

NORTON *GRINDWELL NORTON LTD.*

61ST
ANNUAL REPORT
2010-2011



SURGING AHEAD


SAINT-GOBAIN



TEN YEAR FINANCIAL HIGHLIGHTS

(₹ Lacs)

	2001	2002	2003	2004	2005	2006	2007	2008	Jan 2009 Mar 2010 (15 Months)	2010-11
Sales	19428	22465	25449	30135	36049	42129	49701	55553	74504	83762
Profit Before Interest , Tax and Extraordinary Items	1968	2676	3210	4378	5368	6865	8255	7972	13028	12597
Profit After Tax and Extraordinary Items	613	1805	2042	2918	3540	4602	13351 +	5501	8751	8563
Share Capital	1384	1384	1384	1384	1384	2768	2768	2768	2768	2768
Reserves and Surplus *	10502	11412	12440	13779	15579	16590	24759	27669	32546	37249
Total Debts	2161	843	370	139	61	226	227	-	-	-
Net Fixed Assets *	6373	5830	5806	6377	6898	12116	14877	17688	18497	19878
Net Working Capital	4166	3023	2491	1902	2826	2532	5154	6914	12612	15686
Earnings Per Share (Rs) #	1.11	3.26	3.69	5.27	6.40	8.31	10.21 ^	9.94	15.81	15.47
Dividend Per Share (Rs) #	0.75	1.50	1.63	2.50	2.75	3.50	8.00 □	4.00	6.00	6.00
Book Value Per Share (Rs) * #	21.47	23.11	24.97	27.38	30.64	34.97	49.72	54.98	63.79	72.28

KEY RATIOS

Return on Investment (%)	13.32	18.71	21.86	27.93	30.84	34.48	29.34	25.82	28.85 @	30.78
Return on Sales (after Tax) (%)	3.16	8.03	8.02	9.68	9.82	10.92	11.37 ^	9.90	11.75	10.22
Operating Margin (%)	10.13	11.91	12.61	14.53	14.89	16.30	16.61	14.35	17.49	15.04
Asset Turnover	1.32	1.57	1.74	1.92	2.07	2.12	1.77	1.80	1.65 @	2.05
Debt Equity Ratio	0.18	0.07	0.03	0.01	-	0.01	0.01	-	-	-
Current Ratio	1.93	1.53	1.40	1.24	1.32	1.22	1.34	1.49	1.78	1.85

+ PAT without Extraordinary Item Rs. 5651 Lakhs

Based on the enhanced capital & Sub-divided Face Value of Rs. 5 each

□ Includes special interim dividend of Rs. 4.00

* Without Revaluation Reserve

^ Based on Profit After Tax without Extraordinary Item

@ Annualised



NORTON GRINDWELL NORTON LTD.

DIRECTORS

(As on 17th May, 2011)

Mr. A. C. CHAKRABORTTI
(Chairman)

Ms. M-A. CHUPIN

Mr. J. T. CROWE

Mr. J-P. FLORIS

Mr. P. MILLOT

Mr. M. M. NARANG

Mr. S. SALGAOCAR

Mr. P. SHAH

Mr. J. A. J. PEREIRA
(Alternate to Ms. M-A. Chupin)

Mr. A. Y. MAHAJAN
(Managing Director)

DIRECTOR EMERITUS

Mr. N. D. SIDHVA

MANAGEMENT COMMITTEE

Mr. J. A. J. Pereira
(HR & Corporate Services)

Mr. K. K. Prasad
(Ceramics & Plastics)

Mr. M. A. Puranik
(Finance & IT)

Mr. M. Ramarathnam
(Projects & EHS)

Mr. N. Sreedhar
(Abrasives)

COMPANY SECRETARY
Mr. K. Visweswaran

Contents

Notice	2
Directors' Report	4
Management Discussion & Analysis Report	8
Report on Corporate Governance	12
Auditors' Certificate on Corporate Governance	18
Report of the Auditors	19
Balance Sheet	22
Profit & Loss Account	23
Schedules Forming Part of the Accounts	24
Cash Flow Statement	47
Information on Subsidiary Company	48
Auditors' Report on Consolidated Financial Statements	49
Consolidated Balance Sheet	50
Consolidated Profit & Loss Account	51
Schedules Forming Part of the Consolidated Accounts	52
Consolidated Cash Flow Statement	73

Bankers

Central Bank of India
Corporation Bank
ICICI Bank
State Bank of India

Auditors

Kalyaniwalla & Mistry,
Chartered Accountants

Registrars & Transfer Agents

TSR Darashaw Limited
6-10, Haji Moosa Patrawala
Ind. Estate,
20, Dr. E. Moses Road,
Mahalaxmi,
Mumbai - 400 011
Tel. No.: 022-6656 8484
Fax No.: 022-6656 8494

Registered Office

Leela Business Park, 5th Level,
Andheri-Kurla Road,
Marol, Andheri – East,
Mumbai - 400 059.
Tel. No.: 022-4021 2121
Fax No.: 022-4021 2102

Factories

1. Mora, Dist. Raigad, Maharashtra
2. Bangalore, Karnataka
3. Tirupati, Andhra Pradesh
4. Nagpur, Maharashtra
5. Bated, Dist. Solan, Himachal Pradesh

NOTICE

NOTICE is hereby given that the 61st Annual General Meeting of the Members of Grindwell Norton Limited will be held on Wednesday, 27th July, 2011 at 3.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai - 400 001 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the Auditors' Report and the Audited Balance Sheet and Profit and Loss Account, together with Schedules and Cash Flow Statement of the Company for the year ended 31st March, 2011.
2. To declare a dividend for the year ended 31st March, 2011.
3. To appoint a Director in place of Mr. P. Millot who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Ms. M-A. Chupin who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. J-P. Floris who retires by rotation and being eligible, offers himself for re-appointment.
6. To re-appoint M/s. Kalyaniwalla & Mistry, Chartered Accountants who are eligible for re-appointment as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

17th May, 2011

By Order of the Board

Registered Office :
Leela Business Park,
5th Level, Andheri-Kurla Road,
Marol, Andheri – East,
Mumbai - 400 059

K. VISWESWARAN
COMPANY SECRETARY

NOTES :

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- (b) **PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- (c) The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, 21st June, 2011 to Friday, 24th June, 2011 (both days inclusive).
- (d) As per the amended provisions of the Companies Act, 1956, the interim dividend remaining unclaimed or unpaid for the financial year ended 31st December, 2002 had been transferred to the Investor Education and Protection Fund (Fund) of the Central Government on 28th June, 2010. The unpaid dividend declared for the financial year ended 31st December, 2003 will be due for transfer to the Fund on or before 28th May, 2011. The Unpaid Dividend for all the subsequent years will be transferred to the Fund, on expiry of seven years from their respective dates of transfer to the 'Unpaid Dividend Account'. Members who have not yet realized the dividend declared for the year ended 31st December, 2004 and all subsequent financial years, are once again requested to make their claims immediately to the Company or to the Company's Registrars & Transfer Agents – TSR Darashaw Limited. (TSRDL).
- (e) The facility for making nomination is available to the Members in respect of the shares held by them.
- (f) All documents referred to in the Notice are open for inspection to the members at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on all working days upto the date of this Annual General Meeting.
- (g) (i) Copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copy of the Annual Report to the meeting.
(ii) Members desirous of seeking any further information about the accounts and/or operations of the Company are requested to address their queries to the Company Secretary of the Company at least ten days in advance of the meeting, so that the information, to the extent practicable, can be made available at the meeting.
(iii) Members holding shares in the same set of names under different Ledger Folios are requested to apply for consolidation of such folios along with relevant share certificates to TSRDL.
(iv) Members are requested to immediately intimate the change, if any, in their registered address to TSRDL.



ANNEXURE TO THE NOTICE

Notes on the directors seeking appointment/re-appointment, as required under Clause 49 of the Listing Agreement, entered into with Stock Exchanges.

ITEM NO. 3

Mr. P. Millot, a French national, is 47 years old and holds a Degree in Engineering. He joined Compagnie de Saint-Gobain (CSG) in 1996 and has gained rich experience in various fields. Presently, he is the President of the Ceramics Material division which is a part of the High Performance Materials (HPM) sector of CSG. Mr. P. Millot does not hold any equity share in Grindwell Norton Ltd.

ITEM NO. 4

Ms. M-A Chupin, a French National, is 54 years old and has done her Masters in Business Law and Labour Law. She joined CSG in 1979 and has rich experience in the legal field. Presently she is the Vice President – Legal Affairs for the HPM sector of CSG. Ms. M-A.Chupin does not hold any equity share in Grindwell Norton Ltd.

ITEM NO. 5

Mr. J-P Floris, a French National, is 62 years old and graduated as an engineer from the Ecole des Mines de Paris and holds a Master's degree in Mathematics from the University of Paris and a Master's degree in Economic Systems Planning from Stanford University. He joined CSG in 1996 and has rich experience in various fields. Currently he is the President of the Innovative Material Sector of CSG and Senior Vice-President of CSG. He is a Director on the Board of Saint-Gobain Glass India Limited. Mr. J-P Floris does not hold any equity share in Grindwell Norton Ltd.

17th May, 2011

Registered Office :
Leela Business Park,
5th Level, Andheri-Kurla Road,
Marol, Andheri – East,
Mumbai - 400 059

By Order of the Board

K. VISWESWARAN
COMPANY SECRETARY

DIRECTORS' REPORT

The Members,

Grindwell Norton Limited

Your Directors present the 61st Annual Report of the Company along with the Audited Balance sheet as at 31st March, 2011 and the Profit and Loss account for the financial year ended 31st March, 2011.

Financial Highlights

	Twelve Months ended 31st March, 2011	Fifteen Months Period ended 31st March, 2010
	(₹ crores)	
Net Sales	780.74	702.36
Operating Profit	125.97	122.56
Interest	0.28	0.25
Profit before Tax and Extraordinary Item	125.69	122.31
Extraordinary Item	-	7.72
Profit before Tax and after Extraordinary Item	125.69	130.03
Provision for Tax	40.06	42.52
Profit after Tax	85.63	87.51
Surplus Brought forward	50.00	35.00
	135.63	122.51
Appropriations:		
Proposed Dividend	33.22	33.22
Tax on Proposed Dividend	5.39	5.52
General Reserve	37.02	33.77
Surplus carried to Balance Sheet	60.00	50.00
	135.63	122.51

Responsibility Statement

Your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for that year;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

Operations

The year under review was an excellent one for your Company with net sales and profit before tax increasing by a record 39% and by 29% respectively on an annualized basis. The record increase in sales was partly due to the sustained growth of the economy, partly due to re-stocking and partly due to gains in market share. Margins in all businesses were under pressure as severe cost pushes could only be partially offset by price increases.

Dividend

Considering the good results, your Directors recommend a dividend of ₹ 6/- per equity share for the financial year ended 31st March, 2011. The dividend outgo on account of the dividend (excluding tax on dividend) will be ₹ 33.22 crores (previous 15-month period: ₹ 33.22 crores).

Abrasives

The Abrasives business registered an all-time high growth of 41% over the previous period (on an annualized basis). This was mainly due to increase in domestic demand (as most of the end user industries witnessed strong growth), higher sales of new products and in new markets and gains in market share. Higher volume and higher prices (increases effected from time to time) helped the business post a 16% growth in the Operating Profit over the previous 15-month period (45% growth on an annualized basis).

Ceramics & Plastics

Significant growth in Steel, Crucible and Metallurgical markets and improved availability of silicon carbide crude from your Company's subsidiary in Bhutan helped the Silicon Carbide business to grow in volumes by more than 40%. Steep increase in power cost adversely affected the profitability of the business. The High Performance Refractories business and the Performance Plastics business also registered strong growth with the introduction of new products and with the penetration of new markets even as business with the existing customers grew.

Subsidiary in Bhutan

In its first full year of operations, Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd. made a small operating profit.



In terms of the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, vide letter No. 47/107/2011-CL-III dated February 9, 2011 from Ministry of Corporate Affairs, copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of the subsidiary have not been attached with the Balance Sheet of the Company. However, these documents will be made available upon request by any member of the Company. As directed by the Central Government, the financial data of the subsidiary has been furnished under 'Financial Information of Subsidiary Companies', which forms part of the Annual Report. The Annual Accounts of the Company including that of subsidiary will be kept for inspection by any member. Further, pursuant to Accounting Standard (AS)-21 prescribed under the Companies (Accounting Standards) Rules, 2006, Consolidated Financial Statements presented by the Company include financial information of the subsidiary Company.

Future Prospects

The Indian economy is expected to witness sustained growth in 2011-12, though industrial growth may be moderate. The rise in input prices and inflation, in general, are the main concerns. Your Company is well positioned to benefit from growth. With record volume growth in 2010-11, in some businesses, capacities have become a constraint. Your Company will step up its capital expenditure plans in the current year.

Environment, Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo

Your Company is committed to ensure a clean and green, pollution free environment as well as healthier and safer work place at all plant locations and work sites. All the plants of your Company are certified under ISO 14001:2004 as well as OHSAS 18001:1999. These Certifications are in recognition of the sustained efforts of your Company in-improving Environment, Health and Safety at all its sites.

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo as required in the prescribed format is annexed (Annexure A) and forms part of this Report.

Fixed Deposits

At present your Company does not accept any fixed deposits.

Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent excluding the statement containing the particulars to be provided under Section 217(2A) of the

Companies Act. Any member interested in obtaining such particulars may write to the Company at its Registered Office.

Management Discussion & Analysis Report and Report on Corporate Governance

The Management Discussion and Analysis Report and the Report on Corporate Governance along with a Certificate dated 17th May, 2011, of the Auditors of your Company, regarding the compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are annexed (Annexure B) and form part of this Report.

Directors

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Ms. Marie-Armelle Chupin, Mr. Jean-Pierre Floris and Mr. Patrick Millot retire by rotation and, being eligible, offer themselves for re-appointment as Directors of your Company.

Auditors

M/s. Kalyaniwalla & Mistry, Chartered Accountants, (Registration No.104607W), Auditors of your Company, retire on the conclusion of 61st Annual General Meeting. You are requested to appoint Auditors for the current financial year and to fix their remuneration. The retiring Auditors, M/s. Kalyaniwalla & Mistry, Chartered Accountants are eligible for re-appointment.

Employee Relations

Your Directors place on record their appreciation of the contribution made by all the employees in the progress of your Company. Employee Relations were generally cordial at all units of the Company. As at the year-end, there were 1594 employees.

Acknowledgments

Your Directors take this opportunity to acknowledge with sincere gratitude, the support of its esteemed customers, the strength it derives from its association with Compagnie de Saint-Gobain and a number of its subsidiaries (in particular, Saint-Gobain Abrasives Inc.), the continued support and co-operation from its Bankers and the loyalty of the large family of the Company's Dealers, Suppliers and valued Shareholders.

On behalf of the Board of Directors,

A. C. CHAKRABORTTI
CHAIRMAN

A. Y. MAHAJAN
MANAGING DIRECTOR

Mumbai: 17th May, 2011

ANNEXURE A TO THE DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY:

Various energy conservation initiatives viz. improved combustion efficiency, optimization of power distribution system were completed during the year ended 31st March, 2011.

Form A for disclosure of particulars with respect to Conservation of Energy:

Various energy conservation initiatives were completed during the year ended 31st March, 2011.

