

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF VESUVIUS INDIA LIMITED

Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying Ind AS financial statements of **Vesuvius India Limited** ("the Company"), which comprise the Balance Sheet as at December 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.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements to 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 in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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 of 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including 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.
5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no. LLPAAC5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/IN500016 (ICAI registration number before conversion was 012754N).



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Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 December 31, 2017, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note 47 of Ind AS financial statements with respect to receivable of Rs. 1,978 lakhs from certain customers, currently under insolvency proceedings under the Insolvency and Bankruptcy Code, 2016, which the Company considers good and recoverable for the reasons stated in the aforesaid note.

Our opinion is not qualified in respect of this matter.

Other Matter

10. The comparative financial information of the Company for the year ended December 31, 2016 and the transition date opening balance sheet as at January 1, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended December 31, 2016 and December 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated February 27, 2017 and February 26, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
12. 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, except that the backup of the books of accounts generated from the new accounting system introduced during the year has not been maintained on servers physically located in India.
 - (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.

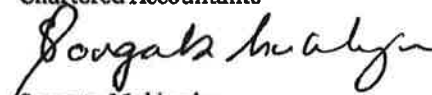


Price Waterhouse Chartered Accountants LLP

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- (d) In our opinion, the aforesaid 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 as on December 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to maintenance of accounts and matters connected therewith, reference is made to our comment in paragraph 12(b) above that the back-up of the books of accounts generated from the new accounting system introduced during the year has not been maintained on servers physically located in India.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - (i) The Company has disclosed the impact, if any, of pending litigations as at December 31, 2017 on its financial position in its Ind AS financial statements – Refer Note 34;
 - (ii) The Company did not have any long-term contracts including derivative contracts as at December 31, 2017.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended December 31, 2017.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants



Sougata Mukherjee
Partner

Membership Number 057084

Gurugram
February 17, 2018

VESUVIUS INDIA LIMITED

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₹ in lakhs

Statement of Standalone Audited Financial Results for the Quarter and Year ended December 31, 2017

Particulars	Quarter ended 31.12.2017	Quarter ended 31.12.2016	Quarter ended 30.09.2017	Year ended 31.12.2017	Previous Year ended 31.12.2016
	Audited (refer note 8)	Audited (refer note 8)	Unaudited	Audited	Audited
(Refer Notes below)					
1. Income from Operations					
(a) Gross Sales/ Revenue from Operations	22852	23040	21377	94736	89262
(b) Other Operating revenues	50	48	50	216	236
Total Income from Operations	22902	23088	21427	94952	89498
2. Other Income	404	321	338	1322	1299
3. Total Income [1+ 2]	23306	23409	21765	96274	90797
4. Expenses					
a) Cost of materials consumed	8187	8759	6842	31194	31071
b) Purchase of stock-in-trade	4463	4080	4690	18511	14785
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	46	(1198)	30	626	(995)
d) Excise duty on sales	-	1,901	-	3825	7347
e) Employee benefit expense	1463	1341	1321	5576	5358
f) Depreciation and amortisation expense	877	754	751	2978	2745
g) Other expenses	4602	4598	4700	18629	16882
Total Expenses	19638	20235	18334	81339	77193
5. Profit before exceptional items and tax [3-4]	3668	3174	3431	14935	13604
6. Exceptional items	444	-	-	444	-
7. Profit before tax [5-6]	3224	3174	3431	14491	13604
8. Tax expense					
Current Tax	1357	1251	1316	5492	5140
Deferred Tax	(266)	(157)	(136)	(446)	(424)
9. Net Profit for the period [7 - 8]	2133	2080	2251	9445	8888
10. Other Comprehensive Income					
A (i) Items that will not be reclassified to profit or loss	161	(213)	(26)	83	(271)
(ii) Income tax relating to items that will not be reclassified to profit and loss	(56)	72	9	(29)	94
11. Total Other Comprehensive Income [A(i) + A(ii)]	105	(141)	(17)	54	(177)
12. Total Comprehensive Income [9 + 11]	2238	1939	2234	9499	8711
13. Paid up Equity Share Capital (Face Value ₹10/- per share)	2030	2030	2030	2030	2030
14. Reserved excluding Revaluation reserves as per Balance sheet				64061	56150
15. Earnings per share (before and after extraordinary items) (of ₹ 10/- each) :					
a) Basic (₹)	10.51	10.25	11.09	46.54	43.79
b) Diluted (₹)	10.51	10.25	11.09	46.54	43.79

