.66**	**40.27**	**4,552.13**	**(48.34)**	**(51.09)**	**10,498.63**
Profit for the year	-	-	-	1,205.12	-	-	1,205.12
Other comprehensive income for the year, net of income tax	-	-	-	-	(68.62)	(1.83)	(70.45)
Total comprehensive income for the year	-	-	-	1,205.12	(68.62)	(1.83)	1,134.67
Payment of Final Dividend for the preceding financial year	-	-	-	(300.00)	-	-	(300.00)
Payment of Dividend tax on Final Dividend for the preceding financial year	-	-	-	(61.07)	-	-	(61.07)
Payment of Interim Dividend for the current year	-	-	-	(200.00)	-	-	(200.00)
Payment of Dividend tax on Interim Dividend for the current year	-	-	-	(40.72)	-	-	(40.72)
Transfer to General Reserve	-	120.00	-	(120.00)	-	-	-
Transfer to Statutory Reserve	-	-	4.16	(4.16)	-	-	-
Balance as at March 31, 2017	**-**	**6,125.66**	**44.43**	**5,031.30**	**(116.96)**	**(52.92)**	**11,031.51**

See accompanying notes to the financial statements

In terms of our report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

S GANESH
Partner

Bangalore
24th April, 2017

For and on behalf of the Board of Directors

M M MURUGAPPAN
Chairman

SHRINIVAS G SHIRGURKAR
Director

K SRINIVASAN
Director

Chennai
24th April, 2017

MUKESH KUMAR HAMIRWASIA
Chief Financial Officer

AKANKSHA BIJAWAT
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Rs. in lakhs)

Particulers		Year ended 31.03.2017	Year ended 31.03.2016
Cash flow from operating activities			
Profit before tax		1,656.90	1,579.61
Adjustments for :			
Depreciation and Amortisation expense		999.50	870.30
Provision for trade receivables (net of reversal)		(16.11)	9.40
Finance costs		12.20	0.62
Interest on bank and other deposits		(12.35)	(11.41)
Dividend from current investments - mutual funds		(23.67)	(50.68)
Loss / (Profit) on sale / discarding of tangible fixed assets (net)		0.13	(0.19)
Liabilities / Provisions no longer required, written back		(8.81)	(27.80)
Loss / (Profit) on sale of current investments (net)		(30.96)	(30.63)
Unrealised exchange loss / (Gain)		4.98	3.43
Operating profit before working capital changes		**2,581.81**	**2,342.65**
Changes in working capital :			
Inventories		(44.69)	(167.48)
Trade receivables		72.25	(843.74)
Other financial assets		21.57	(23.39)
Other current assets		(52.71)	(82.54)
Other non-current financial assets		-	-
Other non-current assets		(15.25)	(1.35)
Trade payables		(458.01)	314.25
Other financial liabilities - current		200.45	34.26
Other non-current liabilities and Provisions		30.40	(47.63)
Other current liabilities and provisions		(107.32)	89.79
CASH FLOW FROM OPERATING ACTIVITIES		**2,228.50**	**1,614.82**
Direct Tax Paid (net of refunds)		(391.19)	(496.45)
NET CASH FLOW FROM OPERATING ACTIVITIES	**(A)**	**1,837.31**	**1,118.37**
Cash flow from investing activities			
Capital expenditure on tangible fixed assets, including capital advances		(1,011.30)	(1,087.58)
Capital expenditure on intangible fixed assets, including capital advances		(37.98)	(180.30)
Proceeds from Sale of Tangible fixed assets		4.84	6.23
Sale / (Purchase) of current investments (net)		(48.61)	724.04
Interest received on deposits with banks and others		12.35	11.41
Dividend from current investments - mutual funds		23.67	50.68
Bank balances not considered as cash and cash equivalents			
- Placed		(500.00)	(500.00)
- Matured / encashed		298.53	512.00
NET CASH FLOW USED IN INVESTING ACTIVITIES	**(B)**	**(1,258.50)**	**(463.52)**
Cash flow from financing activities			
Finance costs		(12.20)	(0.62)
Dividend Paid (including tax thereon)		(601.79)	(600.71)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**(C)**	**(613.99)**	**(601.33)**
Translation adjustment	**(D)**	**(1.83)**	(51.09)
NET CASH INFLOW / (OUTFLOW)	**(A+B+C+D)**	**(37.01)**	**2.43**
OPENING CASH AND CASH EQUIVALENTS	**D**	**398.05**	**395.62**
CLOSING CASH AND CASH EQUIVALENTS (Refer note No. 13)	**E**	**361.04**	**398.05**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(E-D)**	**(37.01)**	**2.43**

In terms of our report attached	For and on behalf of the Board of Directors		
For DELOITTE HASKINS & SELLS			
Chartered Accountants			
S GANESH Partner	M M MURUGAPPAN Chairman	SHRINIVAS G SHIRGURKAR Director	K SRINIVASAN Director
Bangalore 24th April, 2017	Chennai 24th April, 2017	MUKESH KUMAR HAMIRWASIA Chief Financial Officer	AKANKSHA BIJAWAT Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Rs. in lakhs)

NOTE No.1

1 COMPANY OVERVIEW

Wendt (India) Limited was incorporated on August 21, 1983 under the provisions of the erstwhile Companies Act,1956, and is a joint venture between Wendt GmbH Germany and Carborundum Universal Limited, India. Wendt (India) Limited is a leading manufacturer of Super Abrasives, High precision Grinding, Honing and Special Purpose Machines and High Precision components. The Company's registered office is in Bangalore and factory is situated in Hosur, Tamilnadu. The Company has 2 subsidiaries viz. Wendt Grinding Technologies Limited, Thailand and Wendt Middle East FZE, UAE (hereinafter referred to as "the Group") .

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The Consolidated financial statements of the group have been prepared in accordance with Ind ASs notified under the Companies (Indian accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable for all the periods upto and including quarter and the year ended March 31, 2016, the company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under Section 133 of the Companies Act, 2013. These are the group's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note no: 33 for the details of first-time adoption exemption availed by the group.

2.2 Basis of preparation and presentation

These Consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which 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.

2.3 Estimates

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of Useful lives of property, plant and equipment and provisions and contingent liabilities.

2.3.1 Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

2.3.2 Provisions and contingent liabilities

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements.

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and cease when the Company lose control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Following subsidiary companies have been included in Consolidation:-

(i) Wendt Grinding Technologies Limited, Thailand (incorporated on 19th July 2005)	- 100% Ownership Proportion (as on March 31, 2017 & as on March 31, 2016)
(ii) Wendt Middle East FZE, Sharjah (UAE) (incorporated on 24th September 2008)	- 100% Ownership Proportion (as on March 31, 2017 & as on March 31, 2016)

2.4.1. Changes in the Group's ownership interest in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary. All amounts previously recognised in other comprehensive income in relation to that subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition- date fair values of the assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange of control of the acquiree. Acquisition-related cost are generally recognised in profit or loss as incurred.

2.6 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is

incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained above facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill arising on acquisition of a business is carried at costs as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to the specific cash-generating unit which is acquired as a part of the business combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated to reduce the carrying amount of the goodwill. Any impairment loss recognised for goodwill is not reversed in subsequent periods.

2.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue includes excise duty but excludes sales tax / VAT, discounts and returns as applicable.

2.7.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied :

- the group has transferred to the buyer the significant risk and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the cost incurred or to be incurred in respect of the transactions can be measured reliably.

2.7.2 Rendering of services

Revenue from rendering of services priced on a time and material basis is recognized on rendering of services as per the terms of contracts with customers.

2.7.3 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group and the amount of the income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.7.4 Rental income

The group's policy for recognition of revenue from operating lease is described in note 2.8.1

2.8 Leasing - Operating

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.8.1 The group as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.8.2 The group as lessee

Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

2.9 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currency) are recognised at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence are joint controlled), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.10 Employee benefits

2.10.1. Long Term Employee Benefits

Long -Term Employee Benefits - Compensated Absences

Accumulated Compensated absences which fall due beyond 12 months is provided for in the books on actuarial valuation basis at the year end using projected unit credit method.

Defined Contribution Plans

Superannuation fund, Provident fund and Pension fund are defined contribution plans towards which the company makes contribution at predetermined rates to the Superannuation Trust, and the Regional Provident Fund Commissioner respectively. The same is debited to the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees.

The Company also makes contributions to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

Defined Benefit Plan

The liability for gratuity to employees as at the Balance sheet date is determined on the basis of actuarial

valuation using Projected Unit Credit method. The amount is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India. The liability thereof is paid and absorbed in the statement of profit and loss at the year end.

Remeasurement, comprising actuarial gain and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to profit or loss. Defined benefit costs are categorised as follows :

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income;
- remeasurement

Termination benefits are recognized as an expense as and when incurred.

2.10.2 : Short-term employee benefits

Short term employee benefits including performance incentive and compensated absences which are expected to occur within 12 months after the end of the period in which the employee renders related service are determined as per Company's policy and recognized as expense based on expected obligation on undiscounted basis.

2.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

2.11.1 Current tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

2.11.2 Deferred tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or losses at the time of the transaction.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2.12 Earnings per share

The basic earnings/ (loss) per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

2.13 Research and development costs

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

2.14 Property, Plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use. Individual assets costing less than Rs.5,000 each are depreciated in full in the year of acquisition.

Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Depreciation

Depreciation is recognised so as to write of the cost of the assets(other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the tangible assets are as follows:-

Factory Building	30 years
Residential Building	60 years
Computers and Data Processing Equipments	3 years
General Plant and Machinery	
(i) Single Shift	15 years
(ii) Double Shift	10 years
(iii) Triple Shift	7.5 years
Factory equipment	15 years
Office appliances	5 years
Furniture and Fixtures	10 years
Vehicles	8 years

A) In the case of Wendt Grinding Technologies Ltd, the depreciation is provided on Straight line basis on the estimated useful life of the assets as follows.

i) Building	20 years
ii) Machine and equipment, Tools, Furniture and Fixture, Vehicles	5 years

B) In the case of Wendt Middle East FZE,the depreciation is provided on Straight line basis on the estimated useful life of the assets as follows.

i) Plant and Machinery	4 years
ii) Lease hold improvements	4 years
iii) Furniture and Fixtures	3 years
iv) Computers	3 years

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the used / Second hand machines & process bath equipments , in whose case the life of the assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation on assets added / disposed off during the year is provided on pro-rata basis from the month of addition or up to the month prior to the month of disposal, as applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.15 Intangible assets

2.15.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.15.2 Intangible assets acquired in a business combination :

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

2.15.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:-

Technical Knowhow	5 years
Software	5 years
Brands and Trademarks	5 years
Patents and Copyrights	5 years

2.16 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets 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 assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset(or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2.17 Inventories

Finished Goods and work-in-progress are valued at lower of cost and net realizable value. Cost comprises of materials, labour, and an appropriate proportion of production overheads and excise duty, wherever applicable and excludes interest, selling and distribution expenses. Cost is computed on weighted average basis.