Form A for disclosure of particulars with respect to Conservation of Energy :

Product: Refractories

	For the Year Ended 31st March, 2011	For the Fifteen Months Period Ended 31st March, 2010
A. Power and Fuel Consumption :		
1. ELECTRICITY		
(a) Purchased :		
Units	1314149	1361194
Total Amount (₹ Lacs)	68.4	67.7
Rate/Unit ₹	5.2	5.00
(b) Own Generated		
(i) Through diesel generators :		
Units	191631	64435
Units per Ltr. of diesel	3.28	3.23
Cost/Unit (₹)	11.30	12.85
(ii) Through Steam turbine/generator	NIL	NIL
2. FUEL OIL		
Quantity (K.ltrs.)	1210	1045
Total amount (₹ Million)	35.18	27.62
Average rate (₹)	29077	26431
B. Consumption per unit of production :		
Electricity KWH/TON	488	616
Fuel oil KL/TON	0.39	0.45



Form B for disclosure of particulars with respect to Technology Absorption :

Research & Development (R&D) :

1. Specific areas in which R&D was carried out by the Company:

- (a) Abrasives: Grains, Bonded, Coated, Super Abrasives & Non-Woven.
- (b) Ceramics: Refractories and Monolithics.

2. Benefits derived as a result of the above R&D :

(a) Abrasives :

Development of :

- High performance wheels for Stainless Steel grinding;
- New products for cutting & grinding in the economy segment of the market;
- Norton QUANTUM wheels for Precision grinding in Steel, Auto & Bearing industry;
- Speciality bond giving higher life in Rice polishing wheels.

Improvements in :

- Product quality consistency in grinding disc;
- Product safety and quality in resin bonded products.

(b) Ceramics :

Development of :

- Lav Setter surface finish
- Armor plate for export market
- Ramming masses for Steel Coreless Induction furnaces
- Gunning Castable for foundries

Improvements in :

- Environment and Industrial Hygiene.

3. Future plans of action :

- (a) Technology adaptation from Saint-Gobain Abrasives companies and other Saint-Gobain plants in identified priority areas, for development of new and improved products.
- (b) Development and utilization of advanced tools facilitated with enhanced grinding system solutions at the customer's end.

4. Expenditure on R&D for the period ended 31st March 2011 :

	₹ Lacs
(a) Capital	Nil
(b) Recurring	146.26
(c) Total	146.26
(d) Total R&D expenditure as a percentage of total turnover	0.19%

Technology absorption, adaptation and innovations :

Your Company believes that technology absorption, adaptation and innovations is an on-going process. All through the year, through various visits and interactions with the Saint-Gobain R&D Centres, as well as other manufacturing locations, your Company has kept itself informed on the latest trends in technology related to the abrasives field. This has helped your Company to continuously improve the manufacturing processes, improve efficiencies, and develop new products. Through all this, your Company has been able to improve the product-service package provided to the customers.

Disclosure of particulars with respect to Foreign Exchange earnings and outgo :

Total earnings in foreign exchange for the period ended 31st March 2011 was ₹ 83.09 crores and the total outflow was ₹ 261.03 crores. Details are given in Schedule 12.

ANNEXURE C TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION & ANALYSIS REPORT

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

GENERAL REVIEW

Grindwell Norton Limited (GNO) is one of the subsidiaries of Compagnie de Saint-Gobain (Saint-Gobain), a transnational Group, with its headquarters in Paris and with sales of € 40.12 billion in 2010. Saint-Gobain's businesses fall into five broad sectors of activity: Construction Products, Flat Glass, Packaging, Building Distribution and High Performance Materials. GNO's businesses are a part of the High Performance Materials sector of activity. In GNO, the businesses are divided into two Segments :

1. Abrasives
2. Ceramics & Plastics

BUSINESS ENVIRONMENT

The year under review saw demand buoyancy and sustained growth in most sectors of the economy. Re-stocking also contributed to the demand and volume growth in 2010-11. Recent months have seen a moderation of growth in certain sectors; this is partly due to the high base effect. Looking ahead, while overall economic growth is expected to be sustained, some sectors may witness a slowdown in the first half of 2011-12. The main concern is inflation, in general, and the continuous rise in input prices, in particular.

ABRASIVES SEGMENT REVIEW

The major sectors of activities within the Abrasives segment are Bonded Abrasives (including Thin Wheels), Coated Abrasives (including Non-Woven), and Super Abrasives.

Product & Plants

Bonded Abrasives, most commonly in the form of wheels but also in other shapes such as segment, sticks etc., are used for various applications ranging from polishing or lapping to removing high quantities of materials.

Bonded Abrasives are used in precision applications such as lapping, honing, super-finishing, race grinding, thread grinding, fluting, OD grinding, ID grinding, surface grinding etc. They are also used in rough applications such as snagging, cutting-off, burr removal, weld preparation etc. Bonded Abrasives are used by a very large number of users. The variety is very high. GNO makes over 15000 different products in a year.

Super Abrasives are made of diamond (synthetic or natural) or cubic boron nitride and are used in precision applications.

Coated Abrasives products are engineering composites comprising backing, bond system and abrasive grains and are designed for material removal and surface generation.

Coated Abrasives products are available in various shapes like discs, belts, rolls etc. to suit a wide gamut of applications.

Being a large manufacturer of coated abrasives, GNO offers the widest range of indigenously made products – conventional Coated Abrasives (fiber discs, rolls, belts, specialties, etc.) and Non-Woven abrasives. GNO also brings the Indian market, certain special products imported from various Saint-Gobain affiliate companies around the world. GNO has always been at the forefront in introducing technologically advanced indigenous products.

The Abrasives business has four manufacturing sites: Mora (near Mumbai), Bangalore, Nagpur and Bated in Himachal Pradesh. All the sites are certified under ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:1999.

Industry

The Abrasives Industry currently has two major players, one of which is GNO. GNO has a leadership position in several product-market segments. Apart from the major players in the market, there are a few medium sized players and many small local players. Besides, imports from China are present in many categories, particularly, at the low end. Some of the players from Europe and Japan have marketing networks to service mainly the precision grinding market. In the case of Coated Abrasives, some international players have set up conversion facilities. Also power tool makers are now focussing on developing their accessories business which includes Thin Wheels and some Coated Abrasives.

The market, over a period of time, has become price sensitive. Key success factors are quality, cost, service and capability to provide total grinding solutions.

Development & Outlook

Saint-Gobain is the world leader in Abrasives. Leadership is based on a strong product portfolio, a strong R&D set-up with projects in both basic and applied areas and global reach, with plants and marketing/sales organizations all over the world. GNO benefits from being a part of such an organization, in terms of access to all developments in products and process technology, sourcing of products and development of exports.

The year under review witnessed buoyant domestic demand (as many end-users, led by Auto, registered double-digit growth) resulting in significant increase in volumes. Besides market growth, a part of the volume increase was on account of re-stocking. Export markets remained subdued. Several new products were introduced during the year even as inroads were made into new markets. Overall, sales grew by



41% over the previous period (on an annualized basis). Besides volume increases on account of market growth, higher prices and gains in market share contributed to the record increase in sales. The other defining feature of the year was the high inflation led by the rise in input prices (raw materials and energy, in particular) and the resultant, pressure on margins. The business succeeded in improving price realization during the year; this partially offset the impact of the high cost increases.

During the year under review, the Abrasives business launched a major initiative called "The Next Level" aimed at building a Customer-Centric organization which will strive to provide Innovative Solutions, Consistent Quality and Best-in-Class Service. Besides, GNO (along with other Group companies) has taken steps to implement a World Class Manufacturing programme across all its sites. In addition, systematic efforts have been made to improve safety standards and plant operating conditions.

Looking ahead, even though there may be a slowdown in some sectors in the early part of the year, overall, the economy should see sustained growth. Besides growing volumes, the business will focus on increasing prices to combat rising costs. Implementing major capacity expansion programmes will be a priority.

Risks & Concerns

1. Industry, Market, Technology & Competition :

- (i) **Industry & Market :** The Abrasives business caters to a number of industries such as Steel, Automobiles, Auto Components, General Metal Fabrication and Woodworking. The dependence on any single industry segment is less than 15%. Demand for abrasive products can get affected if all sub-segments of the industry perform badly at the same time. Normally, this happens in an economic slowdown. In order to minimize the impact of such a downturn, GNO has been putting in efforts to develop export markets. Over the years, exports have grown and now account for nearly 10% of total abrasives sales. These sales are not concentrated in any single country, but are spread over 32 countries. Within India, sales are spread across 11 branch offices located across all parts of India, without any single branch having a very high weightage. Similarly, there are a number of large customers serviced directly and several dealers for servicing small and medium customers. The largest customer accounts for less than 2% of the total sales and the largest dealer accounts for less than 3% of the total sales.
- (ii) **Technology :** Abrasives have been used over a very long period of time and technological changes in terms of applications are gradual. Since India typically lags in these, GNO knows likely changes much before they reach India, which enables GNO to

be prepared well in-time. Saint-Gobain is the World Leader in Abrasives. It has a very strong Research and Development (R&D) set up in USA with regional R&D centers located elsewhere. Both basic and applied research takes place at these R&D centers. GNO has access to all the research and technology developments.

- (iii) **Competition:** The entry of global players in Bonded and Coated, as well as substantial expansion and modernization by key local competitors is and will continue to be a challenge. The competition from Imports will further increase with reduction in import duties and more international players entering the market as the Indian economy grows rapidly. This necessarily means that, on the one hand, the Business must be cost-competitive and, on the other, it must offer products, services and solutions, that fully meet the customers' expectations.

CERAMICS & PLASTICS SEGMENT REVIEW:

The major businesses in this segment are:

- (i) Silicon Carbide;
- (ii) High Performance Refractories

GNO also converts and sells a range of Performance Plastics products.

(i) SILICON CARBIDE

Product & Plant

Silicon Carbide grains are used primarily as raw material in the manufacture of abrasives, refractories and for stone polishing. Silicon Carbide is manufactured at Tirupati in Andhra Pradesh. The Tirupati Plant is certified under ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:1999. Silicon Carbide is also manufactured by your Company's subsidiary, Saint-Gobain Ceramic Materials Bhutan Ltd., at its plant near Phuentsholing in Bhutan.

Industry

In the domestic market there are three major players (including GNO) of Silicon Carbide. GNO is the market leader. This market is also catered to by imports, mainly from China. The key requirements for success in the industry are quality and cost competitiveness. Entry barriers are high by way of capital investment and technology.

Development & Outlook

The Silicon Carbide business had a good year with strong growth in volumes. Margins, however, were squeezed on account of a significant increase in the prices of petroleum coke and electricity. Looking

ahead, the business is expected to see improved demand conditions driven by increased growth in the Steel and Crucible industry. With the demand picking up in the global market – driven primarily by the high growth silicon wafering market catering to the Solar PV market - there is shortage in SiC crude availability. With input prices continuing to rise, improving price realization will be a priority for the business.

GNO will invest in its subsidiary in Bhutan for setting up a processing plant for producing grains during the current year.

(ii) HIGH PERFORMANCE REFRACTORIES (HPR)

Product & Plant

Refractories are used for processing ferrous and non-ferrous metals and as kiln furniture to fire ceramic wares. They are also used as filtering media. GNO manufactures mostly silicon carbide refractories. GNO offers complete solution with expertise in design, engineering and manufacturing refractory systems for most of the demanding, high temperature and wear applications. The plant is located at Bangalore, Karnataka and is certified under ISO 9001: 2000, ISO 14001: 2004 and OHSAS 18001:1999.

Industry

The main customers are the Ceramic industry, Metallurgy – non-ferrous (Copper and Aluminium), foundry and iron & steel, Energy and Heat treatment, Wear resistant and Armor. In the domestic market there are two major manufacturers (including GNO) for silicon carbide refractories. The key requirements for success in the industry are technology and consistency in quality. Manufacturing is relatively capital intensive. This and technology, are the barriers to entry.

Development & Outlook

In 2010-11, the business had significant growth in Wear Resistant applications and in the Foundry market. The Ceramic and Energy markets are back to growth but with lesser number of new projects and more of replacement business. There were no new blast furnace projects during the year. In 2011-12, the Foundry segment will continue to be a major driver for growth. Investments in power and metallurgical industries, especially, Blast Furnace will be driving the growth in Metallurgy and WRT market segments. From a low base, export growth into SAARC countries and Middle East markets will also provide additional volumes.

The business is in the process of setting up a greenfield project near Vadodara, Gujarat. The new plant will mean a significant addition in terms of capacity and

capability and will enable the business to address a number of growth opportunities, especially in the area of Metallurgy. Commercial production is expected to start near the end of the current financial year.

Risks and Concerns

- (i) **Industry & Market** : Ceramics & Plastics products cater mainly to Construction, Automotive, Abrasive and Refractory segments. Each of these segments contain several different customers. In Abrasives and Refractories, our own divisions (affiliates) are also major consumers. With the growth in the Iron and Steel sector, the requirements of Refractories are expected to grow and this will be a good opportunity to accelerate GNO's growth. Construction sector, in general, has very little linkage with the other two sectors, which makes the overall sectoral portfolio more balanced. In addition, many smaller customers are serviced through distribution channels.
- (ii) **Technology** : The technology of manufacturing Silicon Carbide has had very little change worldwide, since the present process was started. As for the increased use of Silicon Carbide in India, the technological changes needed at some of the user industry segments is still coming in, but gradually. GNO has full access to information on the global developments in these areas through Saint-Gobain's global presence and also has access to all the research and technology developments undertaken by Saint-Gobain in this regard. This helps GNO to be better prepared to influence these changes in India than any of its competitors.

2. Financial :

GNO's financial management has always been governed by prudent policies, based on conservative principles. Currently, GNO is a debt-free Company. GNO's foreign currency exposure on account of imports and exports has been appropriately covered. GNO has well defined and structured treasury operations, with the emphasis on security.

3. Legal and Statutory :

- (i) Contingent liabilities: Details of Contingent liabilities are given in Schedule 12.
- (ii) Statutory compliance: GNO ensures statutory compliance of all applicable laws and is committed to timely payment of all statutory dues.

HUMAN RESOURCES

In 2010-11, GNO's focus continued to be on building the organisation through the induction and development of talent



to meet current and future needs. The economic revival witnessed in 2010 has led to a rise in attrition levels. This will continue in 2011 and efforts to retain talent and skills will be a priority.

GNO will continue to invest in training people in Environment, Health and Safety and World Class Manufacturing and to provide an environment in which employees can give their best and realize their full potential.

OVERALL PERFORMANCE

For the year ended 31st March 2011, GNO sales have increased by over 39% on an annualized basis. Despite a significant increase in volumes and improved price realization, margins came under pressure in most businesses and, hence, the increase in operating profit was 28% on an annualized basis.

INTERNAL CONTROL SYSTEMS

GNO has an effective internal control environment which ensures that operations are executed efficiently and effectively, assets are safeguarded, regulatory requirements are complied with

and transactions are recorded after appropriate authorizations. The Company's strong and independent Internal Audit function performs regular audits. The internal controls are constantly upgraded based on internal audit recommendations. Every quarter, the significant audit findings, the corrective steps recommended and its implementation status are presented to the Audit Committee.

SEGMENTAL FINANCIALS

GNO has identified two segments in line with the Accounting Standard on Segment Reporting (AS-17). The segments are Abrasives and Ceramics & Plastics. Details of Segmental financials are given in Schedule 12.