Standalone Statement of Assets and Liabilities

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	11,303	12,426	13,078
(b) Capital work-in-progress	3,809	1,588	1,424
(c) Intangible assets	6	11	3
(d) Financial assets			
(i) Loans	97	87	79
(ii) Other financial assets	185	226	184
(e) Non current tax asset (net)	1,482	1,357	730
(f) Deferred tax assets (net)	935	518	-
(g) Other non-current assets	307	379	371
Total non-current assets	18,124	16,592	15,869
(2) Current assets			
(a) Inventories	9,474	9,435	7,262
(b) Financial assets			
(i) Trade receivables	21,994	26,760	22,310
(ii) Cash and cash equivalents	34,525	16,857	11,300
(iii) Bank balances other than (ii) above	48	3,032	6,038
(iv) Loans	28	26	27
(v) Other financial assets	216	70	240
(c) Other current assets	992	1,557	1,008
Total current assets	67,277	57,737	48,185
Total assets	85,401	74,329	64,054
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	2,030	2,030	2,030
(b) Other equity	64,061	56,150	48,965
Total equity	66,091	58,180	50,995
Liabilities			
(1) Non-current liabilities			
(a) Long-term provisions	1,248	1,184	780
Total non-current liabilities	1,248	1,184	780
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	15,307	12,047	10,292
(ii) Other financial liabilities	1,426	1,041	752
(d) Other current liabilities	447	947	831
(b) Short-term provisions	10	8	6
(c) Current tax liabilities (net)	872	922	398
Total current liabilities	18,062	14,965	12,279
Total liabilities	19,310	16,149	13,059
Total equity and liabilities	85,401	74,329	64,054

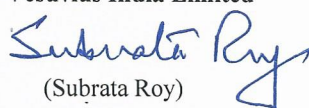
Notes :

- 1 The Board of Directors has recommended payment of dividend of Rs 6.75 per share of nominal value Rs 10/- each for the year ended December 31, 2017 at their meeting held on February 16, 2018. Annual General Meeting will be held on April 10, 2018. Dividend when declared will be paid within April 20, 2018
- 2 The Company has adopted Indian Accounting Standard (referred to as 'Ind AS') with effect from January 1, 2016 and accordingly these financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles stated therein, prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.
- 3 Reconciliation between results previously reported under erstwhile Indian GAAP and as presented now under Ind AS are given below :

Particulars	Quarter ended 31.12.2016	Previous Year ended 31.12.2016
Net Profit for the period as per Indian GAAP	1939	8711
Adjustments :		
a) Remeasurement loss on defined benefit obligations accounted through Other Comprehensive Income	213	271
b) Tax effects on above adjustments	(72)	(94)
Net Profit for the period as per Ind AS	2080	8888
Amount recognised in other comprehensive income		
a) Remeasurement loss on defined benefit obligations accounted through Other Comprehensive Income	(213)	(271)
b) Tax effects on above adjustments	72	94
Total comprehensive income for the period as per Ind	1939	8711

- 4 The Company is primarily a manufacturer and trader of refractories and is managed organisationally as a single unit. Accordingly, the Company is a single segment company.
- 5 The Company has been permitted to retain the calendar year as its financial year by order dated January 7, 2016 received from the Company Law Board, Kolkata Bench.
- 6 Provision for taxation has been recognised with reference to the profit for the year ended December 31, 2017 and in accordance with the provisions of Income Tax Act, 1961 and Rules framed there under. The ultimate tax liability for the year 2017-2018, however, will be determined on the basis of total income for the year ending on March 31, 2018.
- 7 Previous period/year's figures have been regrouped and/or rearranged wherever considered necessary to conform to current period/year's presentation.
- 8 The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.
- 9 Exceptional item represents cost of Voluntary Separation Scheme as part of the restructuring activity initiated by the Company.
- 10 The Statutory Auditors of the Company have expressed an unqualified opinion on the Audited Financial Statements for the year ended December 31, 2017.
- 11 These financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 16, 2018.

On behalf of the Board of Directors of
Vesuvius India Limited


 (Subrata Roy)
 Managing Director

Kolkata
 February 16, 2018