Raw materials, stores and spares are valued at lower of cost and net realizable value. Cost computed on weighted average basis includes freight ,taxes and duties net of CENVAT / VAT credit, wherever applicable.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.18 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a results of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

2.19 Financial Instruments

Financial assets and financial liabilities are recognised when an entity become a party to the contractual provision of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.20 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

2.20.1. Classification of financial assets

Financial Assets that meet the following conditions are subsequently measured at amortised cost (except for financial assets that are designated as at fair value through profit or loss on initial recognition) :

- the asset is held within business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding.

Financial assets are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less any impairment loss.

Amortised cost are represented by security deposits, cash and cash equivalents and eligible current and non-current assets. Cash and cash equivalent comprise cash on hand and in banks and demand deposit with banks which can be withdrawn at any time without prior notice or penalty on the principal.

For the purposes of cash flow statement, cash and cash equivalent include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the company's cash management system. For the impairment policy on financial assets measured at amortised cost, refer Note 2.20.4

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for financial assets that are designated as at fair value through profit or loss on initial recognition) :

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding.

2.20.2 Investment in equity instruments at FVTOCI

On initial recognition, the group can make an irrevocable election (on an instrument- by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investment in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently , they are measured at fair value with gain and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instrument through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

2.20.3. Financial assets at fair value through profit or loss (FVTPL)

Financial asset at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporate any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial asset at FVTPL is recognised when the Group's right to receive the dividends is established. It is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount can be measured reliably.

FVTPL is a residual category for financial assets. Any financial categorisation as at amortised cost or as FVTOCI, is classified at FVTPL. In addition, the company may elect to designate the financial asset, which otherwise meets amortised cost or FVTOCI criteria, at FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

2.20.4. Impairment of financial assets

The group measures the loss allowance for a financial instruments at an amount equal to the lifetime expected credit losses if the credit risk on that financial instruments has increased significantly since initial recognition. If the credit risk on a financial instruments has not increased significantly since initial recognition, the group measures the loss allowance for that financial instruments at an amount equal to 12 month expected credit losses. 12 month expected credit losses are portion of the lifetime expected credit losses and represents the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the 12 months.

For trade receivables or any contractual rights to receive cash or another financial assets that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the group always measures the loss allowance at an amount equal to life time expected credit losses.

Further, for the purposes of measuring lifetime expected credit loss allowance for trade receivables, the group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.21 First-time adoption - mandatory exceptions, optional exemptions

2.21.1 Overall principle

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

2.22 New standards and interpretation not yet adopted

Amendment to Ind AS 7 :

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities to meet the disclosure requirement.

The Group is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

(Rs. in lakhs)

Note 3 - Tangible Assets

Description of Assets	Land - Freehold	Buildings - Freehold	Buildings - Leasehold	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Block								
Cost as at April 1, 2015	107.13	1,854.05	3.58	6,621.10	661.01	227.24	172.61	**9,646.72**
Additions	-	14.63	-	770.26	169.13	22.85	7.05	**983.92**
Disposals	-	-	-	46.44	55.49	-	10.03	**111.96**
Effect of foreign currency translation from functional currency to reporting currency	(3.38)	(14.84)	-	(5.48)	(7.61)	-	(3.18)	**(34.49)**
Balance as at March 31, 2016	**103.75**	**1,853.84**	**3.58**	**7,339.44**	**767.04**	**250.09**	**166.45**	**10,484.19**
Balance as at April 1, 2016	**103.75**	**1,853.84**	**3.58**	**7,339.44**	**767.04**	**250.09**	**166.45**	**10,484.19**
Additions through business combination (Note No.34)	-		-	17.60				**17.60**
Additions	-	26.21	-	868.22	191.24	14.45	33.97	**1,134.09**
Disposals	-	-	-	147.78	60.26		8.50	**216.54**
Effect of foreign currency translation from functional currency to reporting currency	(0.01)	3.55	-	(3.60)	(0.50)	-	-	**(0.56)**
Balance as at March 31, 2017	**103.74**	**1,883.60**	**3.58**	**8,073.88**	**897.52**	**264.54**	**191.92**	**11,418.78**
II. Accumulated depreciation								
Balance as at April 1, 2015	-	**450.25**	**3.58**	**3,091.12**	**403.98**	**97.46**	**84.59**	**4,130.98**
Depreciation expense for the year (Note No.26)		63.93		582.91	128.75	20.67	25.01	**821.27**
Eliminated on disposal of assets	-	-	-	41.77	54.77	-	9.39	**105.93**
Effect of foreign currency translation from functional currency to reporting currency	-	(3.40)	-	(7.74)	(7.60)	(0.01)	4.20	**(14.55)**
Balance as at March 31, 2016	-	**510.78**	**3.58**	**3,624.52**	**470.36**	**118.12**	**104.41**	**4,831.77**
Balance as at April 1, 2016	-	**510.78**	**3.58**	**3,624.52**	**470.36**	**118.12**	**104.41**	**4,831.77**
Depreciation expense for the year (Note No.26)	-	67.21	-	658.37	158.40	21.80	26.09	**931.87**
Eliminated on disposal of assets	-	-	-	147.13	60.26	-	4.17	**211.56**
Effect of foreign currency translation from functional currency to reporting currency	-	5.47	-	(3.70)	(4.24)	(0.34)	(3.77)	**(6.58)**
Balance as at March 31, 2017	-	**583.46**	**3.58**	**4,132.06**	**564.26**	**139.58**	**122.56**	**5,545.50**
Net Carrying Value as on April 1, 2015	**107.13**	**1,403.80**	-	**3,529.98**	**257.03**	**129.78**	**88.02**	**5,515.74**
Net Carrying Value as on March 31, 2016	**103.75**	**1,343.06**	-	**3,714.92**	**296.68**	**131.97**	**62.04**	**5,652.42**
Net Carrying Value as on March 31, 2017	**103.74**	**1,300.14**	-	**3,941.82**	**333.26**	**124.96**	**69.36**	**5,873.28**

(Rs. in lakhs)

Note 4 - Goodwill

A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cost			
Balance at beginning of year	-	-	-
Additional amounts recognised from business combinations occurred during the year (Note 34)	10.27	-	-
Balance at end of year	**10.27**	-	-
Accumulated Impairment			
Balance at beginning of year	-	-	-
Impairment losses recognised in the year	-	-	-
Balance at end of year	-	-	-

Note 5 - Other Intangible Assests

Description of Assets	Technical Knowhow	Computer Software	Brands/ Trademarks	Copyrights/ Patents	Total
I. Gross Block					
Balance as at April 1, 2015	**188.55**	**210.97**	**-**	**-**	**399.52**
Additions	13.71	7.05	**-**	**-**	**20.76**
Balance as at March 31, 2016	**202.26**	**218.02**	**-**	**-**	**420.28**
Balance as at April 1, 2016	**202.26**	**218.02**	**-**	**-**	**420.28**
Additions through business combination (Note No.34)			81.00	50.00	**131.00**
Additions	-	53.20	-	-	**53.20**
Balance as at March 31, 2017	**202.26**	**271.22**	**81.00**	**50.00**	**604.48**
II. Accumulated amortisation					
Balance as at April 1, 2015	**117.89**	**132.05**	**-**	**-**	**249.94**
Amortisation expense for the year (Note No. 26)	23.72	25.31	**-**	**-**	**49.03**
Effect of foreign currency translation from functional currency to reporting currency	4.16	(4.16)	**-**	**-**	**-**
Balance as at March 31, 2016	**145.77**	**153.20**	**-**	**-**	**298.97**
Balance as at April 1, 2016	**145.77**	**153.20**	**-**	**-**	**298.97**
Amortisation expense for the year (Note No.26)	18.52	29.46	12.15	7.50	**67.63**
Effect of foreign currency translation from functional currency to reporting currency	-	(0.06)	-	-	**(0.06)**
Balance as at March 31, 2017	**164.29**	**182.60**	**12.15**	**7.50**	**366.54**
Net Carrying Value as on April 1, 2015	**70.66**	**78.92**	**-**	**-**	**149.58**
Net Carrying Value as on March 31, 2016	**56.49**	**64.82**	**-**	**-**	**121.31**
Net Carrying Value as on March 31, 2017	**37.97**	**88.62**	**68.85**	**42.50**	**237.94**

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NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 6 - Investments