CAUTIONARY STATEMENT

The Management Discussion and Analysis Report contains some forward looking statements based upon the information and data available with the Company, assumptions with regard to global economic conditions, the government policies etc. The Company cannot guarantee the accuracy of assumptions and perceived performance of the Company in future. Hence it is cautioned that the actual results may differ from those expressed or implied in this report.

ANNEXURE C TO THE DIRECTORS' REPORT (Continued)

REPORT ON CORPORATE GOVERNANCE

(As required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

1. CORPORATE GOVERNANCE AT GRINDWELL NORTON LIMITED (GNO)

GNO, a member of the 'Saint-Gobain' group, is committed to the highest standards of fair, ethical and transparent governance practices. The corporate governance policies followed by GNO are intended to ensure transparency in all dealings. The Company recognizes the importance of strong corporate governance which is an important mechanism of investor protection.

2. BOARD OF DIRECTORS

Composition

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Board comprises nine Directors, headed by a Non-Executive Independent Chairman. As on date, the Board comprises a Managing Director and eight Non-Executive Directors

out of whom three are independent. The Board represents an optimal mix of professionalism, knowledge and experience. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

Meetings of the Board

During the year ended 31st March, 2011, five Board Meetings were held. The dates on which the said meetings were held are as follows:

18th May, 2010, 29th July, 2010, 29th October, 2010, 10th December, 2010, 25th January, 2011.

None of the Director holds directorships in more than 15 public limited companies and neither hold membership of more than 10 committees of Board nor is a Chairman of more than 5 committees of Board. Details of attendance of each Director at the Board Meetings during the year and at the last Annual General Meeting (AGM) as also number of Directorships and Memberships/Chairmanships of Committees as on 31st March, 2011 are as follows:

Name of the Director	Category of Director	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships held	No. of Committee membership positions held	No. of Committee Chairmanship
Mr. A. C. Chakrabortti	Chairman – Non-Executive (Independent)	5	Yes	11	7	3
Ms. M. A. Chupin (Mr. J. A. J. Pereira# appointed as Alternate Director)	Non-Executive	4	Yes	Nil	Nil	—
Mr. J. T. Crowe	Non-Executive	1	No	Nil	Nil	—
Mr. O. Duval ^(a)	Non-Executive	Nil	No	N.A.	N.A.	—
Mr. J-P Floris	Non-Executive	Nil	No	1	Nil	—
Mr. A. Y. Mahajan	Managing Director	5	Yes	7	5	3
Mr. P. Millot	Non-Executive	Nil	No	Nil	Nil	—
Mr. M. M. Narang	Non-Executive	2	Yes	Nil	Nil	—
Mr. B. S. Raut ^(b)	Non-Executive (Independent)	2	No	N.A.	N.A.	—
Mr. S. Salgaocar	Non-Executive (Independent)	5	Yes	1	1	1
Mr. P. Shah	Non-Executive (Independent)	5	Yes	14	8	2

(a) Resigned as Director w.e.f. 30th July, 2010.

(b) Resigned as Director w.e.f. 29th July, 2010.

Mr. J. A. J. Pereira has been appointed as an Alternate Director to Ms. M-A Chupin. He holds directorships in 2 Companies and is member of 3 Committees.

- None of the above Directors are related inter-se.
- None of the Directors hold the office of director in more than the permissible number of companies under the Companies Act, 1956. Also, the Committee Chairmanships/ Memberships are within the limits under Clause 49 of the Listing Agreement.
- Directorship includes public limited companies, listed or not, excluding GNO and does not include private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956.
- The information related to Committee positions held as stated above, pertains to the Audit Committee and Shareholders/Investors Grievance Committee in accordance with the provisions of Clause 49 of the Listing Agreement.
- Membership of Committees includes Chairmanship, if any.



3. AUDIT COMMITTEE

The Audit Committee of the Board of Directors was constituted in 2001 and as on 31st March, 2011, comprises three directors, two independent and the Managing Director. The composition of the Audit Committee is as under:

Mr. A. C. Chakrabortti	Chairman
Mr. P. Shah	Member
Mr. A.Y. Mahajan	Member

The Chairman of the Committee, Mr. A.C. Chakrabortti, an independent Director is a fellow member of the Institute of Chartered Accountants of England & Wales and fellow member of the Institute of Chartered Accountants of India. He has over 45 years of experience in the field of Accounts and Finance. The members of the Committee are well versed in finance matters, accounts and general business practices. The Executive Director – HR & Corporate Services, Vice-President – Finance & IT, Internal Auditor and the Statutory Auditors are invitees of the Committee. The Company Secretary acts as the Secretary to the Audit Committee.

The Audit Committee held four meetings during the year ended 31st March, 2011 on 18th May, 2010, 29th July, 2010, 29th October, 2010, 25th January, 2011.

The attendance of each Member of the Committee is given below:

Name of Director	No. of Meetings attended
Mr. A. C. Chakrabortti	4
Mr. B. S. Raut ¹	2
Mr. P. Shah ²	2
Mr. A. Y. Mahajan	4

¹ Ceased to be director w.e.f. 29th July, 2010.

² Appointed as member of the Committee w.e.f. 29th July, 2010.

Minutes of the Audit Committee Meetings are circulated to the members of the Board, discussed and taken note at the next board meeting of the Company.

The terms of reference of the Audit Committee are in consonance with revised Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956, and are as under:

1. Oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

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 before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - (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 judgement 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) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 - 5A. 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.
6. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
7. 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.
8. Discussion with internal auditors, any significant findings and follow up there on.
9. 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.

10. 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.
11. 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.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
 - 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function, as is mentioned in the terms of reference of the Audit Committee.

4. REMUNERATION OF DIRECTORS

The remuneration policy is performance driven and directed to motivate towards excelling in performance, recognize contributions, retain talent and reward performance. It is aimed at attracting and retaining high caliber talent. The components of the remuneration vary for different grades and are governed by industry pattern, qualifications, experience, responsibilities handled, individual performance, etc. The Company has an incentive plan which is linked to performance and achievement of the Company's objectives.

The Company has no stock option scheme.

The details of remuneration of Directors, for the year ended 31st March, 2011 is given below:

Executive Directors

All elements of remuneration package i.e. salary, benefits, perquisites, profit commission, pension etc.
Mr. A.Y. Mahajan – ₹ 288.59 Lacs
Mr. J.A.J. Pereira – ₹ 118.75 Lacs
Fixed component and performance linked incentives along with the performance criteria
Fixed component is paid as Salary and other perquisites. In addition, a profit commission, wherever applicable, is paid within the maximum ceiling on remuneration, based on certain pre-agreed performance parameters.
Stock option with details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable
Presently, the Company does not have a scheme for grant of stock options either to the Managing Director or any other employees.

Non-Executive Directors

The Non-Executive Directors other than nominees of Compagnie de Saint-Gobain (CSG), are paid sitting fee of ₹ 5,000/- per meeting of Board or its Committees.

The shareholders of the Company at the 58th Annual General Meeting held on 24th April, 2008, have approved payment of Commission upto 1% of the net profits of the Company to its Non-Executive Directors other than nominees of CSG, for a period of five years commencing from 1st January, 2009, except for the Non-Executive Directors who are nominees of CSG.

The details of sitting fees and commission paid/payable to Non-Executive Directors for are as follows :

Non-Executive Directors	Sitting Fees (₹ Lacs)	Profit Commission (₹ Lacs)*	Total (₹ Lacs)
Mr. A. C. Chakrabortti	0.45	16.67	17.12
Mr. B.S. Raut ⁽¹⁾	0.25	0	0.25
Mr. S. Salgaocar	0.30	8.33	8.63
Mr. P. Shah	0.40	8.33	8.73
Mr. M. M. Narang	0.10	21.99	22.09

* Profit Commission to be decided.

⁽¹⁾ Resigned as Director w.e.f. 29th July, 2010.

Pecuniary relationship or transactions of Non-Executive Directors vis-à-vis the Company

The Non-Executive Directors of the Company do not have any pecuniary relationship or transactions with the Company other than payment of sitting fees for attending the Board and Committee meetings.

Mr. M. M. Narang is a member of the Promoters' Group. Mr. J.T. Crowe, Mr. Jean-Pierre Floris, Mr. P. Millot and Ms. M.A. Chupin are employees of CSG which is the ultimate holding company of Grindwell Norton Limited.

Equity shareholding of the Non-Executive Directors in the Company as on 31st March, 2011

Other than Mr. M. M. Narang, who holds 331500 equity shares, no other Non-Executive Director holds any shares in the Company.

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders/Investors Grievance Committee consists of four directors of the Company, viz., Mr. S. Salgaocar, Mr. J. A. J. Pereira, Mr. A.Y. Mahajan and Mr. M. M. Narang. Mr. S. Salgaocar, Non-Executive Independent Director heads the Committee. The Committee has delegated powers to Mr. A. Y. Mahajan and Mr. J. A. J. Pereira, to consider inter-alia, share transfers, issue of duplicate share certificates, investor complaints, etc. every fortnight or at frequent intervals.



Mr. K. Visweswaran – Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with Stock Exchanges. The Company has appointed M/s. TSR Darshaw Limited to act as Registrar and Transfer Agents of the Company.

During the year, the Committee met twice on 29th July, 2010 and 25th January, 2011.

During the year 2010-11, few complaints were received from shareholders/investors regarding transfer of shares, non-receipt of dividend etc. All complaints have generally been solved to the satisfaction of the complainants.

6. GENERAL BODY MEETINGS

(a) Details of venue, date and time of the last three Annual General Meetings (AGM) held :

Date	Time	Venue
24th April, 2008	2:30 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai 400 001.
28th April, 2009	3:30 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai 400 001.
29th July, 2010	3.00 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai 400 001.

(b) Special Resolutions passed at last three AGMs :

Date of Annual General Meeting	Special Resolutions passed
24th April, 2008	Authorization to pay a commission to the non-whole-time directors (excluding the directors who are nominees of CSG or its subsidiaries) be paid, to be divided among them in such manner as the Board of Directors (the Board), may from time to time determine, of such amount not exceeding one percent of the net profits of the Company, computed in the manner prescribed under the provisions of the Companies Act, 1956, for a period of not more than five years commencing from 1st January, 2009.

Date of Annual General Meeting	Special Resolutions passed
28th April, 2009	Amendment to old Article 141 of Articles of Association amending the casting vote of Chairman by adding a new clause stating that 'Questions arising at any meeting of the Board shall be decided by a majority of votes. In case of equality of votes, the Chairman of any meeting shall not have a second or casting vote.'
29th July, 2010	None

(c) Passing of Resolutions by Postal Ballot :

During the year, the Company received approval of the Members, by postal ballot for the following resolutions:

No.	Particulars of resolution
1.	Special Resolution for alteration in Object Clause of Memorandum of Association by insertion of new sub-clause 55.
2.	Special Resolution for authorization to the Board of Directors to commence the new business.
3.	Ordinary Resolution for re-appointment of Mr. A. Y. Mahajan as Managing Director for a period of five years commencing from 1st April, 2011.

Mr. H. R. Thakur a Practicing Company Secretary had been appointed as Scrutinizer for conducting Postal Ballot process in a fair and transparent manner. The Company had complied with the procedures for Postal Ballot in terms of the provision of Section 192A of the Companies Act, 1956 as well as Companies (Passing of Resolution by Postal Ballot) Rules, 2001, as amended thereto from time to time.

The details of the voting pattern are as under :

Particulars of Resolution	Type of resolution	% of votes cast in favour
Alteration in Object Clause of Memorandum of Association by insertion of new sub-clause 55	Special	98.60
Authorization to the Board of Directors to commence the new business	Special	98.60
Re-appointment of Mr. A. Y. Mahajan as Managing Director for a period of five years commencing from 1st April, 2011	Ordinary	98.60

No Special Resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting.

7. DISCLOSURES

(a) **Materially significant related party transactions :**

There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large. Transactions with related parties as per the requirements of Accounting Standard-18 are disclosed in Schedule 12 of this Annual Report and they are not in conflict with the interest of the Company.

(b) **Compliance :**

The Company has complied with the requirements of Stock Exchanges, Securities and Exchange Board of India and other statutory authorities on all matters relating to capital markets and no stricture/penalty was imposed on the Company during the last 3 years.

(c) **Whistle Blower Policy :**

The Company believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In order to provide a secure environment and to encourage employees of the Company to report unethical, unlawful or improper practices, acts or activities, the Company has adopted a Whistle Blower policy.

(d) **Mandatory and Non-Mandatory requirements :**

The Company has complied with all mandatory requirements. As regards non-mandatory requirements, the Board has noted the same and shall consider adopting the same as and when it deems fit.

8. MEANS OF COMMUNICATION

Half Yearly Report

Whether Half-yearly report sent to each household of Shareholders – No.

The results of the Company are published in the Newspapers and displayed on Company's website as well as EDIFAR site of SEBI.

Quarterly Results

In which newspapers the financial results are normally published

- (i) Economic Times – Mumbai edition
- (ii) Maharashtra Times – Mumbai edition

Website(s):

Any website(s) where financial results are displayed
<http://www.grindwellnorton.co.in>

Whether it also displays the official news releases and the presentations made to Institutional Investors and Analysts

No

Whether Management Discussion and Analysis (MD&A) is a part of annual report or not

Yes

9. GENERAL SHAREHOLDERS' INFORMATION

AGM: 61st Annual General Meeting

Date: Wednesday, 27th July, 2011

Time: 3.00 p.m.

Venue: M.C. Ghia Hall,
 Bhogilal Hargovindas Building,
 18/20, Kaikushru Dubash Marg,
 (Rampart Marg),
 Mumbai - 400 001.

Calendar of Financial Results for 2011-12

- (i) First Quarter Results – July, 2011
- (ii) First Half Results – October, 2011
- (iii) Third Quarter Results – January, 2012
- (iv) Results for the year ending 31st March, 2012 – May, 2012

Dates of Book Closure

Tuesday, 21st June, 2011 to Friday, 24th June, 2011
 (both days inclusive)

Date of payment of Dividend

On or after 1st August, 2011.

Listing on Stock Exchange(s)

Bombay Stock Exchange Limited

National Stock Exchange of India Limited

The annual listing fees of Bombay Stock Exchange Limited and National Stock Exchange of India Limited have been paid for the year 2010-2011.

BSE-Stock Code

Physical – 506076

NSE – Symbol

Physical – GRINDWELL

ISIN FOR NSDL/CDSL

INE536A01023

Distribution of Shareholdings and Shareholding Pattern as on 31st March, 2011

Please see Annexure '1'



Market Price Data: High, Low during each month in the last financial year

Please see Annexure '2'

Performance in comparison to BSE Sensex (broad based index)

Please see Annexure '2'

Share Transfer System

All the transfers are processed by TSR Darashaw Limited and approved by the Share Transfer Committee of Directors which normally meets twice in a month.

Dematerialisation of shares and liquidity

41.15% of the paid-up capital has been dematerialised as on 31st March, 2011.

Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity

Not issued.