Sl No.	Particulars	Unit Price (Rs)	As at March 31, 2017 Current Units (Nos)	As at March 31, 2017 Current Amount	As at March 31, 2017 Non Current Units (Nos)	As at March 31, 2017 Non Current Amount	As at March 31, 2016 Current Units (Nos)	As at March 31, 2016 Current Amount	As at March 31, 2016 Non Current Units (Nos)	As at March 31, 2016 Non Current Amount	As at April 1, 2015 Current Units (Nos)	As at April 1, 2015 Current Amount	As at April 1, 2015 Non Current Units (Nos)	As at April 1, 2015 Non Current Amount
A	**Designated as Fair Value Through Profit and Loss**													
	I. Quoted Investments													
	Investments in Mutual Funds													
1	ICICI Prudential Banking and PSU Debt Fund - Regular Plan - Daily Dividend	10.07	-	-	-	-	1,078,739	108.61	-	-	1,020,017	102.69	-	-
2	ICICI Prudential Money Market Fund - Daily Dividend	100.13	19,997	20.02	-	-	-	-	-	-	101,160	101.29	-	-
3	ICICI Prudential Flexible Income -Regular Plan - Daily Dividend	105.74	-	-	-	-			-	-	109,339	115.61	-	-
4	ICICI Prudential Savings Fund - Daily Dividend	101.43	125,467	127.26	-	-	-	-	-	-	21,019	21.17	-	-
5	Birla Sun Life Floating Rate Fund-STP-IP-Daily Dividend Renivestment	100.02	49,179	49.19	-	-	30,003	30.02	-	-	118,725	118.79	-	-
6	IDFC Cash Fund - Daily Dividend -(Regular Plan)	1001.08	-	-	-	-	3,000	30.03	-	-	-	-	-	-
7	Reliance Liquid Fund Cash Plan-Direct Growth Plan	2254.23	-	-	-	-	-	-	-	-	1,793	40.43	-	-
8	Reliance Liquid Fund Treasury Plan - Daily Dividend Option Dividend Reinvestment	1528.74	4,002	61.18	-	-	-	-	-	-	-	-	-	-
9	TATA Money Market Fund Plan A-Daily Dividend	1001.52	-	-	-	-	-	-	-	-	3,073	30.78	-	-
10	TATA Short Term Bond Fund Plan A - Growth	30.57	295,555	90.35	-	-	295,555	83.23	-	-	295,555	77.15	-	-
11	TATA Short Term Bond Fund Direct Plan - Growth	31.48	186,618	58.75	-	-	186,618	53.69	-	-	186,618	49.35	-	-
12	Baroda Pioneer Credit Opportunities Fund -Plan A Monthly Dividend-Reinvestment	10.91	3,531,867	385.27	-	-	2,475,765	260.34	-	-	500,000	51.19	-	-
13	Baroda Pioneer Credit Opportunities Fund -Plan A Growth	11.52	-	-	-	-	963,308	108.29	-	-	-	-	-	-
14	Baroda Pioneer Treasury Advantage Fund-Plan A Daily Dividend -Reinvestment	1029.68	14,125	145.45	-	-	2,925	30.05	-	-	6,420	65.83	-	-
15	Baroda Pioneer Short Term Bond Fund-Plan A Dividend-Re investment	10.07	-	-	-	-	-	-	-	-	2,044,663	205.97	-	-
16	Baroda Pioneer Short Term Bond Fund-Plan A Growth	16.06	-	-	-	-	569,063	89.36	-	-	341,337	49.50	-	-
17	Franklin India Ultra Short Bond Fund Super Institutional Plan-Daily Dividend Reinvestment	10.08	-	-	-	-	-	-	-	-	491,307	49.52	-	-
18	Franklin India Ultra Short Bond Fund Super Institutional Plan- Direct Daily Dividend Reinvestment	10.06	-	-	-	-	-	-	-	-	308,065	31.00	-	-
19	Franklin India Treasury Management A/c Super Institutional Plan-Daily Dividend Reinvestment	1000.72	-	-	-	-	-	-	-	-	32,965	329.89	-	-
20	Religare Invesco Credit Opportunities Fund -Daily Dividend	1000.29	-	-	-	-	4,974	49.76	-	-	-	-	-	-
21	Religare Invesco Medium Term Bond Fund-Growth	1525.30	-	-	-	-	5,668	86.46	-	-	-	-	-	-
22	DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend	1000.81	2,998	30.01	-	-	-	-	-	-	-	-	-	-
23	DSP BlackRock Money Manager Fund - Regular -Daily Dividend	1004.23	3,983	40.00	-	-	-	-	-	-	-	-	-	-
24	Indiabulls Liquid Fund - Existing Plan Daily Dividend - Reinvestment	1001.15	1,500	15.02	-	-	-	-	-	-	-	-	-	-
25	Indiabulls Ultra Short Term Fund - Existing Plan Daily Dividend - Reinvestment	1003.52	4,883	49.00	-	-	-	-	-	-	-	-	-	-
	TOTAL INVESTMENTS CARRIED AT FVTPL [A]			1,071.50		-		929.84		-		1,440.16		
B	***Un-Quoted Investments (at Amortized cost)***													
	UOB Asset Management	-	-	395.71	-	-	-	457.79	-	-	-	640.88	-	-
	TOTAL INVESTMENTS (A) + (B)			**1,467.21**		**-**		**1,387.63**		**-**		**2,081.04**		**-**
	TOTAL INVESTMENTS CARRYING VALUE (A) + (B)			**1,467.21**		**-**		**1,387.63**		**-**		**2,081.04**		**-**
	Other disclosures													
	Aggregate book value of quoted investments	-	-	**1,032.85**	**-**	**-**	**-**	**896.91**	**-**	**-**	**-**	**1,435.97**	**-**	**-**
	Aggregate market value of quoted investments	-	-	**1,071.50**	**-**	**-**	**-**	**929.84**	**-**	**-**	**-**	**1,440.16**	**-**	**-**
	Aggregate value of unquoted investments	-	-	**395.71**	**-**	**-**	**-**	**457.79**	**-**	**-**	**-**	**640.88**	**-**	**-**
	Aggregate amount of impairment in value of investments	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 7 - Others

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non- Current	Current	Non- Current	Current	Non- Current
a) Others						
- Security Deposits	9.50	-	5.14	-	4.22	-
- Employee's Loans and advances	62.50	-	82.82	-	64.98	-
- Rent receivable	1.27	-	6.88	-	2.25	-
	73.27	-	**94.84**	-	**71.45**	-
TOTAL	**73.27**	**-**	**94.84**	**-**	**71.45**	**-**

Note 8 - Deferred tax Liabilities

Particulars	March 31, 2017		
	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	622.28	13.38	635.66
Net Gain on Fair Value of Mutual Funds	11.36	2.02	13.38
	633.64	15.40	649.04
Tax effect of items constituting deferred tax assets			
Employee Benefits	(49.39)	(13.80)	(63.19)
Provision for doubtful trade receivables	(21.10)	10.83	(10.27)
Others	(9.97)	0.01	(9.96)
	(80.46)	(2.96)	(83.42)
Total	**553.18**	**12.44**	**565.62**

Particulars	March 31, 2016		
	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	607.26	15.02	622.28
Net Gain on Fair Value of Mutual Funds	1.42	9.94	11.36
	608.68	24.96	633.64
Tax effect of items constituting deferred tax assets			
Employee Benefits	(43.98)	(5.41)	(49.39)
Provision for doubtful trade receivables	(20.79)	(0.31)	(21.10)
Others	(10.85)	0.88	(9.97)
	(75.62)	(4.84)	(80.46)
Total	**533.06**	**20.12**	**553.18**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 9 - Other non-current and current assets

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non- Current	Current	Non- Current	Current	Non- Current
(a) Advances to suppliers	96.32	-	67.67	-	29.98	-
(b) Balances with government authorities (other than income taxes)						
(i) Cenvat credit receivable	82.66	-	91.27	-	65.23	-
(ii) VAT credit receivable	10.19	-	19.31	-	25.75	-
(iii) Service tax credit receivable	93.23	-	94.43	-	96.84	-
(c) Other loans and advances	61.88	-	43.43	-	26.80	-
(d) Prepayments	123.10	-	98.56	-	87.53	-
(e) Security Deposits with Government	-	53.15	-	37.90	-	36.55
TOTAL	467.38	53.15	414.67	37.90	332.13	36.55

Note 10 - Income tax Assets & Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income tax Assets - Non Current			
Advance Income tax paid	293.74	389.31	232.69
MAT credit entitlement	-	44.97	164.97
Fringe benefit taxes	2.10	2.10	2.10
Total	**295.84**	**436.38**	**399.76**
Income tax Liabilities - Current			
Provision for Income Tax	144.89	237.27	215.30
Total	**144.89**	**237.27**	**215.30**

Note 11 - Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Raw materials	852.31	911.21	821.08
(b) Work-in-progress	644.95	487.48	506.35
(c) Finished goods	130.61	111.60	101.11
(d) Stock-in-trade (in respect of goods acquired for trading)	291.98	341.18	295.89
(e) Stores and spares	167.82	191.51	151.07
TOTAL	**2,087.67**	**2,042.98**	**1,875.50**
Included above, goods-in-transit:			
(i) Raw materials	24.35	120.89	63.17
(iii) Stock-in-trade of goods acquired for trading	118.86	116.92	26.08
Total goods-in-transit	**143.21**	**237.81**	**89.25**

Notes

1) Out of the total inventories of Rs. 2087.67 lakhs (March 31, 2016: Rs.2042.98 lakhs & April 1, 2015 : Rs. 1875.50 lakhs), the carrying amount of inventories carried at fair value less costs to sell Rs. 42.95 lakhs. (March 31, 2016: Rs.38.14 lakhs & April 1, 2015 : Rs. 43.94 lakhs).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 12 - Trade receivables

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non Current	Current	Non Current	Current	Non Current
(Unsecured)						
(a) Considered good	3,069.03	-	3,141.78	-	2,316.15	-
(b) Considered doubtful	34.71	-	65.57	-	67.12	-
	3,103.74	-	3,207.35	-	2,383.27	-
Less: Allowance for Credit Losses	34.71	-	65.57	-	67.12	-
TOTAL	**3,069.03**	**-**	**3,141.78**	**-**	**2,316.15**	**-**

Note 12(a) - Movement in the allowance for doubtful debts

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at beginning of the year	65.57	67.12
Impairment losses recognised in the year		
- Other receivables	23.52	45.25
Amounts written off during the year as uncollectable	(14.75)	(10.95)
Amounts recovered during the year	(39.50)	(36.20)
Exchange difference on opening provision	(0.13)	0.35
Balance at end of the year	**34.71**	**65.57**

Note 12(b) - Trade Receivables breakup

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Of the above, trade receivables from:			
- Related Parties	245.18	212.43	160.75
- Others	2,858.56	2,994.92	2,222.52
Total	**3,103.74**	**3,207.35**	**2,383.27**
Current	**3,103.74**	**3,207.35**	**2,383.27**
Non Current	**-**	**-**	**-**

Ageing	**Expected credit loss (%)**
Within the credit period	-
1-30 days past due	1
31-60 days past due	1
61-90 days past due	2
More than 90 days past due	5

Age of receivables	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 1, 2015**
Within the credit period	2,016.43	1,994.07	1,618.35
1-30 days past due	462.12	471.18	315.96
31-60 days past due	258.35	222.64	187.14
61-90 days past due	94.82	142.62	73.51
More than 90 days past due	272.02	376.84	188.31

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 13 - Cash and Cash Equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current Cash and bank balances			
(a) Unrestricted Balances with banks	471.73	420.28	384.97
(b) Cheques on hand	13.57	25.57	9.92
(c) Cash in hand	0.62	0.86	0.73
Total Cash and Bank Balances	**485.92**	**446.71**	**395.62**
(a) Deposit accounts	0.70	0.55	10.52
(b) Earmarked balances in Dividend accounts	229.43	28.11	30.14
Total Other Bank Balances	**230.13**	**28.66**	**40.66**
Total Cash and Cash Equivalents	**716.05**	**475.37**	**436.28**

(a) Reconciliation of Cash and Cash Equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total Cash and Cash Equivalents as above	716.05	475.37	436.28
Less:- Bank Balances not considered as Cash and Cash equivalents			
(i) In deposit accounts (having original maturity of more than 3 months)	0.70	0.55	10.52
(ii) In earmarked accounts - Dividend	229.43	28.11	30.14
Total Cash and Cash Equivalents	**485.92**	**446.71**	**395.62**
Book Overdraft used for cash management purposes (Note No. 19(d)	(124.88)	(48.66)	-
Cash and cash equivalents as per statement of cash flow	**361.04**	**398.05**	**395.62**

Note - 14: Equity Share Capital

(a) Number of shares

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised: 3,000,000 (March 31, 2016: 3,000,000 and April 1, 2015: 3,000,000) Equity shares of Rs.10/- each with voting rights	3,000,000	3,000,000	3,000,000
Issued, Subscribed and Fully Paid: 2,000,000 (March 31, 2016: 2,000,000 and April 1, 2015: 2,000,000) Equity shares of Rs.10/- each with voting rights	2,000,000	2,000,000	2,000,000
Total	2,000,000	2,000,000	2,000,000

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

(b) Reconciliation of the number of shares outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount Rs. in lakhs	No. of Shares	Amount Rs. in lakhs	No. of Shares	Amount Rs. in lakhs
Shares outstanding at the beginning of the period Add: Shares issued during the year	2,000,000	200	2,000,000	200	2,000,000	200
Shares outstanding at the end of the period	**2,000,000**	**200**	**2,000,000**	**200**	**2,000,000**	**200**

(c) Details of shares held by each shareholder holding more than 5% shares in the Company:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Equity Shares : **(with equal voting rights)**						
Wendt GmbH, Germany	797,352	39.87	797,352	39.87	797,352	39.87
Carborundum Universal Limited, India	797,352	39.87	797,352	39.87	797,352	39.87

(d) Rights, Preferences and Restrictions attached to shares

The Company has only one class of equity shares with voting rights (one vote per share). The dividends proposed by the Board of directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders are entitled to receive only the residual assets of the Company. The distribution of dividend is in the proportion to the number of equity shares held by the shareholders.

Note 15 - Other equity

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Reserve	-	-	-
General Reserve	6,125.66	6,005.66	5,605.66
Statutory Reserve	44.43	40.27	24.91
Retained earnings	5,031.30	4,552.13	4,490.51
Foreign Currency Translation Reserve			-
Other Comprehensive Income	(169.88)	(99.43)	-
Total	**11,031.51**	**10,498.63**	**10,121.08**

15.1 Capital Reserve

This represents capital subsidy of earlier years.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	-	-	20.98
Movements	-	-	(20.98)
Balance as at the year end	**-**	**-**	**-**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

15.2 General Reserve

This represents appropriation of profit by the Company.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	6,005.66	5,605.66	5,176.75
Transfer from Surplus in Statement of Profit and Loss	120.00	400.00	-
Movements	-	-	428.91
Balance as at the year end	**6,125.66**	**6,005.66**	**5,605.66**

15.3 Statutory Reserve

This represents appropriation of profit by the Company.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	40.27	24.91	24.91
Transfer from Surplus in Statement of Profit and Loss	4.16	15.36	-
Balance as at the year end	**44.43**	**40.27**	**24.91**

15.4 Retained earnings

Retained Earnings comprise of the Company's undistributed earnings after taxes.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	4,552.13	4,490.51	4,490.51
Profit for the year	1,205.12	1,077.69	-
Payment of Final Dividend for the preceding financial year	(300.00)	(300.00)	-
Dividend Tax on Final Dividend for the preceding financial year	(61.07)	(59.99)	-
Payment of Interim Dividend for the current year	(200.00)	(200.00)	-
Dividend Tax on Interim Dividend for the current year	(40.72)	(40.72)	-
Transfer to General Reserve	(120.00)	(400.00)	-
Transfer to Statutory Reserve	(4.16)	(15.36)	-
Balance as at the year end	**5,031.30**	**4,552.13**	**4,490.51**

15.5 Foreign Currency Translation Reserve

Other Items of other comprehensive income consist of remeasurement of net defined benefit liability & exchange differences

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	-	-	407.93
Transfer	-	-	(407.93)
Balance as at the year end	**-**	**-**	**-**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

15.6 Other Comprehensive Income

Other Items of other comprehensive income consist of remeasurement of net defined benefit liability & exchange differences

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	(99.43)	-	-
Transfer from Surplus in Statement of Profit and Loss	(70.45)	(99.43)	-
Balance as at the year end	**(169.88)**	**(99.43)**	**-**

15.7 Distributions made and proposed

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2017, March 31, 2016 and March 31, 2015 was Rs. 25, Rs. 25 and Rs. 25 respectively.

The Board of Directors at its meeting held on April 28, 2016 had recommended a final dividend of 150% (Rs.15/- per equity share of face value Rs.10/- each). The proposal was approved by shareholders at the Annual General Meeting held on July 26, 2016, this has resulted in a cash outflow of Rs. 361.07 lakhs, inclusive of dividend distribution tax of Rs. 61.07 lakhs. Also, the Board of Directors at its meeting held on January 24, 2017 had declared an interim dividend of 100% (Rs.10/- per equity share of face value of Rs.10/- each). Further, the Board of Directors at its meeting held on April 24, 2017 have recommended a final dividend of 150% (Rs.15/- per equity share of face value of Rs.10/- each) which is subject to approval of shareholders. If approved, this would result in a cash outflow of Rs. 361.07 lakhs, inclusive of dividend distribution tax.

Note 16 - Provisions

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non- Current	Current	Non- Current	Current	Non- Current
(a) Provisions						
(1) Compensated absences	91.58	91.54	77.36	65.89	69.26	68.50
(2) Other employee obligations	-	99.95	-	26.75	-	19.64
Total	**91.58**	**191.49**	**77.36**	**92.64**	**69.26**	**88.14**

Note 17 - Other Liabilities

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non- Current	Current	Non- Current	Current	Non- Current
(a) Advances received from customers	104.29	-	262.63	-	206.08	-
(b) Statutory dues						
- taxes payable (other than income taxes)	120.72	39.09	92.73	38.92	95.39	42.69
Total	**225.01**	**39.09**	**355.36**	**38.92**	**301.47**	**42.69**

Note 18 - Trade Payables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payable for goods & services	1,405.83	1,818.55	1,617.50
Trade payable for salaries and wages	196.71	253.64	145.72
Total	**1,602.54**	**2,072.19**	**1,763.22**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 19 - Other Financial Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Unpaid dividends	229.43	28.11	30.14
(b) Short term Deposits	10.00	10.00	10.00
(c) Other liabilities			
- Creditors for capital supplies/services	39.27	92.19	114.68
- Retention Money	6.08	6.08	5.90
- Employee's contractual obligations	6.75	8.46	8.85
- Others	37.34	36.50	-
(d) Book Overdraft	124.88	48.66	-
Total	**453.75**	**230.00**	**169.57**

Note 20 - Revenue from Operations

	Particulars	Year ended	
		March 31, 2017	March 31, 2016
a)	Revenue from sale of goods (includes excise duty of Rs.1,130.90 lakhs, previous year Rs. 960.54 lakhs)	15,254.66	14,021.63
b)	Revenue from rendering of services (refer note (ii) below)	341.97	273.98
c)	Other operating income (refer note (iii) below)	148.63	145.14
	Total	15,745.26	14,440.75

Note:

	Particulars	Year ended	
		March 31, 2017	March 31, 2016
(i)	**Sale of products comprises**		
	Manufactured Goods	12,859.22	11,564.25
	Traded goods	2,395.44	2,457.38
	Total - Sale of Products	15,254.66	14,021.63
(ii)	**Sale of Services comprises**		
	Machining charges	341.97	273.98
	Total - Sale of Services	341.97	273.98
(iii)	**Other Operating income comprises**		
	Sale of Scrap	53.22	31.55
	Service charges	64.19	57.56
	Commission	18.08	50.93
	Export Incentive received	13.14	5.10
	Total - Other Operating income	**148.63**	**145.14**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 21 - Other Income

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Interest Income		
	- On Financial Assets at Amortised Cost	12.35	11.41
(b)	Dividend Income		
	- Dividend income from current investments - mutual funds	23.67	50.68
(c)	Operating lease rental income	13.42	13.20
(d)	Net Gain on sale of current investments	25.25	1.89
(e)	Profit on sale of capital assets (net of loss on assets sold / scrapped / written off)	0.83	0.19
(f)	Forex gain	23.72	35.52
(g)	Net gain/(loss) arising on financial assets designated as at FVTPL	5.71	28.74
(h)	Provisions and credit balances no longer required, written back		
	- For doubtful trade receivables	39.50	36.20
	- For other expenses	8.81	27.80
(i)	Miscellaneous income	11.03	29.95
	Total	**164.29**	**235.58**

Note 22 - Cost of Materials Consumed

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Opening stock	911.21	821.08
Add: Purchases	4,138.88	3,763.26
	5,050.09	4,584.34
Less: Closing stock	852.31	911.21
Cost of materials consumed	**4,197.78**	**3,673.13**

Note 23 - Change in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Opening stock		
Work - in - progress	487.48	506.35
Finished goods	111.60	101.11
Stock-in- trade	341.18	295.89
	940.26	903.35
Closing stock		
Work - in - progress	644.95	487.48
Finished goods	130.61	111.60
Stock-in- trade	291.98	341.18
	1,067.54	940.26
Net (increase) / decrease	(127.28)	(36.91)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 24 Employee Benefits Expense

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Salaries and wages, including bonus	2,018.60	1,820.91
(b)	Contribution to provident and other funds	179.10	159.15
(c)	Staff welfare expenses	265.28	254.29
	Total	**2,462.98**	**2,234.35**