Promoters' Groups :

- I. Indian Promoters:
 - Mr. N. D. Sidhva & Family
 - Mrs. V. A. Mahajan & Family
 - Mrs. K. M. Narang & Family
- II. Foreign Promoters (Collaborators) :
 - (a) Saint-Gobain Abrasives Inc., USA.
 - (b) Societe de Participations Financieres et Industrielles, France.
- III. Other Saint-Gobain Group Companies in India:
 - (a) Saint-Gobain Crystals & Detectors India Limited.
 - (b) Saint-Gobain Glass India Limited.
 - (c) Saint-Gobain Gyproc India Limited (formerly India Gypsum Limited).
 - (d) Saint-Gobain India Foundation (Section 25 Company).
 - (e) Saint-Gobain Norpro India Private Limited (under liquidation).
 - (f) Saint-Gobain Sekurit India Limited.
 - (g) Saint-Gobain Seva Engineering India Limited.
 - (h) SEPR Refractories India Limited.
 - (i) L.M. Van Moppes Diamond Tools India Private Limited.
 - (j) Accuramech Industrial Engineering Private Limited.

Address for correspondence :

Mr. K. Visweswaran – Company Secretary
 Leela Business Park, 5th Level, Andheri-Kurla Road,
 Marol, Mumbai - 400 059.
 Tel. 022-4021 2121 Fax. 022-4021 2102

Annexure '1'

The Distribution of Shareholdings as on 31st March, 2011

No. of equity shares held	No. of Holders	% to Total Holders	No. of Shares	% of Total Shares
Upto 250	8098	61.61	954143	1.72
251 to 500	3156	24.01	1250525	2.26
501 to 1000	957	7.28	762227	1.38
1001 to 5000	657	5.00	1413996	2.55
5001 to 10000	111	0.84	828634	1.50
10001 to 100000	114	0.87	3617462	6.53
100001 and above	51	0.39	46533013	84.06
Grand Total	13144	100.00	55360000	100.00
No. of Shareholders in Physical Mode	2606	19.83	30513347	55.12
No. of Shareholders in Electronic Mode	10538	80.17	24846653	44.88

Shareholding Pattern as on 31st March, 2011

Category	No. of Shareholders	No. of Shares	%
Promoters:			
Foreign	2	28414000	51.33
Indian	39	4044030	7.31
Insurance Companies & Banks	8	181800	0.32
UTI & Mutual Funds	13	4281072	7.73
NRIs, OCBs and FIIs	164	1156648	2.09
Domestic Companies	269	1731325	3.13
Resident Individuals	12649	15551125	28.09
Total	13144	55360000	100.00

Annexure '2'

Market Price Date: GNO & Sensex:- High - Low

Period	High (₹)	Low (₹)	Sensex High	Sensex Low
Apr-10	200.40	166.35	17970.02	17380.08
May-10	204.40	184.80	17386.08	16022.48
Jun-10	208.75	188.45	17876.55	16572.03
Jul-10	210.40	200.65	18130.98	17441.44
Aug-10	219.05	205.05	18454.94	17971.12
Sep-10	228.65	208.05	20117.38	18205.87
Oct-10	231.30	214.20	20687.88	19872.15
Nov-10	223.85	209.65	21004.96	19136.61
Dec-10	243.20	216.05	20509.09	19242.36
Jan-11	248.65	219.95	20561.05	18327.76
Feb-11	231.05	204.30	18506.82	17463.04
Mar-11	225.00	211.00	19445.22	17839.05

10. OTHER INFORMATION

(a) CEO/CFO certification:

Pursuant to the provisions of sub-clause V of the revised Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director (CEO) and the Vice President – Finance & IT (CFO) have issued a certificate to the Board of Directors, for the financial year ended 31st March, 2011.

(b) Risk Management framework:

The Company has laid down procedures to inform the Board members about the Risk Assessment and minimization procedures. These procedures shall be periodically reviewed and further improvements, if any, suggested by the executive management shall be implemented.

(c) Code of Conduct:

The Company has laid down a code of conduct for all Board Members and Senior Management Personnel

of the Company. The code of conduct is available on the website of the Company.

11. DECLARATION BY THE MANAGING DIRECTOR UNDER REVISED CLAUSE 49 OF THE LISTING AGREEMENT REGARDING COMPLIANCE WITH CODE OF CONDUCT

In accordance with Clause 49 I(D) of the Listing Agreement with Stock Exchanges, I hereby confirm that, all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31st March, 2011.

For GRINDWELL NORTON LIMITED

A.Y. MAHAJAN

Mumbai: 17th May, 2011

MANAGING DIRECTOR

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
GRINDWELL NORTON LIMITED

We have examined the compliance of conditions of Corporate Governance by Grindwell Norton Limited (the Company) for the period ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the record maintained by the Shareholders/Investors Grievance Committee.

We further 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 **KALYANIWALLA & MISTRY**
CHARTERED ACCOUNTANTS

E.K. IRANI
PARTNER

Mumbai: 17th May, 2011

(Membership No. 35646)



REPORT OF THE AUDITORS

TO THE MEMBERS OF
GRINDWELL NORTON LIMITED

1. We have audited the attached Balance Sheet of **GRINDWELL NORTON LIMITED**, as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have 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 appears from our examination of such books.
 - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the directors as on 31st March, 2011, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Registration No. 104607W

E. K. IRANI
PARTNER
(Membership No. 35646)

Place : Mumbai
Dated : 17th May, 2011.

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

- (1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been reported on such verification.
- (c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
- (2) (a) The Management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures for the physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (3) (a) The Company has granted unsecured loans to two parties covered in the register maintained under Section 301 of the Companies Act, 1956. ("the Act"). The amount outstanding at the year end is ₹300.40 lakh and the maximum amount outstanding at any time during the year was ₹ 336.41 lakh.
- (b) The rate of interest and other terms and conditions of the loans granted are not prejudicial to the interest of the Company.
- (c) The payment of principal amount and interest are regular.
- (d) There is no overdue amount in respect of loans granted to the parties listed in the register maintained under Section 301 of the Act.
- (e) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
- (f) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in internal controls.
- (5) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Act.
- (6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other relevant provisions of the Act are not applicable.
- (7) In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and nature of its business.
- (8) The maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Act, in respect of the activities carried on by the Company.
- (9) (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other dues with the appropriate authorities. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March, 2011 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues outstanding of Value Added Tax, Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service tax, Excise Duty or Cess on account of any dispute, other than the following:

Name of Statute	Amount (₹ Lakh)	Forum where dispute is pending
Sales Tax	290.78	Commissioner (Appeals)/ High Court
Excise Duty	329.47	Commissioner (Appeals)/ Tribunal
Non- Agricultural Land Cess	35.97	Revenue Department

- (10) The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current year and immediately preceding financial period.
- (11) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to banks. The Company does not have dues to financial institutions or debenture holders.
- (12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
- (14) In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments.
- (15) According to the information and explanations given to us and based on the documents and records produced to us, the Company has given a corporate guarantee for loans taken by the subsidiary from banks. The terms and conditions of the guarantee are not prejudicial to the interest of the Company.
- (16) There were no term loans raised during the year.
- (17) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investment.
- (18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.
- (19) The Company did not have outstanding debentures during the year.
- (20) The Company has not raised any money through a public issue during the year.
- (21) Based on the audit procedures performed and information and explanations given and representations made by the Management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
 CHARTERED ACCOUNTANTS
 Firm Registration No. 104607W

E. K. IRANI
 PARTNER
 (Membership No. 35646)

Place : Mumbai
 Dated : 17th May, 2011.

BALANCE SHEET AS AT 31st MARCH, 2011

	Schedules	(₹ Lacs)	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
(a) Capital	1	27,68.00		27,68.00
(b) Reserves and Surplus	2	376,50.89		329,65.01
			404,18.89	357,33.01
2. DEFERRED TAX LIABILITY			9,07.78	8,08.37
			413,26.67	365,41.38
APPLICATION OF FUNDS				
1. FIXED ASSETS	3			
(a) Gross Block		316,07.11		295,91.99
(b) Less: Depreciation		129,23.34		113,58.09
(c) Net Block		186,83.77		182,33.90
(d) Capital Work in Progress		15,96.14		6,82.24
			202,79.91	189,16.14
2. INVESTMENTS	4		53,61.17	50,12.98
3. CURRENT ASSETS, LOANS & ADVANCES	5			
(a) Inventories		124,79.30		93,55.01
(b) Sundry Debtors		92,02.73		84,98.77
(c) Cash & Bank Balances		93,68.98		81,95.99
(d) Accrued Interest		25.33		24.73
(e) Loans & Advances		30,96.88		27,87.92
		341,73.22		288,62.42
Less: CURRENT LIABILITIES & PROVISIONS	6			
(a) Liabilities		131,09.79		113,76.36
(b) Provisions		53,77.84		48,73.80
		184,87.63		162,50.16
NET CURRENT ASSETS			156,85.59	126,12.26
			413,26.67	365,41.38
NOTES TO ACCOUNTS	12			

The Schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Membership No. 35646
Mumbai: 17th May, 2011

Signatures to Balance Sheet and Schedules 1 to 6 & 12

A. C. CHAKRABORTTI

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 17th May, 2011



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Schedules	(₹ Lacs)	(₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Ended 31st March, 2010 (₹ Lacs)
INCOME					
Sales		837,62.05			745,03.86
Less: Excise Duty		(56,87.74)			(42,67.77)
Net Sales			780,74.31		702,36.09
Miscellaneous Income	7		27,41.65	808,15.96	24,31.39
					726,67.48
EXPENDITURE					
Raw Materials Consumed	8		302,49.54		250,34.14
Purchase of Trading Goods			67,63.17		52,40.08
Manufacturing, Administration and Selling Expenses	9		312,56.06		274,57.69
Interest	10		28.25		25.48
Bad Debts/Provision for Doubtful Debts			47.50		1.03
Depreciation	3	16,48.39			17,99.22
Less: Transfer from Revaluation Reserve	2	(16.54)			(20.64)
			16,31.85		17,78.58
			699,76.37		595,37.00
Less: (Increase)/Decrease in Inventory	11		(17,29.27)	682,47.10	9,00.32
				125,68.86	604,37.32
Profit before before Exceptional Item				125,68.86	122,30.16
Exceptional Item				—	7,72.11
Profit before Tax after Exceptional Item				125,68.86	130,02.27
Provision for:					
Income Tax			39,06.59		38,55.00
Deferred Tax			99.41		3,71.70
Fringe Benefit Tax			—		25.00
				40,06.00	42,51.70
Profit after Tax				85,62.86	87,50.57
Surplus Brought Forward				50,00.00	35,00.00
PROFIT AVAILABLE FOR APPROPRIATION				135,62.86	122,50.57
APPROPRIATIONS					
Proposed Dividend				33,21.60	33,21.60
Provision for Tax on Proposed Dividend				538.84	5,51.68
Transfer to General Reserve				37,02.42	33,77.29
Surplus Carried Forward				60,00.00	50,00.00
				135,62.86	122,50.57
Basic & Diluted Earnings Per Share				15.47	15.81

NOTES TO ACCOUNTS

12

The Schedules referred to above form an integral part of the Profit & Loss Account

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Membership No. 35646
Mumbai: 17th May, 2011

Signatures to Profit & Loss Account and Schedules 7 to 12

A. C. CHAKRABORTTI

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 17th May, 2011

SCHEDULES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
SCHEDULE 1 : CAPITAL			
AUTHORISED			
5,60,00,000 Equity Shares of ₹ 5/- each		<u>28,00.00</u>	<u>28,00.00</u>
ISSUED, SUBSCRIBED AND PAID-UP			
5,53,60,000 Equity Shares of ₹ 5/- each, fully paid-up		<u>27,68.00</u>	<u>27,68.00</u>
		<u>27,68.00</u>	<u>27,68.00</u>
NOTES :			
Of the above Equity Shares :			
(a) 2,80,000 Equity Shares of ₹ 5/- each were allotted as fully paid pursuant to a contract without payment being received in cash.			
(b) 4,69,11,440 Equity Shares of ₹ 5/- each were allotted as fully paid Bonus Shares by capitalising Share Premium, Profits & Reserves.			
(c) 1,48,17,760 Equity Shares of ₹ 5/- each are held by Saint-Gobain Abrasives Inc., 1,35,96,240 Equity Shares of ₹ 5/- each are held by Societe de Participations Financieres et Industrielles (formerly Saint-Gobain Promotion et Participations Internationales) and 1,50,000 Equity Shares of ₹ 5/- each are held by Saint-Gobain Glass India Ltd., the subsidiaries of Compagnie de Saint-Gobain, the ultimate holding company.			
SCHEDULE 2 : RESERVES AND SURPLUS			
1. SHARE PREMIUM ACCOUNT			
As per last Balance Sheet		34,82.82	34,82.82
2. REVALUATION RESERVE			
As per last Balance Sheet	4,18.67		4,39.31
Transfer to Depreciation	(16.54)		(20.64)
		<u>4,02.13</u>	<u>4,18.67</u>
3. GENERAL RESERVE			
As per last Balance Sheet	240,63.52		206,86.23
Transfer from Profit & Loss Account	37,02.42		33,77.29
		<u>277,65.94</u>	<u>240,63.52</u>
4. PROFIT & LOSS ACCOUNT			
		<u>60,00.00</u>	<u>50,00.00</u>
		<u>376,50.89</u>	<u>329,65.01</u>



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 3 : FIXED ASSETS

(₹ Lacs)

ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION			NET BLOCK		
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	Upto 01.04.2010	For the Year	On Sales	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
TANGIBLE ASSETS										
Land – Freehold	12,28.02	3,92.77	—	16,20.79	—	—	—	—	16,20.79	12,28.02
Land – Leasehold	90.85	—	—	90.85	13.45	0.92	—	14.37	76.48	77.40
Buildings #	75,39.19	2,84.79	—	78,23.98	13,98.24	1,88.85	—	15,87.09	62,36.89	61,40.95
Leasehold Improvements	—	95.74	—	95.74	—	5.32	—	5.32	90.42	—
Plant & Machinery	163,50.29	9,73.27	74.98	172,48.58	77,08.18	10,03.50	56.40	86,55.28	85,93.30	86,42.11
Computers	10,91.25	1,29.95	8.71	12,12.49	8,72.07	1,07.62	8.71	9,70.98	2,41.51	2,19.18
Furniture, Fixtures & Office Equipment	12,75.85	2,16.27	12.93	14,79.19	5,05.78	85.71	9.16	5,82.33	8,96.86	7,70.07
Vehicles	2,20.69	12.22	28.52	2,04.39	55.11	20.21	8.87	66.45	1,37.94	1,65.58
INTANGIBLE ASSETS										
Computer Software	1,27.00	35.25	—	1,62.25	91.11	33.95	—	1,25.06	37.19	35.89
Goodwill	3,23.92	—	—	3,23.92	1,13.17	32.39	—	1,45.56	1,78.36	2,10.75
Technical Know How	3,54.29	—	—	3,54.29	2,47.49	70.86	—	3,18.35	35.94	1,06.80
Trade Marks	2,03.95	—	—	2,03.95	78.00	20.39	—	98.39	1,05.56	1,25.95
Other Intangibles	7,86.69	—	—	7,86.69	2,75.49	78.67	—	3,54.16	4,32.53	5,11.20
Total	295,91.99	21,40.26	1,25.14	316,07.11	113,58.09	16,48.39	83.14	129,23.34	186,83.77	
Previous Period's Total	258,23.95	44,13.24	6,45.20	295,91.99	100,46.32	17,99.22	4,87.45	113,58.09		182,33.90
Capital Work-in-Progress (includes advances on capital account of ₹ 192.00 Lacs – Previous Period – ₹ 91.74 Lacs).									15,96.14	6,82.24
									202,79.91	189,16.14

Includes an amount of ₹ 750 (Previous Period – ₹ 750) representing the value of shares in a co-operative housing society.

SCHEDULES FORMING PART OF THE ACCOUNTS

	Nos.	Face Value (₹)	(₹ Lacs)	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
SCHEDULE 4 : INVESTMENTS					
AT COST					
LONG TERM					
TRADE					
EQUITY SHARES (fully paid-up)					
Unquoted :					
Andhra Pradesh Gas Power Corporation Ltd.	21,86,880	10		2,73.36	2,73.36
Shivalik Solid Waste Management Ltd.	20,000	10		2.00	2.00
In Subsidiary Company :					
Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd. ***	16,80,000	100		16,84.76	15,86.67
	(15,86,667)				
NON-TRADE					
SHARES (fully paid up)					
Quoted :					
John Oakey & Mohan Ltd.	1,900	10		0.16	0.16
Unquoted :					
(Companies under the same management)					
Saint-Gobain Glass India Ltd.	25,00,000	10	24,99.99		24,99.99
Saint-Gobain India Foundation	100	10	0.01		0.01
				25,00.00	25,00.00
OTHER SECURITIES					
Unquoted :					
CAPITAL GAINS BONDS					
5.50% Rural Electrification Corporation Ltd.**	—	—		—	50.00
	(500)	(10,000)			
MUTUAL FUNDS					
Debt Funds – Fixed Maturity Plan – Growth Plan					
Reliance Fixed Horizon Fund - XVII Series 1 – Growth Plan *	20,00,000	10	2,00.00		—
Kotak FMP 13M Series 6 – Growth	10,00,000	10	1,00.00		1,00.00
Taurus Fixed Maturity Plan 385 Days Series 1 – Institutional Growth	10,00,000	10	1,00.00		1,00.00
Religare FMP – Series II Plan B – 15 months *	10,00,000	10	1,00.00		—
Axis Fixed Term Plan – Series 1 (384 Days) – Retail Growth	10,00,000	10	1,00.00		1,00.00
DSP BlackRock FMP 13M Series 2 – Growth	10,00,000	10	1,00.00		1,00.00
Religare FMP – 3 months – Series XXV Dividend **	—	—	—		1,00.00
	(10,00,000)	(10)			



SCHEDULES FORMING PART OF THE ACCOUNTS

	Nos.	Face Value (₹)	(₹ Lacs)	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
SCHEDULE 4 : INVESTMENTS (Continued)					
Derivative Funds					
Kotak Equity Arbitrage Fund – Dividend	9,49,890	10	<u>1,00.79</u>	<u>8,00.79</u>	<u>1,00.79</u> <u>6,00.79</u>
CURRENT					
OTHER SECURITIES					
Unquoted:					
MUTUAL FUNDS					
Liquid/Money Plus Funds – Dividend Plan					
Birla Sunlife Floating Rate Fund – Short Term – Daily Dividend *	1,000,806	10	<u>1,00.10</u>	<u>1,00.10</u>	<u>—</u> <u>—</u>
				<u>53,61.17</u>	<u>50,12.98</u>
NOTES :					
1. * Purchased/Allotted during the year.					
2. ** Sold/Redeemed during the year.					
3. *** Difference in No. of shares/units between Previous Period & Current Year, is on account of purchase/sale during the current year.					
4. For details of Investment & Redemption of Units during the year, Refer Schedule 12, Note 19.					
5. COST					
Quoted				0.16	0.16
Unquoted				53,61.01	50,12.82
6. MARKET VALUE					
Quoted				0.26	0.26
7. MUTUAL FUNDS					
Cost				9,00.89	6,00.79
Repurchase Price				9,44.36	6,02.44

8. Figures in brackets indicate that of Previous Period.

SCHEDULES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
SCHEDULE 5 : CURRENT ASSETS, LOANS & ADVANCES			
1. INVENTORIES			
Stores and Spare Parts	6,33.49		4,54.65
Raw Materials	39,98.89		29,03.18
Raw Materials in Transit	11,46.38		10,25.91
Finished Goods :			
Manufactured	33,62.65		25,94.99
Trading	7,41.46		3,76.10
Work-in-Process	25,96.43		20,00.18
		124,79.30	93,55.01
2. SUNDRY DEBTORS			
(Unsecured and considered good unless otherwise stated)			
Over six months	6,31.95		7,58.52
Others	89,61.16		81,35.53
	95,93.11		88,94.05
Less: Provision for doubtful debts	3,90.38		3,95.28
		92,02.73	84,98.77
Sundry Debtors include ₹ 3,90.38 Lacs – (Previous Period – ₹ 3,95.28 Lacs) – considered doubtful			
3. CASH AND BANK BALANCES			
Cash and Cheques on hand and remittances in transit	23,15.13		16,77.30
With Scheduled Banks :			
On Current Account	18,50.92		19,21.44
On Deposit Account	52,02.93		45,97.25
		93,68.98	81,95.99
4. ACCRUED INTEREST		25.33	24.73
5. LOANS AND ADVANCES			
(Unsecured and considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received including ₹ 54.72 Lacs – (Previous Period – ₹ 48.60 Lacs) – considered doubtful	20,39.13		18,90.70
Demand Deposits with Excise and Customs Departments	5,30.82		2,84.37
Other Deposits	5,81.65		6,61.45
	31,51.60		28,36.52
Less: Provision for doubtful advances	54.72		48.60
		30,96.88	27,87.92
		341,73.22	288,62.42



SCHEDULES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	(₹ Lacs)	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
SCHEDULE 6 : CURRENT LIABILITIES AND PROVISIONS				
1. LIABILITIES				
Sundry Creditors:				
Due to Micro, Small and Medium Enterprises	34.93			86.37
Others	58,45.08			56,76.34
		58,80.01		57,62.71
Trade Deposits		3,13.36		2,59.28
Unclaimed Dividend		63.67		55.02
Investor Education and Protection Fund		—		—
Other Liabilities		68,52.75		52,99.35
			131,09.79	113,76.36
2. PROVISIONS				
For taxation				
On Income (Net of Advance tax of ₹ 250,84.52 Lacs – Previous Period – ₹ 213,25.73 Lacs)		2,56.40		1,08.61
On Proposed Dividend		5,38.84		5,51.68
		7,95.24		6,60.29
For Proposed Dividend		33,21.60		33,21.60
For Leave Encashment		9,56.00		891.91
For Others (Refer Schedule 12, Note 5)		3,05.00		—
			53,77.84	48,73.80
			184,87.63	162,50.16
			For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Ended 31st March, 2010 (₹ Lacs)
SCHEDULE 7 : MISCELLANEOUS INCOME				
Commission			18.85	24.68
Interest (Gross):				
From Long term Investments (Non-trade)		2.52		3.44
Others		78.66		1,09.32
(Tax deducted – ₹ 1.18 Lacs – Previous Period – ₹ 2.07 Lacs)				
			81.18	1,12.76
Dividends from Investments (Non-trade):				
From Long Term Investments		6.41		1.52
From Current Investments		3,55.69		2,29.75
			3,62.10	2,31.27
Service Income			12,00.45	8,56.02
Profit on Sale of Investments:				
From Long Term Investments		—		14.37
From Current Investments		—		21.61
			—	35.98
Others			10,79.07	11,70.68
			27,41.65	24,31.39

SCHEDULES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Ended 31st March, 2010 (₹ Lacs)
SCHEDULE 8 : RAW MATERIALS CONSUMED			
Opening Stock of			
Raw Materials	29,03.18		33,79.40
Raw Materials in Transit	10,25.91		5,17.97
		39,29.09	38,97.37
Add: Purchases		314,65.72	250,65.86
		353,94.81	289,63.23
Less: Closing Stock of			
Raw Materials	39,98.89		29,03.18
Raw Materials in Transit	11,46.38		10,25.91
		51,45.27	39,29.09
		302,49.54	250,34.14
SCHEDULE 9 : MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES			
Stores and Spare Parts Consumed		19,89.41	16,37.73
Processing Charges		20,17.81	17,56.87
Salaries, Wages, Bonus and Gratuity	71,84.09		77,49.04
Contribution to Provident and other Funds	4,46.60		4,95.62
Staff Welfare	8,00.76		7,67.21
		84,31.45	90,11.87
Power and Fuel (Refer Schedule 12, Note 5)		56,69.38	47,72.07
Freight, Octroi and Packing Expenses		43,04.14	34,50.01
Repairs and Maintenance:			
Buildings	2,55.05		1,49.14
Machinery	3,77.16		2,79.41
Others	2,20.70		93.45
		8,52.91	5,22.00
Rent		1,87.15	1,65.87
Rates and Taxes		1,08.09	1,89.93
Insurance		1,01.45	75.03
Travelling and Conveyance		11,51.58	8,53.22
Commission and Discount on Sales		25,83.24	15,43.50
Royalties		5,60.15	5,34.64
Loss on assets discarded/sold (Net)		24.28	1,21.30
Loss on Sale of Current Investments		0.66	—
Miscellaneous		32,74.36	28,46.82
		312,56.06	274,80.86
Less: Capitalised/Transferred to Capital Work in Progress		—	(23.17)
		312,56.06	274,57.69



SCHEDULES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Ended 31st March, 2010 (₹ Lacs)
SCHEDULE 10 : INTEREST			
ON LOANS/DEPOSITS			
Banks	0.54		1.33
Others	27.71		24.15
		28.25	25.48
		28.25	25.48
SCHEDULE 11 : (INCREASE)/DECREASE IN INVENTORY			
Opening Stock of			
Finished Goods :			
Manufactured	25,94.99		28,72.54
Trading	3,76.10		8,82.58
Work-in-Process	20,00.18		21,16.47
		49,71.27	58,71.59
Less: Closing Stock of			
Finished Goods:			
Manufactured	33,62.65		25,94.99
Trading	7,41.46		3,76.10
Work-in-Process	25,96.43		20,00.18
		67,00.54	49,71.27
		(17,29.27)	9,00.32

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS

1. Significant Accounting Policies :

Method of Accounting :

The accounts are prepared on the historical cost convention. Expenses and income are accounted for on accrual basis.

Fixed Assets :

Fixed Assets are stated at cost; except those Tangible Assets which were revalued as on 30th June, 1988 are stated at revalued amounts.

Investments :

- (a) Long Term Investments are valued at cost less provision for diminution in value, if the diminution is other than temporary.
- (b) Current Investments are stated at lower of cost and fair value.

Inventories :

Inventories are valued at lower of cost and net realisable value. The cost is arrived at on a weighted average basis.

Revenue Recognition :

Sales are recognised at the point of despatch of goods to Customers. Sales are inclusive of Excise Duty but net of Trade Discounts and Sales Tax.

Foreign Currency Transactions :

Transactions in foreign currency are translated at rates of exchange prevailing on the date the transactions are recorded. The outstanding amounts are converted at the year end at the rates prevailing on that date and the difference arising on conversion is accounted for in the books of account. In case of forward exchange contracts, the difference between the transaction rate and the rate on the date of contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

Expenditure on New Projects :

Expenditure directly relating to the construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of indirect construction cost to the extent to which the expenditure is related to the construction or is incidental thereto. Income attributable to the project is deducted from the total of the indirect expenditure.

Employee Benefits :

(a) **Short-term employee benefits :**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognised at actual amounts due in the period in which the employee renders the related service.

(b) **Post-employment benefits :**

(i) **Defined Contribution Plans :**

Payments made to defined contribution plans such as Provident Fund and Superannuation are charged as an expense as they fall due.

(ii) **Defined Benefit Plans :**

The cost of providing benefit i.e. gratuity is determined using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Profit & Loss Account.

The fair value of the plan assets is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on net basis.

Past service cost is recognised as expense on a straight-line basis over the average period until the benefit becomes vested.



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

(iii) Other long-term employee benefits :

Other long-term employee benefit viz., leave encashment is recognised as an expense in the profit and loss account as and when it accrues. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefit are charged to the profit and loss account.

Research & Development :

- (a) Revenue expenditure on Research & Development is charged under respective heads of account.
- (b) Capital Expenditure on Research & Development is included as part of the relevant Fixed Assets.

Borrowing Costs :

Borrowing costs incurred by the Company on an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset.

Depreciation/Amortisation :

On Tangible Assets :

- (a) Depreciation on cost of assets is provided on Straight Line Method in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956, except for the following:
 - (i) Computers are depreciated over 4 years,
 - (ii) Specific Kilns are depreciated over 5 years, being the estimated useful life of these Assets.
- (b) Depreciation on revalued amounts is provided on Straight Line Method based on the residual life of the said assets and adjusted to Revaluation Reserve.
- (c) Leasehold improvements is depreciated over the lease period or over its useful life if less than the lease period.
- (d) Cost of Leasehold Land is amortised over the period of the lease.

On Intangible Assets :

- (a) Intangible assets are amortised on the Straight Line basis over the useful life, based on the economic benefits that would be derived, as per the estimates made by the management:
 - (i) Computer Software : 3 Years
 - (ii) Goodwill : 10 Years
 - (iii) Technical Know-how : 5 Years
 - (iv) Trademark : Licence Period/10 Years (whichever is lower)
 - (v) Other Intangibles : 10 Years

Impairment :

The cash generating units are evaluated at the Balance Sheet date to ascertain the estimated recoverable amount/value in use as against the Written Down Value. Impairment loss, if any, is recognised whenever the Written Down Value exceeds estimated recoverable amount/value in use.

Deferred Tax :

Deferred tax assets and liabilities are based on timing differences between the values of assets and liabilities recorded in the financial statements and those used for tax purposes. Tax rates applicable to future periods are used to calculate year-end deferred income tax amounts.

Provisions and Contingencies :

- (a) Provisions are recognised based on the best estimate of probable outflow of resources which would be required to settle obligations arising out of past events.
- (b) Contingent liabilities not provided for as per (a) above are disclosed in notes to accounts and Contingent assets are not recognised.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

2. The Company has changed its accounting year from January – December to April – March with effect from the previous period. Accordingly, the current year's financial statements relate to 12 months ended 31st March, 2011 and the previous period's figures are for fifteen months from 1st January, 2009 to 31st March, 2010. Hence the current year's figures are not strictly comparable to the previous period.

3. **Contingent liabilities not provided for in respect of :**

	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
a. Excise & Custom Duty demands/show cause notices pending with the appropriate authorities and disputed by the Company	7,33.18	3,20.60
b. Sales Tax demands pending with the Commissionerate/High Court and disputed by the Company	2,90.78	2,41.04
c. Claims against the Company under the Labour Laws for disputed cases	90.00	26.44
d. Demand raised by A.P. Transco on surplus units allocated, disputed by the Company & subjudice in High Court (Net)	6,01.01	4,84.72
e. Guarantees given by Banks, of which ₹ 286.37 Lacs (Previous Period – ₹ 223.13 Lacs) are counter guaranteed by the Company	2,86.37	2,23.13
f. Guarantees given on behalf of Subsidiary Company	8,39.08	8,39.08
g. Letters of credit issued by banks on behalf of the Company	1,18.14	19.83
h. Non-Agricultural Land Cess	35.97	35.97
i. Other Claims against the Company not acknowledged as debts	2,94.39	48.24
j. Demand raised by A.P. Transco on increase in power cost, disputed by the Company & subjudice in Honourable Supreme Court	24,40.22	21,44.32

4. The Company has Cash Credit facilities from bankers secured by first charge by way of hypothecation of inventories and book debts, both present and future, wherever situated and subservient mortgage on immovable properties situated at Mora, Bangalore and Nagpur.