Note 25 - Finance Cost

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Interest expense	11.86	0.61
(b)	Other borrowing cost	0.34	0.01
	Total finance costs	**12.20**	**0.62**

Note 26 Depreciation and amortisation expense

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Depreciation of Property, Plant and Equipment (Note no. 3)	931.87	821.27
(b)	Amortisation of intangible assets (Note no. 5)	67.63	49.03
	Total	**999.50**	**870.30**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 27 - Other Expenses

Particulars	Year ended	March 31, 2017		March 31, 2016
Stores and spares consumed		848.57		669.69
Contract labour		107.05		102.81
Repairs to buildings		81.58		101.25
Repairs to machinery		125.57		119.28
Repairs and maintenance - Others		40.49		43.66
Power & Fuel oil consumed		321.73		293.60
Freight outward and packing charges (net)		190.11		163.07
Rent		43.12		40.63
Processing Charges		600.35		558.67
Directors' Sitting Fees		5.00		5.40
Rates and taxes		110.49		92.25
Contribution to Research Institution		2.00		2.00
Expenditure on corporate social responsibility (CSR)		26.84		32.95
Donation		3.52		3.51
Insurance charges		21.28		19.35
Commission, discounts and rebates		52.78		87.13
Bad Trade receivables written off	23.54		12.49	
Less:- Transferred from Provision	14.75	8.79	10.95	1.54
Provision for doubtful trade receivables		23.52		45.25
Increase/(decrease) of excise duty on inventory (refer note (i) below)		2.11		1.17
Auditors remuneration and out-of-pocket expenses				
- As Auditors		13.40		13.28
- For Taxation matters		1.00		1.00
- For Company Law matters		-		-
- For Other services		-		1.00
- Auditors out-of-pocket expenses		2.25		4.02
Bank Charges		61.80		55.17
Service fee		182.05		166.57
Other expenses				
- Legal and other professional costs		188.81		275.03
- Advertisement, Promotion & Selling Expenses		361.31		320.38
- Travelling & Conveyance Expenses		478.17		501.28
- Communication expenses		41.45		36.08
- Miscellaneous expenses		428.86		377.93
Total Other Expenses		**4,374.00**		**4,134.95**

Note (I)

The above excise duty relates to difference between the opening and closing stock of finished goods.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 28 - Income tax recognised in profit or loss

(a) Income Tax Expense

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current tax		
In respect of the current year	490.08	453.08
In respect of the Prior year	(50.74)	28.72
	439.34	481.80
Deferred tax		
In respect of the current year	12.44	20.12
	12.44	20.12
Total Income tax expense	**451.78**	**501.92**

(b) Numerical Reconciliation between average effective tax rate and applicable tax rate :

Particulars	Year ended March 31, 2017 Amount (Rs. in lakhs)	Year ended March 31, 2017 Tax Rate	Year ended March 31, 2016 Amount (Rs. in lakhs)	Year ended March 31, 2016 Tax Rate
Profit Before tax	**1,656.90**	**34.61**	**1579.61**	**34.61**
Income Tax using the Company's domestic Tax rate #	**573.42**	34.61	**546.67**	34.61
- Effect of income that is exempt from tax	(6.18)	(0.37)	(15.52)	(0.98)
- Effect of expenses that are not deductiable in determining taxable profit	78.50	4.74	66.38	4.20
- Effect of concessions (Research and development)	(108.44)	(6.54)	(72.64)	(4.60)
- Effect of dividend income from foreign subsidiaries	38.67	2.33	47.33	3.00
- Effect of different tax rates of foreign subsidiaries	(58.89)	(3.55)	(81.60)	(5.17)
- Others	(14.56)	(0.88)	(17.42)	(1.10)
	502.52	30.33	473.20	29.96
- Adjustment recognised in the current year in relation to current tax of previous years	(50.74)	(3.06)	28.72	1.82
Income Tax recognised In P&L (Effective Tax Rate)	**451.78**	27.27	**501.92**	31.77

The tax rates under Indian Income tax Act for the year ended March 31, 2017 and March 31, 2016 is 34.61%

Note 29 - Earning per share (EPS)

Particulars	March 31, 2017	March 31, 2016
(a) Profit for the year	1,205.12	1,077.69
(b) Weighted average number of equity shares	2,000,000	2,000,000
c) Nominal value of shares (in rupees)	10	10
Earnings per share (in rupees) - Basic and diluted	60.26	53.88

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 30 - Contingent Liability and commitments to the extent not provided for:

30.1 Contingent Liabilities

Particulars	March 31, 2017	March 31, 2016
a) Claims against the Company not acknowledged as debt: Disputed income tax demands under appeal The Company has received favourable orders from the Income Tax Appellate Tribunal (ITAT), in respect of two assessment years. In respect of one assessment year, the Company has received a favourable order from Commissioner of Income Tax - Appeals (CIT-A), but the order giving effect to the ITAT and CIT -A order is yet to be received by the Company. The said amounts have been arrived at based on the assessment orders received from the relevant authority. Outflows, if any, arising out of this claim would depend on the outcome of the decision and the Company's rights for further appeal before the Judiciary.	59.32	59.32

30.2 Commitments

Particulars	March 31, 2017	March 31, 2016
a) Estimated amount of contracts remaining to be executed on capital account (in respect of tangible assets) and not provided for (net of advances Rs.8.31 lakhs; previous year Rs.9.05 lakhs)	368.40	634.66
b) Other Commitments	-	-

30.3 The group has a working capital limit with State Bank of India, secured by hypothecation of stock and book debts and collateral charge on all fixed assets other than land and building. However, the Company has not utilized the said facility during the current / previous year.

Note 31 - Corporate Social Responsibility

(a) Gross amount required to be spent by the company during the year :- Rs. 32.34 lakhs (Previous Year Rs. 35.27 lakhs)

(b) Amount spent by the company during the year :- Rs. 32.34 lakhs (Previous Year Rs. 38.45 lakhs)

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	-	-	-
(ii) On purposes other than (i) above			
- in 2016-17	28.06	4.28	32.34
- in 2015-16	(34.82)	(3.63)	(38.45)

Note 32 - Dislosure on Specified Bank Notes (SBN)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308('E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs	Other denomination notes	Total
Closing balance in hand as on November 8, 2016	81,000	6,746	87,746
(+) Permitted receipts	-	404,048	404,048
(-) Permitted payments		339,458	339,458
(-) Amount deposited in Bank	81,000	-	81,000
Closing cash in hand as on December 30, 2016	**-**	**71,336**	**71,336**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 33 First-time Adoption of Ind AS

These consolidated financial statements, for the year ended March 31, 2017, are the first the group has prepared in accordance with Ind-AS. For periods up to and including the year ended March 31, 2016, the group prepared its financial statements in accordance with statutory reporting requirement in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the group has prepared financial statements which comply with Ind-AS applicable for periods ending on or after March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies in Note 2. In preparing these financial statements, the group's opening balance sheet was prepared as at April 1, 2015, the group's date of transition to Ind-AS. This note explains the principal adjustments made by the group in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

33.1 Exemptions & Exceptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has accordingly applied the following exemptions:

33.1 (a) Cumulative translation differences on foreign operations

The Group has elected the option to reset the cumulative translation differences on foreign operations that exist as of the transition date to zero.

33.1 (b) Estimate exception

Upon an assessment of the estimates made under Indian GAAP, the group has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

33.2 Reconciliations

(i) Reconciliation of consolidated equity as previously reported under Indian GAAP to IND AS
(ii) Reconciliation of Consolidated Profit and Consolidated Total Comprehensive income as previously reported under Indian GAAP to IND AS
(iii) Effect of Ind AS adoption on the consolidated balance sheet as at March 31, 2016 and April 1, 2015
(iv) Effect of Ind AS adoption on the consolidated statement of profit or loss for the year ended March 31, 2016
(v) Effect of Ind AS adoption on the consolidated statement of cash flows for the year ended March 31, 2016
(vi) Analysis of consolidated cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of consolidated statement of cash flows under Ind AS

(i) Reconciliation of equity as previously reported under Indian GAAP to Ind AS:

Particulars	Notes	As at April 1, 2015 (Date of Transition)	As at March 31, 2016 (end of last period presented under previous GAAP)
Equity as reported under previous GAAP		9,958.67	10,316.34
Ind AS: Adjustments increase (decrease):			
Fair Valuation of investments under Ind AS (net of tax)	(a)	2.77	21.57
Dividends not recognised as liability until declared under Ind As	(b)	300.00	300.00
Dividend tax on the above	(b)	59.99	61.07
Recognition of deferred taxes using the balance sheet approach	(e)	(0.35)	(0.35)
		10,321.08	**10,698.63**

Reconciliation of Profit and Total Comprehensive income under Indian GAAP to Ind AS:-

Particulars	Notes	Year ended March 31, 2016 (latest period presented under previous GAAP)
Profit after tax as reported under previous GAAP		1,010.55
Ind AS: Adjustments increase (decrease):		
Remeasurement of defined benefit obligation recognised in other comprehensive income	(c)	48.34
Fair Valuation of investments under Ind AS (net of tax)	(a)	18.80
Profit for the year as per Ind AS		1,077.69
Other comprehensive income for the year		(99.43)
Profit for the year as per Ind AS		978.26

(Rs. in lakhs)

(ii) Effect of Ind AS adoption on the Consolidated balance sheet as at March 31, 2016 & April 1, 2015