5. Provisions :

The Company has made provisions for the following :

(₹ Lacs)

	For the Year Ended 31st March, 2011		For the Fifteen Months Ended 31st March, 2010	
	Leave Encashment	Other Risks	Leave Encashment	Other Risks
Opening Balance	8,91.91	—	6,03.83	7,72.11
Provision made during the year/period	1,79.03	*3,05.00	3,49.19	—
Utilisation during the year/period	(1,14.94)	—	(61.11)	—
Provision reversed during the year/period	—	—	—	(7,72.11)
Closing Balance	9,56.00	3,05.00	8,91.91	—

* During the year, as an abundant caution, ₹ 3,05.00 Lacs has been provided under "Power & Fuel" for fuel surcharge adjustment.



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

6. The Company has been in possession of land at Tirupati, on which its Silicon Carbide Plant was erected, since 1978. The transfer formalities for the said land were not completed because of a dispute relating to the lease rent payable. The Company had paid lease rental (inclusive of penalty upto 1997) of ₹ 30.00 Lacs for the period 1978 to 2004. The Company has also provided for lease rent in respect of 90 acres of land for the period 2004 to date at the rates prevailing for 2004, pending the finalisation of the lease agreement.
7. Estimated amount of capital commitments (net of advances – ₹ 1,92.00 Lacs) not provided for ₹ 7,61.63 Lacs (Previous Period – ₹ 4,95.11 Lacs net of advances of ₹ 91.74 Lacs).
8. Exchange difference arising on foreign currency transactions amounting to ₹ 1,69.78 Lacs (Net Gain) (Previous Period – ₹ 1,82.98 Lacs Net Gain) has been accounted under respective heads.
9. The tax effects of significant timing differences that resulted in deferred tax assets and liabilities are :

	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
Depreciation on Fixed Assets	(17,06.18)	(15,86.66)
Provision for Doubtful Debts and Advances	1,47.85	1,50.87
Provision for Contingencies	1,01.31	—
Others	5,49.24	6,27.42
Deferred Tax Liability	(9,07.78)	(8,08.37)

	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010
10. Earnings Per Share :		
(a) Profit after tax (₹ Lacs)	85,62.86	87,50.57
(b) Weighted Average Number of Equity Shares outstanding (Nominal Value of Shares ₹ 5)	5,53,60,000	5,53,60,000
(c) Earnings per share (Basic & Diluted) in ₹	15.47	15.81

11. The Company has amounts due to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) as at 31st March, 2011. The disclosure pursuant to the said Act is as under :

	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
Principal amount due	34.93	86.37
Interest due on above	0.00	0.84
Payment made after the due dates	7,09.23	12,66.48
Interest payable for payments made after due date	2.49	10.01
Interest paid	—	—

The information has been given in respect of such suppliers who have identified themselves as “Micro, Small and Medium Enterprises”.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

	(₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Ended 31st March, 2010 (₹. Lacs)
12. Revenue expenditure on Research & Development charged to the Profit and Loss Account.		<u>1,46.26</u>	<u>1,21.91</u>
13. (i) Managerial remuneration u/s 198 of the Companies Act 1956 :			
(a) Managerial Remuneration			
Salaries	2,07.56		2,07.42
Commission	1,30.58		1,36.17
Contribution to Provident Fund and other Funds	46.91		49.69
Perquisites	22.29		47.78
		<u>4,07.34</u>	<u>4,41.06</u>
(b) Non-wholetime Directors			
Commission		55.32	86.41
		<u>4,62.66</u>	<u>5,27.47</u>
(c) Sitting Fees		1.50	2.00
(ii) Computation of Net Profits in accordance with Section 198 of the Companies Act, 1956, and the commission payable to Directors :			
Profit after tax as per Profit and Loss Account		85,62.86	87,50.57
Add :			
Provision for :			
Income Tax	39,06.59		38,55.00
Deferred Tax	99.41		3,71.70
Fringe Benefit Tax	—		25.00
Managerial Remuneration	4,62.66		5,27.47
Sitting Fees	1.50		2.00
Loss on Sale of Investments	0.66		—
Loss on assets discarded/sold (Net)	24.28		1,21.30
		<u>44,95.10</u>	<u>49,02.47</u>
		130,57.96	136,53.04
Less :			
Profit on Sale of Investments		—	35.98
		<u>130,57.96</u>	<u>136,17.06</u>
Commission payable to :			
(a) Managing Director		1,30.58	1,36.17
(b) Other Directors		55.32	86.41

The total remuneration as stated above in 13(i)(a) and 13(i)(b) is within the maximum permissible limit under the Act.



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
14. (a) Advances recoverable in cash or in kind include :		
Loan due from Directors of the Company	3,00.40	3,32.88
Maximum Amount due at any time during the year/period	3,36.41	3,66.98
(b) Payment due to a Director (Commission)	1,30.58	1,36.17
	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Ended 31st March, 2010 (₹ Lacs)
15. Amounts paid to Auditors :		
(i) Audit Fees	13.00	14.38
(ii) Audit under other Statutes	2.25	2.50
(iii) Tax representation before Authorities	6.37	0.29
(iv) Certification	5.05	6.16
(v) Reimbursement of Expenses	2.04	1.03
16. I. Value of Raw Materials Consumed :	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010
	Quantity	Quantity
	(₹ Lacs)	(₹ Lacs)
(i) Abrasive Grains	162,46.50	152,21.48
(ii) Carbon Materials	110,35.00	150,39.00
(iii) Others	219,89.67	180,47.88
II. Value of Imported and Indigenous Materials Consumed :	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010
	%	%
	(₹ Lacs)	(₹ Lacs)
(i) Imported Raw Materials	55.92	49.45
(ii) Indigenous Raw Materials	44.08	50.55
(iii) Imported Stores & Spares	1.53	2.04
(iv) Indigenous Stores & Spares	98.47	97.96
	182,47.72	136,96.73
	143,82.02	140,00.11
	30.50	33.37
	19,58.91	16,04.36
Note : Raw Materials consumed include captive consumption.		
	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Ended 31st March, 2010 (₹ Lacs)
17. Value of Imports on CIF Basis :		
(i) Raw Materials & Trading Goods	228,44.87	167,58.72
(ii) Spare Parts	79.34	57.51
(iii) Capital Goods	2,02.16	6,19.42
(iv) Others	5,60.67	3,43.60

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

18. Quantitative Details :

I. Capacities per annum, Production and Sales for the year ended 31st March, 2011 :

Class of Goods	Units	Installed Capacity	Production	Opening Stock	Closing Stock	Sales	
						Quantity	₹ Lacs
Bonded Abrasives	Tons	18,427.00 (17,503.60)	13,956.19 (12,956.75)	1,151.48 (1,163.95)	1,170.68 (1,151.48)	13,936.99 (12,969.22)	318,82.81 (282,53.22)
Coated Abrasives	Sqm. in Million	5.98 (5.40)	3.74 (3.55)	0.29 (0.27)	0.25 (0.29)	3.78 (3.53)	238,17.73 (208,97.77)
Abrasive Grains	Tons	18,000.00 (18,000.00)	13,166.32 (14,057.95)	535.75 (413.15)	423.68 (535.75)	13,278.39 (13,935.35)	108,33.11 (105,62.15)
Refractories	Tons	1,600.00 (1,600.00)	3,085.69* (2,315.08)*	— —	— —	3,085.69 (2,315.08)	49,73.21 (35,71.31)
Others							122,55.19 (112,19.41)
Total							837,62.05 (745,03.86)

The Sales value mentioned above includes sale of bought out goods of ₹ 69,73.58 Lacs (Previous Period – ₹ 79,64.03 Lacs).

* Includes products manufactured by manual processing which has no installed capacity.

II. Notes :

- Licensed Capacity has not been mentioned as the products are delicensed.
- Installed Capacities are as certified by the Management.
- Production and sales of items above exclude captive consumption.
- Production includes items processed by sub-contractors.
- Previous Period's figures are in brackets.

19. Investment and Redemption of Mutual Fund Units during the year ended 31st March, 2011 :

	Units in Lacs	₹ Lacs
Reliance Liquid Fund – Cash Plan – Daily Dividend Option	2,11.49	23,56.35
Reliance Floating Rate Fund – Short Term Plan – Daily Dividend Plan	1,73.80	17,50.18
Reliance Medium Term Fund – Daily Dividend Plan	2,55.65	43,70.61
Reliance Monthly Interval Fund – Series I – Institutional Dividend Plan	99.97	10,00.01
Reliance Monthly Interval Fund – Series II – Institutional Dividend Plan	1,49.96	15,00.05
Reliance Quarterly Interval Fund – Series III – Institutional Dividend Plan	29.98	3,00.00
Reliance Liquid Fund – Treasury Plan – Institutional Option – Daily Dividend Option	1,90.00	29,04.60
Sundaram Flexible Fund – Short Term – Institutional Plan – Daily Dividend	1,00.21	10,07.27
Sundaram Money Fund – Super Institutional Plan – Daily Dividend	99.06	10,00.09
Sundaram Ultra Short Term – Super Institutional Plan – Daily Dividend	1,50.10	15,06.52
Bharti Axa Liquid Fund – Institutional Plan – Daily Dividend	0.28	2,75.02
Bharti Axa Short Term Income Fund – Institutional Plan – Weekly Dividend	19.99	2,00.52
Bharti Axa Treasury Advantage Fund – Institutional Plan – Daily Dividend	0.08	75.15
HDFC Cash Management Fund – Savings Plan – Daily Dividend Reinvestment	18.81	2,00.02
Axis Short Term Fund – Institutional Regular Dividend Payout	14.96	1,50.00
Kotak Flexi Debt Scheme Institutional – Daily Dividend	2,99.59	30,10.16
Kotak Floater Long Term – Daily Dividend	3,41.89	34,46.19
Kotak Floater Short Term – Daily Dividend	9.96	1,00.75
Kotak Liquid (Institutional Premium) – Daily Dividend	2,84.21	34,75.38



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

19. Investment and Redemption of Mutual Fund Units during the year ended 31st March, 2011 (Continued):	Units in Lacs	₹ Lacs
Kotak Quaterly Interval Plan Series 4 – Dividend	1,00.00	10,00.00
Tata Fixed Income Portfolio Fund Scheme A2 Institutional I	1,50.00	15,00.12
Tata Liquid Super High Investment Fund – Daily Dividend	0.90	10,00.12
IDBI Ultra Short Term Fund – Daily Dividend – Reinvestment	90.65	9,06.52
Canara Robeco Floating Rate Short Term Daily Dividend Fund	58.86	6,03.93
UTI Liquid Cash Plan Institutional – Daily Income Option – Reinvestment	0.15	1,50.02
UTI – Fixed Income Interval Fund – Institutional Dividend Plan – Reinvestment	15.38	1,53.79
DWS Ultra Short Term Fund – Institutional Daily Dividend – Reinvestment	90.16	9,03.16
DWS Insta Cash Plus Fund – Institutional Plan Daily Dividend – Reinvestment	49.75	5,00.05
DWS Treasury Fund Investment – Institutional Plan – Daily Dividend – Reinvestment	50.33	5,05.44
Taurus Ultra Short Term Bond Fund – Institutional Daily Dividend Plan	0.90	9,04.77
Taurus Ultra Short Term Bond Fund – Retail Daily Dividend Plan	0.05	50.06
DSP Blackrock Money Manager Fund – Institutional Plan – Daily Dividend	1.10	11,05.56
DSP Blackrock FMP – 3M Series 25 – Dividend Payout	10.00	1,00.00
DSP Blackrock FMP – 3M Series 24 – Dividend Payout	20.00	2,00.00
DSP Blackrock FMP – 3M Series 19 – Dividend Payout	20.00	2,00.00
DSP Blackrock FMP – 3M Series 18 – Dividend Payout	20.00	2,00.00
DSP Blackrock Liquidity Fund – Institutional Plan – Daily Dividend	0.60	6,00.06
DSP Blackrock Short Term Fund – Weekly Dividend	39.82	4,05.34
DSP Blackrock Floating Rate Fund – Institutional Plan – Daily Dividend	0.40	4,00.12
ICICI Prudential Interval Fund V – Monthly Interval Plan A Institutional Dividend	50.57	5,05.70
ICICI Prudential Ultra Short Term Plan Super Premium Daily Dividend	1,00.15	10,03.56
ICICI Prudential Flexible Income Plan Premium – Daily Dividend	51.73	54,69.14
ICICI Prudential Liquid Super Institutional Plan – Dividend – Daily	69.74	69,75.86
SBI – Magnum Insta Cash Fund – Daily Dividend Option	53.86	96,51.73
SBI Premier Liquid Fund – Institutional – Daily Dividend	49.85	5,00.07
SBI Shf Ultra Short Term Fund – Institutional Plan – Daily Dividend	20.01	2,00.23
SBI Debt Fund Series – 90 Days – 36 – Dividend	50.00	5,00.00
LIC Nomura MF Liquid Fund – Dividend Plan	2,73.25	30,00.35
LIC Nomura MF Income Plus Fund – Daily Dividend Plan	2,50.58	25,05.78
LIC Nomura MF Savings Plus Fund – Daily Dividend Plan	1,90.30	19,02.95
Birla Sun Life Savings Fund – Institutional – Daily Dividend – Reinvestment	1,63.42	16,35.28
Birla Sun Life Cash Manager – Institutional Plan – Daily Dividend – Reinvestment	1,60.55	16,05.97
Birla Sun Life Cash Plus – Institutional Premium – Daily Dividend – Reinvestment	3,59.34	36,00.43
Birla Sun Life Floating Rate Fund – Long Term – Institutional – Weekly Dividend	1,00.54	10,06.30
Birla Sun Life Floating Rate Fund – Daily Dividend – Reinvestment	50.02	5,00.21
Birla Sun Life Ultra Short Term Fund – Institutional Daily Dividend	1,20.39	12,04.55
Axis Liquid Fund – Institutional Daily Dividend Reinvestment	0.15	1,50.12
Tata Treasury Manager Ship Daily Dividend	2.69	16,00.07
JP Morgan India Liquid Fund – Super Institutional Daily Dividend Plan – Reinvestment	1,25.51	12,56.12
JP Morgan India Short Term Income Fund – Weekly Dividend – Reinvestment	50.43	5,05.43
JP Morgan India Short Term Income Fund – Monthly Dividend – Payout	49.51	5,00.00
JM High Liquidity Fund – Super Institutional Plan – Daily Dividend	1,04.84	10,50.15
JM Money Manager Fund Super Plus Plan – Daily Dividend	85.12	8,51.63
JM Money Manager Fund Super Plan – Daily Dividend	30.24	3,02.81
BNP Paribas Money Plus Institutional Plan Daily Dividend	2,50.77	25,08.58
BNP Paribas Overnight Fund – Institutional Daily Dividend	3,20.14	32,02.37
HDFC Cash Management Fund – Dividend Reinvestment	19.95	2,00.15
HDFC FMP 35d August 2010 (1) – Dividend – Series Xiv Option Payout	20.00	2,00.00
Total		941,13.49

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

20. Excise duty deducted from turnover represents amount of excise duty collected by the Company on sale of goods manufactured by the Company. Excise duty of ₹ 2,22.42 Lacs (Previous Period – ₹ 1,72.46 Lacs), being the difference between the opening and closing stock of finished goods is debited to Miscellaneous Expenses under Schedule 9.
21. The Company has not provided any loans and advances in the nature of loans to its subsidiary during the year (Previous Period – Nil) and hence disclosure under Clause 32 of the listing agreement is not made.

	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Ended 31st March, 2010 (₹ Lacs)
22. Expenditure in Foreign Currency :		
(i) Export Sales Commission	19.51	27.79
(ii) Foreign Travel	82.79	87.26
(iii) Royalties	5,17.54	5,25.23
(iv) Others	91.69	98.42
23. Amount remitted in Foreign Currency on account of :		
Dividend	17,04.84	11,36.56
Number of Non-Resident Shareholders	2	2
Number of Shares held	2,84,14,000	2,84,14,000
Period to which Dividend relates	Jan 09 – Mar 10	2008
24. Earnings in Foreign Exchange :		
(i) Exports of goods on FOB Basis	71,07.64	77,64.15
(ii) Freight on Exports	71.76	59.50
(iii) Insurance on Exports	0.05	0.02
(iv) Commission	18.85	24.68
(v) Export of Services	8,04.68	4,92.01
(vi) Other Income	2,29.10	1,17.11

25. The Company uses forward contracts to hedge its risk associated with foreign currency fluctuations relating to firm commitments and forecasted transactions. The Company does not enter into forward exchange contracts which are intended for speculative purposes.

The following are the outstanding forward contracts as at 31st March, 2011 :

Currency	No. of Contracts	Value in Lacs	Equivalent ₹ Lacs
USD	19 (17)	56.29 (36.36)	25,16.31 (16,39.76)
EURO	6 (8)	9.62 (7.30)	6,09.81 (4,41.27)
GBP	1 (—)	0.62 (—)	44.21 (—)

Previous Period's figures are in brackets

The Indian Rupee equivalent is arrived at by converting the forward contracts at the spot rate as at 31st March, 2011. Foreign currency exposure (net) not hedged by forward contracts as at 31st March, 2011 is ₹ 5,85.32 Lacs (Previous Period – ₹ 2,91.97 Lacs).



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

26. Disclosure under AS-15 (Revised 2005) :

Employee Benefits:

I. Defined Contribution Plans:

Contribution to Defined Contribution Plans, recognised as expense for the year/period are as under :

	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Ended 31st March, 2010 (₹ Lacs)
Employers' Contribution to Provident Fund	2,64.70	2,83.75
Employers' Contribution to Superannuation Fund	1,07.62	1,22.79

II. Defined Benefit Plan

Contribution to Gratuity Fund

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on superannuation, death or on separation/termination in terms of the provisions of the Payment of Gratuity Act or as per the Company's policy whichever is beneficial to the employees.

The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31st March, 2011:

	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
Change in present value of obligation		
Opening Balance	19,92.60	13,76.28
Interest Cost	1,63.78	1,12.72
Service Cost	1,16.30	1,93.69
Benefits Paid	(1,23.31)	(1,17.52)
Cost of Plan Amendment	—	2,76.15
Actuarial (gain)/loss on obligation	2,11.78	1,51.28
Closing Balance	23,61.15	19,92.60
Change in plan assets		
Opening Balance	18,41.00	13,73.74
Expected return on plan assets	1,74.89	1,12.51
Contributions	4,06.82	4,20.00
Benefits paid	(1,23.31)	(1,17.52)
Actuarial gain/(loss) on plan assets	0.14	52.27
Closing Balance	22,99.54	18,41.00
Net gratuity cost for the year/period		
Current Service Cost	1,16.30	1,93.69
Interest Cost	1,63.78	1,12.72
Expected return on plan assets	(1,74.89)	(1,12.51)
Past Service Cost	—	2,76.15
Net Actuarial (gain)/loss to be recognised	2,11.64	99.01
Net Gratuity Cost	3,16.83	5,69.06
Amount recognised in the Balance Sheet		
Present value of obligation	23,61.15	19,92.60
Fair value of plan assets	(22,99.54)	(18,41.00)
Net obligation	61.61	1,51.60

Assumptions used in accounting for the gratuity plan

	%	%
Discount Rate	8.25	8.00
Salary escalation rate	7.00	6.50
Expected rate of return on plan assets	8.00	8.00

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

27. Related Party Disclosure :

1. Relationships:

(i) **HOLDING COMPANY :**

Compagnie de Saint-Gobain

(ii) **FELLOW SUBSIDIARIES :**

(a) Saint-Gobain Abrasives, USA

(b) Societe de Participations Financieres et Industrielles (formerly Saint-Gobain Promotion et Participations Internationales)

(iii) **SUBSIDIARY COMPANY :**

Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.

(iv) **ASSOCIATE COMPANIES :**

ABC Superabrasives, USA

Certaineed Corporation, USA

Norton Abrasives PTY Ltd.

PT Saint-Gobain Norton Hampas, Indonesia

PT Saint-Gobain Winter Diamas, Indonesia

Saint-Gobain PAM (France)

Saint-Gobain Abrasives Ltd.

L.M.Van Moppes Diamond Tools India Pvt. Ltd.

Saint-Gobain Abrasifs Maroc, Morocco

Saint-Gobain Abrasifs, France

Saint-Gobain Abrasive International Trading (Shanghai)

Saint-Gobain Abrasives Inc., USA

Saint-Gobain Abrasives (Aust) PTY Ltd.

Saint-Gobain Abrasives (Shanghai) Co. Ltd., Shanghai

Saint-Gobain Abrasives BV., Netherlands

Saint-Gobain Abrasives GMBH (CORA)

Saint-Gobain Abrasives GMBH, Gerolzhofen., Germany

Saint-Gobain Abrasives International Trading (HK) Ltd.

Saint-Gobain Abrasives Korea

Saint-Gobain Abrasives SP. Z.O.O.

Saint-Gobain Abrasives (Suzhou) Co. Ltd.

Saint-Gobain Abrasives Thailand

Saint-Gobain Abrasives Ltd., New Zealand

Saint-Gobain Abrasives Singapore (PTE) Ltd.

Saint-Gobain Abrasives SP.Z

Saint-Gobain Abrasives (PTY) Ltd., South Africa

Saint-Gobain Abrasives, France

Saint-Gobain Abrasivi S.P.A. (Micromold)

Saint-Gobain Abrasivi S.P.A. (Ral-Sud)

Saint-Gobain Abrasives Ltda., Brazil

Saint-Gobain Abrasivos SA, Argentina

Saint-Gobain Abrasifs Dubai

Saint-Gobain Advanced Materials (Taiwan) Co. Ltd.

Saint-Gobain Ceramic Materials AS., Norway

Saint-Gobain Ceramic Materials, USA

Saint-Gobain Ceramicas Industriales S.A.

Saint-Gobain Crystals & Detectors India Ltd.

Saint-Gobain Diamantwerkzeuge GMBH & Co.

Saint-Gobain Materiaux Ceramics, Belgium

Saint-Gobain Performance Plastics, New Jersey, USA

Saint-Gobain Performance Plastics, Worcester, USA

Saint-Gobain High Performance Materials, France

Saint-Gobain DSI Groupe

Saint-Gobain Ceramiques Informatique Et Organisation

(v) **KEY MANAGEMENT PERSONNEL**

A. Y. Mahajan – Managing Director

J.A.J. Pereira – Executive Director – Human Resources & Corporate Services

Saint-Gobain Advanced Materials (M) SDN BHD

Saint-Gobain Glass India Ltd.

Saint-Gobain Glass, Egypt

Saint-Gobain Industrial Ceramics, UK

Saint-Gobain Ceramics Inc., USA

Saint-Gobain Industriekeramik Dusseldorf GMBH

Saint-Gobain Materials Ceramicos Ltda. Brazil

Saint-Gobain Materials Ceramicos, Venezuela

Saint-Gobain Sekurit India Ltd.

Saint-Gobain Seva Engineering India Limited

Saint-Gobain Seva, France

Saint-Gobain Universal Superabrasives, Inc.

Savoi Refractories

SEPR Refractories India Ltd.

SEPR, France

SG Performance Plastics Corby, UK

SG Performance Plastics Korea Co. Ltd.,

SG Performance Plastics Pampus GMBH

SG Performance Plastics Verneret, France

SG Performance Plastics, Akron, USA

SG Performance Plastics, Beaverton, USA

SG Performance Plastics, Chaineux, Belgium

SG Performance Plastics, Granville, USA

SG Performance Plastics, Ireland

SG Performance Plastics, Kontich, Belgium

SG Performance Plastics, Mickleton, USA

SG Performance Plastics, Pittsburg, USA

SG Performance Plastics, Florida, USA

SG Performance Plastics, Garden Groove, USA

SG Performance Plastics (SHANGHAI) Co. Ltd.

SG Advanced Ceramics (Shanghai) Co. Ltd.

SG Performance Plastics KK, JAPAN

Saint-Gobain Tech Fab Hongfa (Changzhou) Ltd.

Universal Superabrasives., USA

Saint-Gobain Gyproc India Ltd. (formerly India Gypsum Ltd.)

Saint-Gobain Abrasives (Sea) Pte. Ltd.

Saint-Gobain Abrasives, Indonesia

Saint-Gobain Abrasives Ltda., Portugal

Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China

Saint-Gobain Technical Fabrics, S.A.

Saint-Gobain Ceramic Materials (Liyanguang) Co. Ltd., China

Saint-Gobain Gelva, BV

Saint-Gobain Vibros S.A.



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

2. The following transactions were carried out with the related parties in the ordinary course of business :

(i) Details relating to parties referred to in items 1(i) (ii) and (iii) above :

(₹ Lacs)

Sr. No.	Particulars	Holding Company		Fellow Subsidiaries		Subsidiary Company		Associate Companies	
		For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010
1.	Sales	—	—	98.18	61.54	—	15.52	23,99.92	31,99.77
2.	Agency Commission received	—	—	—	—	—	—	18.85	2.24
3.	Service Income	—	—	95.31	1,94.02	—	44.12	6,87.61	2,86.80
4.	Other Income	77.40	84.38	29.23	39.20	1,43.30	44.21	2,25.07	2,77.18
5.	Purchase of Goods	—	—	5,75.96	4,74.90	44,97.02	30,05.40	91,67.26	74,88.48
6.	Expenses charged to other companies	1,59.95	1,11.41	—	—	27.47	1,04.62	1,76.34	2,34.77
7.	Expenses charged by other companies	1,47.21	1,93.47	—	0.64	—	—	78.70	85.54
8.	Royalty Paid	—	—	3,57.12	3,70.01	—	—	1,60.38	1,55.22
9.	Other Expenses	—	—	—	—	—	—	16.30	20.42
10.	Purchase/Transfer of Fixed Assets	—	—	—	—	—	—	6.98	3.62
11.	Subscription to equity shares (including application money)	—	—	—	—	—	4,35.53	—	—
12.	Guarantees given on behalf of Subsidiary	—	—	—	—	—	2,69.74	—	—
13.	Dividend Paid	—	—	17,04.84	11,36.56	—	—	—	—
14.	Outstanding receivables (net of payables)	—	0.83	(2,71.72)	(1,86.55)	19.37	(1,78.56)	(7,64.20)	(3,79.21)
15.	Outstanding deposits	—	—	—	—	—	—	39.00	39.00

(ii) Details relating to persons referred to in item 1(v) above :

(₹ Lacs)

	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010
Remuneration	4,07.34	4,41.06
Outstanding Loan	3,00.40	3,32.88
Commission Payable	1,30.58	1,36.17

(iii) Significant transactions with related parties :

(₹ Lacs)

Sr. No.	Nature of Transactions	Associate Companies/Joint Venture	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010
1.	Sales	Saint-Gobain Abrasives (Aust) Pty. Ltd.	3,71.41	7,05.93
		Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	—	3,70.89
		Saint-Gobain Abrasives (Suzhou) Co. Ltd.	5,42.96	2,08.36
		Saint-Gobain Abrasives, USA	98.18	61.54
		Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	—	15.52
2.	Agency Commission received	Certainteed Corporation, USA	15.56	—
		Savoit Refractories	—	2.24
3.	Service Income	Saint-Gobain Glass India Ltd.	83.75	20.46
		Saint-Gobain PAM, France	1,15.64	91.73
		Saint-Gobain Glass, France	1,11.18	1,38.83
		Saint-Gobain Abrasives Inc., USA	95.31	1,94.02
		Saint-Gobain DSI Groupe	1,64.67	—
4.	Other Income	Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	—	44.12
		Saint-Gobain Ceramiques Informatique Et Organisation	79.48	—
		Saint-Gobain Gyproc India Ltd.	1,39.27	1,69.84
		Compagnie de Saint-Gobain	77.40	84.38
		Saint-Gobain SEVA Engineering India Ltd.	55.15	56.42
		Saint-Gobain Abrasives Inc., USA	29.23	39.20
		Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	1,43.30	44.21

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

(iii) Significant transactions with related parties (Continued) :

Sr. No.	Nature of Transactions	Associate Companies/Joint Venture	For the Year Ended 31st March, 2011 ₹ Lacs	For the Fifteen Months Ended 31st March, 2010 ₹ Lacs
5.	Purchase of Goods	Saint-Gobain Abrasives (Shanghai) Co. Ltd. Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd. Saint-Gobain Materials Ceramicos Ltda. Brazil	9,90.40 44,97.02 17,08.45	13,18.99 30,05.40 12,14.45
6.	Expenses charged to other companies	Saint-Gobain Abrasives Inc., USA Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd. Saint-Gobain SEVA Engineering India Ltd. Compagnie de Saint-Gobain Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China Saint-Gobain Glass Egypt Saint-Gobain Glass India Ltd.	5,75.96 27.47 72.63 1,59.95 — 15.43 15.63	4,74.90 1,04.62 92.69 1,11.41 62.90 — 9.76
7.	Expenses charged by other companies	Compagnie de Saint-Gobain Saint-Gobain Glass India Ltd.	1,47.21 52.74	1,93.47 61.20
8.	Royalty Paid	Saint-Gobain Abrasives Inc., USA Saint-Gobain Abrasifs, France SEPR, France	3,57.12 1,16.01 44.37	3,70.01 1,09.51 45.70
9.	Other Expenses	Saint-Gobain Abrasifs, France	16.30	20.42
10.	Purchase/Transfer of Fixed Assets	SEPR Refractories India Ltd. Saint-Gobain Ceramicas Industriales S.A. Saint-Gobain Advanced Ceramics (Shanghai)	— 4.41 2.25	3.62 — —
11.	Subscription to equity shares (including application money)	Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	—	4,35.53
12.	Guarantees given on behalf of Subsidiary	Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	—	2,09.76
13.	Dividend Paid	Saint-Gobain Abrasives Inc., USA Societe de Participations Financieres et Industrielles (formerly Saint-Gobain Promotion et Participations Internationales)	8,89.07 8,15.77	5,92.71 5,43.85

28. Segment Reporting :

A. Information about Business Segments:

(₹ Lacs)