Particulars	Notes	As on March 31, 2016 (End of last period presented under previous GAAP)			As on April 1, 2015 (Date of Transition)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet
Non-current assets							
Property, Plant and Equipment		5,652.42	-	5,652.42	5,515.74	-	5,515.74
Capital work-in-progress	(f)	541.22	9.05	550.27	249.22	40.39	289.61
Goodwill		-	-	-	-	-	-
Other Intangible assets		121.31	-	121.31	149.58	-	149.58
Financial Assets							
Investments		-	-	-	-	-	-
Others		-	-	-	-	-	-
Other non-current assets	(f)	46.95	(9.05)	37.90	76.94	(40.39)	36.55
Income Tax Assets (Net)		436.38		436.38	399.76	-	399.76
Total Non-current assets		6,798.28	-	6,798.28	6,391.24	-	6,391.24
Current assets							
Inventories		2,042.98	-	2,042.98	1,875.50	-	1,875.50
Financial assets							
(i) Investments	(a)	1,354.70	32.93	1,387.63	2,076.85	4.19	2,081.04
(ii) Trade receivables		3,141.78	-	3,141.78	2,316.15	-	2,316.15
(iii) Cash and cash equivalents		446.71	-	446.71	395.62	-	395.62
(iv) Bank balances other than (iii) above		28.66	-	28.66	40.66	-	40.66
(v) Other Financial assets		94.84	-	94.84	71.45	-	71.45
Other Current assets		414.67	-	414.67	332.13	-	332.13
Total current assets		7,524.34	32.93	7,557.27	7,108.36	4.19	7,112.55
Total assets		**14,322.62**	**32.93**	**14,355.55**	**13,499.60**	**4.19**	**13,503.79**
Equity							
Equity Share capital		200.00	-	200.00	200.00	-	200.00
Other Equity	(a,b & e)	10,116.34	382.29	10,498.63	9,758.67	362.41	10,121.08
Total equity		**10,316.34**	**382.29**	**10,698.63**	**9,958.67**	**362.41**	**10,321.08**
Non-Current Liabilities							
Provisions		92.64	-	92.64	88.14	-	88.14
Deferred tax liabilities (net)	(a & e)	541.47	11.71	553.18	531.29	1.77	533.06
Other Non-Current liabilities		38.92	-	38.92	42.69	-	42.69
Total Non-Current Liabilities		**673.03**	**11.71**	**684.74**	**662.12**	**1.77**	**663.89**
Current Liabilities							
Financial Liabilities							
(i) Trade payables		2,072.19	-	2,072.19	1,763.22	-	1,763.22
(ii) Other financial liabilities	(g)	181.34	48.66	230.00	169.57	-	169.57
Provisions	(b)	438.43	(361.07)	77.36	429.25	(359.99)	69.26
Current Tax Liabilities (net)		237.27	-	237.27	215.30	-	215.30
Other Current liabilities	(g)	404.02	(48.66)	355.36	301.47	-	301.47
Total Current Liabilities		**3,333.25**	**(361.07)**	**2,972.18**	**2,878.81**	**(359.99)**	**2,518.82**
Total liabilities		**4,006.28**	**(349.36)**	**3,656.92**	**3,540.93**	**(358.22)**	**3,182.71**
Total equity and liabilities		**14,322.62**	**32.93**	**14,355.55**	**13,499.60**	**4.19**	**13,503.79**

(Rs. in lakhs)

(iii) Effect of Ind AS adoption on the Consolidated statement of profit or loss for the year ended March 31, 2016

Particulars	Notes	Year ended March 31, 2016 latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS Profit & Loss
Revenue				
Revenue from operations	(d)	13,480.21	960.54	14,440.75
Other income	(a)	206.84	28.74	235.58
Total Income (A)		13,687.05	989.28	14,676.33
Expenses				
Cost of materials consumed		3,673.13	-	3,673.13
Purchases of stock-in-trade		1,259.74	-	1,259.74
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(36.91)	-	(36.91)
Excise duty on sale of goods	(d)	-	960.54	960.54
Employee benefits expense	(c)	2,282.69	(48.34)	2,234.35
Finance costs		0.62	-	0.62
Depreciation and amortisation expense		870.30	-	870.30
Other expenses		4,134.95	-	4,134.95
Total expenses (B)		12,184.52	912.20	13,096.72
Profit before tax C = (A-B)		1,502.53	77.08	1,579.61
Tax expense				
(i) Current tax		481.80	-	481.80
(ii) Deferred tax	(a)	10.18	9.94	20.12
Total Taxes (D)		491.98	9.94	501.92
Profit after tax from continuing operations E = (C - D)		1,010.55	67.14	1,077.69
Other comprehensive income				
(I) Items that will not be reclassified to profit or loss				
a) Remeasurements of the defined benefit plans	(c)	-	(48.34)	(48.34)
(ii) Items that may be reclassified to profit or loss				
a) Exchange differences in translating the financial statements of foreign operations		-	(51.09)	(51.09)
Total other comprehensive income (F)		-	(99.43)	(99.43)
Total comprehensive income for the period (E + F)		**1,010.55**	**(32.29)**	**978.26**

(iv) Effect of Ind AS adoption on the Consolidated statement of cash flows for the year ended March 31, 2016

Particulars	Notes	Year ended March 31, 2016 latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS Cash flow
Net cash flows from operating activities	(g)	1167.03	(48.66)	1118.37
Net cash flows used in investing activities		(463.52)	-	(463.52)
Net cash flows used in financing activities		(601.33)	-	(601.33)
Net increase (decrease) in cash and cash equivalents	(g)	**102.18**	**(48.66)**	**53.52**
Cash and cash equivalents at beginning of period		395.62		395.62
Effects of exchange rates translation adjustment		(51.09)	-	(51.09)
Cash and cash equivalents at end of period		**446.71**	**(48.66)**	**398.05**

(v) Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS:

Particulars	Notes	As on March 31, 2016 (latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS Balance Sheet
Cash and cash equivalents consist of:				
Cash on hand		0.86	-	0.86
Cheques on hand		25.57	-	25.57
Balances in banks		420.28	-	420.28
Total cash and cash equivalents		**446.71**		**446.71**
Book overdraft		-	(48.66)	(48.66)
Total cash and cash equivalents		**446.71**	**(48.66)**	**398.05**

Notes for the above reconciliations:

(a) Under previous GAAP, current investments were measured at lower of cost or fair value. Under Ind AS, these financial assets have been classified as FVTPL on the date of transition. The fair value changes are recognised in profit or loss. On transitioning to Ind AS, these financial assets have been measured at their fair values which is higher than cost as per previous GAAP, resulting in an increase in carrying amount by Rs. 32.93 lakhs as at March 31, 2016 and by Rs.4.19 lakhs as at April 1, 2015. The corresponding deferred taxes have also been recognised as at March 31, 2016 (Rs.12.78 lakhs) and as at April 1, 2015 (Rs.1.42 lakhs), and also for the year ended March 31, 2016 (Rs.9.94 lakhs). The net effect of these changes is an increase in total equity as at March 31, 2016 of Rs. 24.34 lakhs (Rs. 2.77 lakhs as at April 1, 2015), increase in profit before tax of Rs. 28.74 lakhs and in total profit for the year ended March 31, 2016 of Rs. 18.80 lakhs.

(b) Under previous GAAP, dividend on equity shares recommended by the board of directors after the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under Ind AS, such dividends and taxes thereon are recognised when declared by the members in a general meeting. The effect of this change is an increase in total equity as at March 31, 2016 of Rs. 361.07 lakhs (Rs. 359.99 lakhs as at April 1, 2015), but does not affect the profit before tax and total profit for the year ended March 31, 2016.

(c) Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in other comprehensive income. The actuarial losses for the year ended March 31, 2016 were Rs. 48.34 lakhs. This does not affect the total equity, but there is an increase in profit before tax of Rs. 48.34 lakhs, and in total profit of Rs. 48.34 lakhs, for the year ended March 31, 2016.

(d) Under previous GAAP, revenue from sale of goods was presented net of excise duty under revenue from operations. Whereas under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense is presented separately on the face of the statement of profit or loss. The change does not affect total equity as at April 1, 2015 and March 31, 2016, profit before tax or total profit for the year ended March 31, 2016.

(e) Under previous GAAP, deferred tax were calculated on Profit & loss approach, Whereas under Ind AS, deferred tax to be calculated on Balance sheet approach. This adjustment have resulted in an increase in deferred tax liability by Rs. 0.35 lakhs and have resulted in a decrease in equity under Ind AS by Rs. 0.35 lakhs as at April 1, 2015 and March 31, 2016.

(f) Under previous GAAP, capital advance were shown under Long term Loans & advances, whereas under Ind AS, the same is included in capital work in progress of Rs. 9.05 lakhs as at March 31, 2016 & Rs. 40.39 lakhs as at April 1, 2015.

(g) Under previous GAAP, book overdraft of Rs. 48.66 lakhs as at March 31, 2016 were shown under Other current liabilities, whereas under Ind AS, the same is shown under other financial liabilities. Further, for the purpose of cash and cash equivalent for statement of cash flow, book overdraft is a part of cash and cash equivalents and hence, an amount of Rs. 48.66 lakhs is reduced.

Note 34 - Business Combinations

The Company had acquired the "Diamond Tool" business from Star Diamond Tools Private Limited at a consideration of Rs. 250 lakhs, under slump sale on March 29, 2016.

This acquisition is made to enhance the company's offerings in the field of one of our existing product line stationery dressers and this would also augment our existing manufacturing capability and capacity.

Consideration transferred :-

Particulars	Amount
Tangible Assets	
Machines and equipments	18.28
Inventories	90.45
Intangible assets	
Brands & Trade marks	81.00
Patents	50.00
Goodwill	10.27
Total	**250.00**

(i) The initial accounting for the acquisition of the business was provisionally determined as at the year ended March 31, 2016, pending installation of the tangible assets and registration of the intangible assets. Accordingly, as on March 31, 2016, the Company had classified these assets under the head "Capital Work-in-progress" and the inventories of Rs. 90.45 lakhs were included under current assets for the year ended March 31, 2016. The tangible assets were received by the company in the month of April 2016 and was subsequently installed and commissioned. These tangible assets have been capitalized during the year 2016-17.

(ii) The intangible assets comprising of Brands & Trademarks and Patents. Trademarks have been filed for registration in the name of the company. These intangible assets acquired in the business combination amounting to Rs. 131.00 lakhs have been recognized separately from Goodwill at their fair value at the acquisition date (which is regarded as their cost).

(iii) Goodwill arising on the acquisition of Star Diamond Tools Private Limited amounting to Rs. 10.27 lakhs has been recognized.

Impact of acquisition:-

In the financial year 2016-17, the company generated a revenue of Rs. 277.30 lakhs from this new business and anticipates good growth of revenues in the coming years. Included in the segment results of super abrasives, Rs. 20.08 lakhs attributable to the additional business generated on account of the acquisition of "Star Diamond Tools Private Ltd".

Note 35 - Financial Instruments

35.1 Capital Management

The capital includes issued equity share capital and all other equity reserves attributable to the equity holders. The group's objectives when managing capital is to safeguard their ability to continue as a going concern while maximising the return to shareholders through the optimisation of cash and cash equivalents along with investment which is predominantly investment in liquid and short term mutual funds.

35.2 Categories of financial instruments

The carrying value and fair value of financial instruments by categories as of March 31, 2017, March 31, 2016 & April 1, 2015 were as follows:

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	Carrying Amount			Fair Value		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Financial Assets						
Measured at fair- value through profit and loss (FVTPL)						
Investments	1,071.50	929.84	1,440.16	1,071.50	929.84	1,440.16
Measured at amortised cost						
- Investments	395.71	457.79	640.88	395.71	457.79	640.88
- Cash	485.92	446.71	395.62	485.92	446.71	395.62
- Bank balance	230.13	28.66	40.66	230.13	28.66	40.66
- Trade Receivables	3,069.03	3,141.78	2,316.15	3,069.03	3,141.78	2,316.15
- Other Financial Assets	73.27	94.84	71.45	73.27	94.84	71.45
Total Financial Assets	5,325.56	5,099.62	4,904.92	5,325.56	5,099.62	4,904.92
Financial Liabilities						
Measured at amortised cost						
Trade payables	1602.54	2072.19	1763.22	1,602.54	2,072.19	1,763.22
Others Financial Liabilities	453.75	230.00	169.57	453.75	230.00	169.57
Total Financial Liabilities	2,056.29	2,302.19	1,932.79	2,056.29	2,302.19	1,932.79

The management assessed that fair value of cash and short- term deposits, trade receivables, trade payables, book overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

I) Long-term receivables are evaluated by the group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

ii) The fair value of the quoted mutual funds is based on price quotations at reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debtor similar terms, credit risk and remaining maturities.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2– Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets measured at fair value on recurring basis as at March 31, 2017, March 31, 2016 and April 1, 2015.

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
FVTPL financial assets designated at fair value (Note 6):					
Investment in mutual funds (quoted)	March 31, 2017	1,071.50	1,071.50	-	-
Investment in mutual funds (quoted)	March 31, 2016	929.84	929.84	-	-
Investment in mutual funds (quoted)	April 1, 2015	1,440.16	1,440.16	-	-

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

35.3 Financial Risk management objectives and polices

The group treasury function provides service to the business, co-ordinates access to domestic and international financial markets monitors and manages the financial risks relating to the operations of the group through internal risk report which analyze exposures by degree and magnitude of risk. These risk include market risk, currency risk, interest risk, price risk, credit risk and liquidity risk.

The group seeks to minimise the effects of these risks by using policies approved by the board of directors, which provide written principles on interest risk, credit risk and investment of excess liquidity. The group does not enter into trade financial instruments for speculative purpose.

The group treasury function reports quarterly to the senior management team that monitors risk and policies implemented to mitigate risk exposures.

35.4 Market risk

The group is exposed primarily to the financial risk of change in foreign currency exchange rate. The group transact into different foreign currencies. Foreign currencies are recognised at the rate of exchange prevailing at the date of transaction. Group being a net exporter, follows the policy of natural hedging of foreign exchange earnings. Net forex gains is always on the positive side.

35.5 Foreign currency risk management

The group undertakes transactions denominated in foreign currencies, consequently, the group is exposed to exchange rate fluctuations. The group, being a net exporter , follows the policy of natural hedging of foreign exchange earnings and outflow and hence it does not take any forward covers.

The carrying amounts of the group's foreign currency (unhedged) denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	March 31, 2017				March 31, 2016			
	AED (in lakhs)	Thai Baht (in lakhs)	Foreign Currency (in lakhs)	INR	AED (in lakhs)	Thai Baht (in lakhs)	Foreign Currency (in lakhs)	INR
- Creditors against Import of goods, capital items								
USD	-	-	4.77	313.39		-	5.94	397.55
USD	-	54.74	-	103.51		85.72		162.11
USD	0.45	-	-	7.96	0.76	-	-	13.68
EUR	-	-	0.80	56.47	-	-	1.50	125.30
EUR	-	2.59	-	4.90	-	5.26		9.95
GBP	-	-	0.04	3.44	-	-	0.18	17.02
JPY	-	-	-	-	-	-	13.30	7.95
- Trade and other receivables								
USD	-	-	5.64	361.54	-	-	7.26	478.02
EUR	-	-	2.95	200.55	-	-	2.09	155.04
GBP	-	-	0.96	76.35	-	-	1.37	129.09

For the year ended March 31, 2017 and March 31, 2016, every 1% increase / decrease of the respective foreign currencies compared to functional currency of the group would impact operating margins by 0.10% (0.10%) and 0.15% (0.15%) respectively.

35.6 Credit Risk

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The customers are broadly classified into High risk and medium risk, accordingly credit limit exposure is fixed. The group carries out payment performance review of all customers and based on this analysis, risk category of customers are evaluated annually. Further, the utilization of credit limit is regularly monitored through inbuilt locks in the ERP system.

35.7 Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's business and reputation.

The group regularly reviews its receivables, inventory & other working capital elements to mitigate any liquidity concerns. Any surplus from the business funds needs is parked in debt mutual funds (liquid / liquid plus) from reputed AMCS to provide day to day working capital.

Also, the group has unutilized credit limits with bank.

Note 36 - Segment Disclosures

36.1 Products and services from which reportable segments derive their revenue

The CEO of the holding Company has been identified as the Chief Operating Decision Maker (CODM) of the Group as defined by Ind AS 108, Operating Segments. Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the CODM, in deciding how to allocate resources and assessing performance.

1) The Group is organised into three business segments, namely :

   a) Super Abrasives b) Machines, Accessories and Components and c) Others

The above segments have been identified taking into account the organisation structure as well as the differing risks and returns of these segments. The Group has identified business segments as its primary segments.

2) Segment Assets and Segment Liabilities of the Company's business have not been identified to any of the reportable segments, as these are used interchangeably between segments and hence segment disclosure relating to capital employed has not been given.

3) Revenues earned from the business combination is included in Super Abrasives segment. Revenues are earned both in India and Outside India.

36.2 Segment Revenues and Results

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
1. Segment Revenue (including sale of services)		
a) Super Abrasives	10,847.03	9,428.83
b) Machines, Accessories and Components	3,495.70	3,550.66
c) Others	1,253.90	1,316.12
Total	15,596.63	14,295.61
Less:- Inter Segment Revenue	-	-
Revenues	15,596.63	14,295.61
2. Segment Results Profit before tax and interest		
a) Super Abrasives	1,923.90	1,363.79
b) Machines, Accessories and Components	456.03	641.84
c) Others	210.91	209.44
Total	2,590.84	2,215.07
Less: (i) Finance costs	12.20	0.62
(ii) Other Un-allocable Expenditure net of Un-allocable income of Rs.312.92 lakhs (31st March, 2016 Rs.380.72 lakhs)	921.74	634.84
(iii) Tax expense	451.78	501.92
Profit for the year	**1,205.12**	**1,077.69**

36.3 Revenue by Geographical market

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
India	10,890.81	9,315.03
Out side India	4,705.82	4,980.58
Total Revenues	15,596.63	14,295.61

36.4 Information about major customers

No single customer represents 10% or more of the group's total revenue for the year ended March 31, 2017 and March 31, 2016.

Note 37 - Leases

(a) The group is obligated under cancelable operating leases towards residential accommodation, which are renewable at the option of both the lessor and the lessee. Total rental expense debited to the Statement of Profit and Loss under cancelable operating leases amounts to Rs. 43.12 lakhs. (Previous year: Rs 40.63 lakhs).

There are no sub-lease payments received/receivable recognised in the statement of profit and loss. Also, there are no contingent rents payable and there are no restrictions imposed by lease agreements such as those concerning dividends and additional debt.

(b) The group has leased out a portion of its factory building to a related party.

The lease agreement is for a period of 12 months and can be terminated by either party by giving one month notice.

Details of the above referred lease are as given below:

Particulars	Amount
Gross carrying amount	1,582.64
Less: Accumulated Depreciation	417.40
Net carrying amount	**1,165.24**

The depreciation recognized in respect of the factory building for the year is Rs. 52.05 lakhs.

There are no contingent rents receivable.

Note 38 - Employee Benefits

Defined Contribution Plans

The Company operates defined contribution benefit plans for all qualifying employees of the company.

Superannuation fund, Providend fund and pension fund are defined contribution plans towards which the company makes contribution at predetermined rates to the Superannuation Trust funded with Life Insurance Corporation Of India and the Regional Provident Fund Commissioner respectively. The same is debited to the Statement of Profit and Loss accounts based on the amount of contribution required to be made and services rendered by the employees.

Defined Benefit Plans

The Company is having defined benefit plan namely gratuity for all qualifying employees of the company.

The liability for gratuity to employees as at the balance sheet date is determined on the basis of actuarial valuation using projected Unit Credit method. The amount is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India. The liability is paid and absorbed in the statement of profit and loss at the year end.

Remeasurement, comprising actuarial gain and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to profit or loss.

The plans typically expose the company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Investment risk	The present value of the defined benefit plan liability is calculated using the discount rate which is determined by reference to market yield at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yields at the end of the reporting period. If the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability: however, this will be partially offset by an increase in the return on the plan's investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectance of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

A. Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at March 31, 2017 and March 31, 2016:

(a) Change in defined benefit obligation (DBO)

Particulars	As at March 31, 2017	As at March 31, 2016
Defined benefit obligation at beginning of period	335.46	249.04
Service cost		
a) Current service cost	30.01	31.41
b) Past service cost	-	-
c) (Gain) / loss on settlements		
Interest expenses	25.33	19.36
Benefits Paid	(37.74)	(14.06)
Remeasurements:		
a) Effect of changes in demographic assumptions	-	8.61
b) Effect of change in financial assumptions	53.74	-
c) Effect of experience adjustments	(28.92)	41.10
Defined benefit obligation at end of period	**377.88**	**335.46**

(b) Change in fair value of plan assets

Particulars	As at March 31, 2017	As at March 31, 2016
Fair value of plan assets at beginning of period	275.84	241.53
Interest Income	20.80	20.70
Contributions	29.05	26.29
Benefits Paid	(37.74)	(14.06)
Remeasurements:		
a) Return on plan assets (excluding interest income)	(43.81)	1.38
Fair value of plan assets at end of period	**244.14**	**275.84**

(c) Amounts recognized in the Balance Sheet

Particulars	As at March 31, 2017	As at March 31, 2016
Defined benefit obligation (DBO)	377.88	335.46
Fair value of plan assets	(244.14)	(275.84)
Funded status	133.74	59.62
Effect of asset ceiling	-	-
Net defined benefit liability / (asset)	**133.74**	**59.62**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

(d) Amounts recognized in the Statement of Profit and Loss

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Service Cost	30.01	31.41
Net interest cost	-	
a) Interest expense on DBO	4.53	(1.33)
Net Gratuity Cost	**34.54**	**30.08**

(e) Amounts recognized in the Other Comprehensive Income

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Remeasurement of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	24.81	49.72
(Return) / Loss on plan assets excluding amounts included in the net interest on the defined benefit liability / (asset)	(43.81)	1.38
Net Cost in Other Comprehensive Income	**68.62**	**48.34**

(f) Significant actuarial assumptions

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Discount rate	7.00%	8.00%
Salary escalation rate	7.00%	5.00%
Attrition Rate	6.00%	6.00%
Retirement Age	58 years	58 years
Pre-retirement mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Disability	Nil	Nil

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

(g) Sensitivity analysis - DBO end of Period

Particulars	As at March 31, 2017	As at March 31, 2016
Discount rate +100 basis points	356.91	318.71
Discount rate -100 basis points	401.51	354.09
Salary Increase Rate +1%	399.42	352.80
Salary Increase Rate -1%	358.40	319.60
Attrition Rate +1%	377.71	338.56
Attrition Rate -1%	378.04	332.05

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual changes in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

(h) Expected cash flows for following year

Particulars	As at March 31, 2017	As at March 31, 2016
Expected employer contributions /Addl. Provision next year	50.26	45.84
Expected total benefit payments		
Year 1	37.34	36.50
Year 2	76.69	37.60
Year 3	46.64	61.45
Year 4	22.56	45.33
Year 5	42.76	21.61
Next 5 years	97.22	103.42

The Company expects to make a contribution of Rs. 29.69 lakhs (as at March 31, 2016: Rs.29.04 lakhs; as at April 1, 2015: Rs.26.29 lakhs) to the defined benefit plans during the next financial year. The employee benefit obligations(net) have been included in current liabilities based on the expected contributions.

B. Compensated Absences

(a) Charge to Statement of Profit and Loss and Liability

Particulars	As at March 31, 2017	As at March 31, 2016
Charge / (credit) in the Statement of Profit and Loss	57.13	19.80
Liability as at the year end		
- Short- term (Refer Note 16)	91.58	77.36
- Long- term (Refer Note 16)	91.02	65.36
	182.60	**142.72**

(b) Actuarial Assumptions

Particulars	As at March 31, 2017	As at March 31, 2016
Discount Rate	7.00% p.a.	8.00% p.a.
Salary Escalation Rate	7.00% p.a.	5.00% p.a.

C. Defined Contribution Plans

Particulars	As at March 31, 2017	As at March 31, 2016
Employers' Contribution to Provident Fund *	60.17	57.63
Employers' Contribution to Superannuation Fund *	52.48	48.38
Employers' Contribution to Employee's State Insurance #	9.56	8.25
Employers' Contribution to Employee's Pension Scheme 1995 *	31.91	23.06

* Included in Contribution to provident and other funds
# Included in staff welfare expenses

Note 39 - Related Party Disclosures

1) List of Related parties:

i) Venturers to the joint venture with whom transactions have taken place during the year

(a) Carborundum Universal Limited (CUMI)
(b) Wendt GmbH, Germany

ii) Company in which director is a director

(a) Ace Designers Ltd
(b) Pragati Transmission P Ltd
(c) Tespa Tools Pvt Ltd

iii) Key Management Personnel

Mr. Rajesh Khanna, Chief Executive

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

iv) Relatives of Key Management Personnel

Mrs. Preethi Khanna - Wife of Mr. Rajesh Khanna

2) Transaction with related parties during the year ended March 31, 2017 and March 31, 2016 are as follows:

Particulars	Joint venturers		Director's Company		Key Management Personnel		Total	
	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16
Purchase of Capital Goods								
Wendt GmbH	2.29	13.30	-	-	-	-	2.29	13.30
Carborundum Universal Limited (CUMI)	-	0.30	-	-	-	-	-	0.30
Other Purchases								
Wendt GmbH	425.86	424.96	-	-	-	-	425.86	424.96
Carborundum Universal Limited (CUMI)	607.60	707.91	-	-	-	-	607.60	707.91
Tespa Tools Pvt Ltd	-	-	0.60	12.33	-	-	0.60	12.33
Sale of Goods								
Wendt GmbH	381.08	407.53	-	-	-	-	381.08	407.53
Carborundum Universal Limited (CUMI)	662.62	433.57	-	-	-	-	662.62	433.57
Ace Designers Limited	-	-	0.22	-	-	-	0.22	-
Pragati Transmission P Ltd	-	-	0.38	0.25	-	-	0.38	0.25
Payment of Rent								
Rajesh Khanna	-	-	-	-	7.80	7.05	7.80	7.05
Preethi Khanna	-	-	-	-	7.80	7.05	7.80	7.05
Payment of Service Fee & Commission								
Carborundum Universal Limited (CUMI)	209.59	194.47	-	-	-	-	209.59	194.47
Payment of Dividend								
Carborundum Universal Limited (CUMI)	199.34	199.34	-	-	-	-	199.34	199.34
Wendt GmbH Germany *	199.34	199.34	-	-	-	-	199.34	199.34
Service Charges, Commission & Rent receipts								
Wendt GmbH	18.08	50.92	-	-	-	-	18.08	50.92
Carborundum Universal Limited (CUMI)	13.42	13.20	-	-	-	-	13.42	13.20
Reimbursement of Expenses Paid								
Carborundum Universal Limited (CUMI)	57.75	17.12	-	-	-	-	57.75	17.12
Reimbursement of Expenses Received								
Wendt GmbH	0.25	0.19	-	-	-	-	0.25	0.19
Carborundum Universal Limited (CUMI)	100.80	31.51	-	-	-	-	100.80	31.51

3) The details of amounts due to or due from related parties as at March 31, 2017, March 31, 2016 and April 1, 2015 are as follows:

Particulars	Joint Venturers			Director's Company			Total		
	31.03.17	31.03.16	01.04.15	31.03.17	31.03.16	01.04.15	31.03.17	31.03.16	01.04.15
Amount due From									
Wendt GmbH	39.49	62.79	58.46	-	-	-	39.49	62.79	58.46
Carborundum Universal Limited (CUMI)	205.69	149.64	102.29	-	-	-	205.69	149.64	102.29
Ace Designers Limited	-	-	-			0.17	-	-	0.17
Amount due to									
Wendt GmbH	31.72	93.85	46.76	-	-	-	31.72	93.85	46.76
Carborundum Universal Limited (CUMI)	131.69	392.50	263.67	-	-	-	131.69	392.50	263.67

a) The related party relationships are as identified by the Group, on the basis of information available with the Group and relied upon by the auditors.

b) No amounts in respect of related parties have been written off / back during the year other than any amount included above during the year.

* Amount for 16-17 lying in unclaimed / unpaid dividend account.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Note 40 - Approval of financial statements

The Consolidated financial statements were approved for issue by the board of directors on April 24, 2017.

Signatures to Notes 1 to 40

For and on behalf of the Board of Directors

M M MURUGAPPAN Chairman	SHRINIVAS G SHIRGURKAR Director	K SRINIVASAN Director
Chennai 24th April, 2017	MUKESH KUMAR HAMIRWASIA Chief Financial Officer	AKANKSHA BIJAWAT Company Secretary

FORM AOC-I

Pursuant to section 129 (3) of the Companies Act, 2013

Statement containing salient features of the financial statement of subsidiaries

(Rs. in lakhs)

	Wendt Grinding Technologies Ltd (WGTL)		Wendt Middle East FZE (WME)	
	Incorporated on July 19, 2005		Incorporated on September 24, 2008	
	31-3-2017	31-3-2016	31-3-2017	31-3-2016
Share capital	486.89	486.96	211.51	216.39
Reserves and surplus	727.83	693.58	52.31	52.53
Total liabilities *	1,448.63	1,468.22	317.78	460.76
Total assets**	1,052.92	1,010.43	317.78	460.76
Details of current and non-current investments (except investment in subsidiary)	395.71	457.79	-	-
Turnover	1,645.11	1,619.67	449.34	560.94
Profit before taxation	265.44	229.93	52.03	132.09
Provision for taxation	50.98	43.69	-	-
Profit after taxation	214.46	186.24	52.03	132.09
Proposed dividend (including dividend tax)	-	-	-	-
% of Shareholding	100	100	100	100

* Total Liabilities include : Share capital of subsidiary + Non current liabilities + current liabilities + Deferred tax liability (net)

** Total Assets include: Non Current Assets and Current Assets. (excluding current and non-current investments)

The exchange rates used are as below:

Currency	Balance Sheet (Closing Rate)		Statement of Profit and Loss (Average Rate)	
	31-3-2017	31-3-2016	31-3-2017	31-3-2016
THB (WGTL)	1.882	1.882	1.911	1.867
AED (WME)	17.629	18.035	18.239	17.798

Notes:

a) The Consolidated Ind AS financial statements has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards, prescribed under Section 133 of the Companies Act, 2013.

b) The above information has been furnished in accordance with Section 129(3) of the Companies Act, 2013. The above statement is based on the financial statements of the respective subsidiary company which have been prepared in accordance with regulatory requirements as applicable in the country of incorporation.

Awards & Accolades

Winners at CUFEST 2016 - KAIZEN, Slogan, Poster, 5S & CFT

NCQC 2016 - Par Excellence & EXCELLENCE AWARDS

Commendable Delivery Performance Award - Rane TRW

CCQC 2016 - 2 Gold & 4 Silver Awards

Won MGTC Cricket Tournament 2016

Won Carom, Chess & Relay competitions - MGTC Women Sports Tournament 2016

Events & Exhibitions

WENDT

IMTEX 2017, India

CIMT 2017, China

IMTS 2016, Chicago

Inauguration of Star Facility

Inauguration of Ceramic Grinding Facility

CUFEST 2016, Hosur