	Abrasives		Ceramics & Plastics		Others		Unallocated		Total	
	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010
Revenue										
Segment Revenue	544,52.98	482,59.43	231,91.65	205,29.40	18,68.23	30,19.04	—	—	795,12.86	718,07.87
Less: Inter-segment Sales	—	—	(14,38.55)	(15,71.78)	—	—	—	—	(14,38.55)	(15,71.78)
Net Sales	544,52.98	482,59.43	217,53.10	189,57.62	18,68.23	30,19.04	—	—	780,74.31	702,36.09
Result										
Segment Result	87,93.25	75,78.80	34,16.55	41,95.80	3,64.99	5,59.96	—	—	125,74.79	123,34.56
Add: Exceptional Item	—	—	—	—	—	—	—	—	—	—
Reversal of provision for "Wheeling Charges"	—	—	—	7,72.11	—	—	—	—	—	7,72.11
Unallocated Income/ (Expenditure) – (Net)	87,93.25	75,78.80	34,16.55	49,67.91	3,64.99	5,59.96	—	—	125,74.79	131,06.67
Interest expenses	—	—	—	—	—	—	(4,20.30)	(4,58.93)	(4,20.30)	(4,58.93)
Interest Income	—	—	—	—	—	—	(28.25)	(25.48)	(28.25)	(25.48)
Dividend Income	—	—	—	—	—	—	81.18	1,12.76	81.18	1,12.76
Profit/(Loss) on sale of Investments	—	—	—	—	—	—	3,62.10	2,31.27	3,62.10	2,31.27
Profit before Tax & after Exceptional Item	—	—	—	—	—	—	(0.66)	35.98	(0.66)	35.98
Provision for Tax (including Deferred Tax & FBT)	—	—	—	—	—	—	—	—	125,68.86	130,02.27
Profit after Tax	—	—	—	—	—	—	(40,06.00)	(42,51.70)	(40,06.00)	(42,51.70)
									85,62.86	8,750.57



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

28. Segment Reporting (Continued):

A. Information about Business Segments (Continued):

Other Information

(₹ Lacs)

	Abrasives		Ceramics & Plastics		Others		Unallocated		Total	
	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010
Total Assets (gross)	337,47.82	278,17.75	126,74.21	109,20.62	9,25.84	10,06.82	124,66.43	130,46.35	598,14.30	527,91.54
Less: Revaluation Reserve	(2,11.71)	(2,21.73)	(1,90.42)	(1,96.94)	—	—	—	—	(4,02.13)	(4,18.67)
Net Assets	335,36.11	275,96.02	124,83.79	107,23.68	9,25.84	10,06.82	124,66.43	130,46.35	594,12.17	523,72.87
Total Liabilities	90,29.09	74,42.07	32,66.67	30,31.04	8,68.67	7,02.54	62,30.98	58,82.88	193,95.41	170,58.53
Capital Expenditure	16,13.57	23,44.12	11,03.74	2,76.28	1,92.90	5.17	1,43.95	1,20.71	30,54.16	27,46.28
Depreciation	12,76.44	13,41.70	2,43.67	2,84.85	1,09.69	2.43	2.05	1,49.60	16,31.85	17,78.58

B. Information about Geographical Segments :

(a) The Distribution of the company's sales by geographical market is as under :

(₹ Lacs)

Net Sales	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010
India	708,94.86	624,12.42
Outside India	71,79.45	78,23.67
Total	780,74.31	702,36.09

(b) The geographical location of the assets and liabilities is as follows :

(₹ Lacs)

	Net Assets		Total Liabilities	
	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010
India	577,26.58	506,87.28	193,95.41	170,58.53
Outside India	16,85.59	16,85.59	—	—
Total	594,12.17	523,72.87	193,95.41	170,58.53

Notes :

- (i) The Company is organised into the following business segments, namely :
- Abrasives
 - Ceramics & Plastics
 - Others

Segments have been identified and reported taking into account the nature of products and services, the differing risks and returns, the organisation structure, and the internal financial reporting systems.

- (ii) The Segment revenue in each of the above business segments consists of Sales (net of returns, excise duty, sales tax, rebates etc.)
- (iii) Segment Revenue, Result, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.
- (iv) Segment results are net of corporate overheads aggregating to ₹ 13,14.79 Lacs (Previous period – ₹ 11,94.19 Lacs), allocated on a reasonable basis.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12: NOTES TO ACCOUNTS (Continued)

29. Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

Balance Sheet Abstract for the Year Ended 31st March, 2011 and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No.	:	8163
State Code	:	11
Balance Sheet Date	:	31-3-2011

(AMOUNT IN ₹ THOUSANDS)

II. CAPITAL RAISED DURING THE YEAR

Public Issue	:	NIL
Rights Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	:	4132667
Total Assets	:	4132667

SOURCES OF FUNDS

Paid-up Capital	:	276800
Reserves & Surplus	:	3765089
Secured Loans	:	NIL
Unsecured Loans	:	NIL
Deferred Tax	:	90778

APPLICATION OF FUNDS

Net Fixed Assets	:	2027991
Investments	:	536117
Net Current Assets	:	1568559
Misc. Expenditure	:	NIL
Accumulated Losses	:	NIL

IV. PERFORMANCE OF COMPANY

Turnover (includes Miscellaneous Income)	:	8081596
Total Expenditure	:	6824710
Profit Before Tax	:	1256886
Profit After Tax	:	856286
Earning Per Share in ₹	:	15.47
Dividend Rate	:	120%

V. GENERIC NAMES OF THE THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)	:	680422.01
Product Description	:	GRINDING WHEELS OF SYNTHETIC ABRASIVE GRAINS
Item Code No. (ITC Code)	:	680510.01
Product Description	:	ABRASIVE CLOTHS
Item Code No. (ITC Code)	:	284920.00
Product Description	:	SILICON CARBIDE

30. Previous Period's figures have been recast and rearranged wherever necessary.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	For the Year Ended 31st March, 2011		For the Fifteen Months Ended 31st March, 2010	
	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before Tax after Exceptional Item		125,68.86		130,02.27
Adjustments for :				
Depreciation	16,31.85		17,78.58	
Unrealised Foreign Exchange (Gain)/Loss (Net)	(26.62)		(40.78)	
Loss on Sale of Fixed Assets	24.28		1,21.30	
Loss/(Profit) on Sale of Investments	0.66		(35.98)	
Dividend Received	(3,62.10)		(2,31.27)	
Interest (Net)	(52.93)	12,15.14	(87.28)	15,04.57
Operating Profit Before Working Capital Changes		137,84.00		145,06.84
Adjustments for :				
Trade and other Receivables	(9,28.04)		(19,63.54)	
Inventories	(31,24.29)		7,29.08	
Trade and other Payables	18,47.12	(22,05.22)	15,23.17	2,88.71
Cash Generated from Operations		115,78.78		147,95.55
Direct Taxes Paid	(39,06.59)		(42,06.86)	
Tax Refund	1,47.80	(37,58.79)	1,47.96	(40,58.90)
Net cash from Operating Activities		78,19.99		107,36.65
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(28,65.67)		(32,53.00)	
Sale of Fixed Assets	17.72		36.45	
Proceeds of Sale of Investments	1,49.34		1,35.98	
Purchase of Investments	(3,00.00)		(6,00.79)	
Investment in a subsidiary	(98.09)		(3,46.67)	
Interest Received	80.58		1,08.50	
Dividend Received	3,62.10		2,31.27	
Net cash flow used in investing activities before extraordinary item		(26,54.02)		(36,88.26)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Interest	(28.25)		(25.48)	
Dividends Paid	(33,12.95)		(22,08.81)	
Tax on Dividend	(5,51.68)		(3,76.34)	
Net cash used in Financing Activities		(38,92.88)		(26,10.63)
NET INCREASE IN CASH AND CASH EQUIVALENTS		12,73.09		44,37.76
CASH AND CASH EQUIVALENTS – OPENING BALANCE				
Cash and Bank Balances	81,95.99		16,51.78	
Cash Equivalents (Investment in Current Securities)	—	81,95.99	21,06.45	37,58.23
CASH AND CASH EQUIVALENTS – CLOSING BALANCE				
Cash and Bank Balances	93,68.98		81,95.99	
Cash Equivalents (Investment in Current Securities)	1,00.10	94,69.08	—	81,95.99
		12,73.09		44,37.76

NOTES: 1. The Company has undrawn borrowing facilities amounting to ₹ 26,00 Lacs (Previous Period – ₹ 26,00 Lacs).
2. Previous Period's figures have been regrouped to conform with the current year's presentation.

As per our Report of even date
For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Membership No. 35646
Mumbai: 17th May, 2011

A. C. CHAKRABORTTI

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 17th May, 2011

Information regarding Saint-Gobain Ceramic Materials Bhutan Private Limited as required by Letter No. 47/107/2011-CL-III dtd. 9th February, 2011:

	As at/For the Year ended 31st December, 2010 (₹ Lacs)
Capital	24,00.84
Reserves	(3,29.33)
Total Assets	48,59.23
Total Liabilities	48,59.23
Investments (except subsidiaries)	NIL
Turnover	45,30.62
Profit before Tax	(1,40.91)
Provision for Tax	NIL
Profit after Tax	(1,40.91)
Proposed Dividend	NIL

Statement regarding Subsidiary Company pursuant to Section 212 of the Companies Act, 1956:

1. Name of the Subsidiary	Saint-Gobain Ceramic Materials Bhutan Private Limited	
2. The Company's interest in the subsidiary	As at 31st December, 2010	As at 31st December, 2009
a. Number of Equity Shares	16,80,000	15,86,667
Total Number of Shares	24,00,000	22,66,667
b. Face Value	Nu 100	Nu 100
c. Extent of Holding	70%	70%
3. Net aggregate profits/(loss) of the subsidiary company so far it concerns the members of the Company	For the Year ended 31st December, 2010 (₹ Lacs)	For the Year ended 31st December, 2009 (₹ Lacs)
A. For the current financial year		
i. Not dealt with in the books of account of the Company	(1,40.91)	(1,51.16)
ii. Dealt with in the books of account of the Company	—	—
B. For the subsidiary company's previous financial years since it became a subsidiary		
i. Not dealt with in the books of account of the Company	(1,88.42)	(37.26)
ii. Dealt with in the books of account of the Company	—	—

A. C. CHAKRABORTTI Chairman

A. Y. MAHAJAN Managing Director

K. VISWESWARAN Company Secretary

Mumbai: 17th May, 2011



REPORT OF THE AUDITORS

TO THE BOARD OF DIRECTORS OF
GRINDWELL NORTON LIMITED

1. We have audited the attached Consolidated Balance Sheet of **GRINDWELL NORTON LIMITED** ('the Company') and its subsidiary (collectively referred as 'the Group'), as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary, whose financial statements reflect the total assets (net) of ₹ 42,96.57 lakhs as at March 31, 2011, and the total revenues of ₹ 44,97.02 lakhs and net cash outflows amounting to ₹ 0.64 lakhs for the year ended 31st March, 2011 as considered in the consolidated financial statements. These financial statements have not been audited and have been consolidated on the basis of accounts certified by the Management and in our opinion, so far as it relates to the amounts included in respect of the subsidiary is based solely on the accounts certified by the Management.
4. We report that the consolidated financial statements have been prepared by the management of the Company in accordance with the requirements of Accounting Standard (AS) 21- Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of the certified accounts of the management on separate financial statements, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the consolidated profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Registration No. 104607W

E. K. IRANI
PARTNER
Membership No. 35646

Place: Mumbai
Dated: May 17th, 2011

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

	<u>Schedules</u>	<u>(₹ Lacs)</u>	<u>As at 31st March, 2011 (₹ Lacs)</u>	<u>As at 31st March, 2010 (₹ Lacs)</u>
SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
(a) Capital	1	27,68.00		27,68.00
(b) Reserves and Surplus	2	372,54.74		327,70.75
			400,22.74	355,38.75
2. MINORITY INTEREST			5,90.11	6,37.56
3. LOAN FUNDS				
Secured Loan	3		23,28.69	26,11.33
4. DEFERRED TAX LIABILITY			9,07.78	8,08.37
			438,49.32	395,96.01
APPLICATION OF FUNDS				
1. FIXED ASSETS	4			
(a) Gross Block		364,57.89		343,28.19
(b) Less : Depreciation		137,90.94		117,53.79
(c) Net Block		226,66.95		225,74.40
(d) Capital Work in Progress		16,03.22		7,72.54
			242,70.17	233,46.94
2. INVESTMENTS	5		36,76.41	34,26.31
3. CURRENT ASSETS, LOANS & ADVANCES	6			
(a) Inventories		131,50.24		97,88.89
(b) Sundry Debtors		91,41.65		84,98.77
(c) Cash & Bank Balances		93,75.27		82,02.92
(d) Accrued Interest		25.33		24.73
(e) Loans & Advances		30,04.92		28,00.46
		346,97.41		293,15.77
Less : CURRENT LIABILITIES & PROVISIONS	7			
(a) Liabilities		134,16.82		116,19.21
(b) Provisions		53,77.85		48,73.80
		187,94.67		164,93.01
NET CURRENT ASSETS			159,02.74	128,22.76
			438,49.32	395,96.01
NOTES TO ACCOUNTS	13			

The Schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Membership No. 35646
Mumbai: 17th May, 2011

Signatures to Balance Sheet and Schedules 1 to 7 & 13

A. C. CHAKRABORTTI

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 17th May, 2011



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Schedules	(₹ Lacs)	(₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Ended 31st March, 2010 (₹ Lacs)
INCOME					
Sales		837,62.05			744,88.34
Less : Excise Duty		(56,87.74)			(42,66.45)
Net Sales			780,74.31		702,21.89
Miscellaneous Income	8		26,81.69		23,45.16
				807,56.00	725,67.05
EXPENDITURE					
Raw Materials Consumed	9		277,61.78		233,64.58
Purchase of Trading Goods			67,63.17		52,40.08
Manufacturing, Administration and Selling Expenses	10		333,12.31		287,83.29
Interest	11		3,41.71		2,50.98
Bad Debts/Provision for Doubtful Debts			47.50		1.03
Depreciation	4	21,20.55			21,90.61
Less : Transfer from Revaluation Reserve	2	(16.54)			(20.64)
			21,04.01		21,69.97
			703,30.48		598,09.93
Less : (Increase)/Decrease in Inventory	12		(18,54.01)		6,72.86
				684,76.47	604,82.79
Profit before Exceptional Item				122,79.53	120,84.26
Exceptional Item				—	7,72.11
Profit before Tax and after Exceptional Item				122,79.53	128,56.37
Provision for :					
Income Tax			39,06.59		38,55.00
Deferred Tax			99.41		3,71.70
Fringe Benefit Tax			—		25.00
				40,06.00	42,51.70
Profit after Tax				82,73.53	86,04.67
Share of Minority Interest				87.45	31.26
Profit after Tax after Minority Interest				83,60.98	86,35.93
Surplus Brought Forward				48,05.74	34,20.38
PROFIT AVAILABLE FOR APPROPRIATION				131,66.72	120,56.31
APPROPRIATIONS					
Proposed Dividend				33,21.60	33,21.60
Provision for Tax on Proposed Dividend				5,38.85	5,51.68
Transfer to General Reserve				37,02.42	33,77.29
Surplus Carried Forward				56,03.85	48,05.74
				131,66.72	120,56.31
Basic & Diluted Earnings Per Share				15.10	15.60
NOTES TO ACCOUNTS	13				

The Schedules referred to above form an integral part of the Profit & Loss Account

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Membership No. 35646
Mumbai: 17th May, 2011

Signatures to Profit & Loss Account and Schedules 8 to 13

A. C. CHAKRABORTTI

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 17th May, 2011

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(₹ Lacs)	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
SCHEDULE 1 : CAPITAL		
AUTHORISED		
5,60,00,000 Equity Shares of ₹ 5/- each	28,00.00	28,00.00
ISSUED, SUBSCRIBED AND PAID-UP		
5,53,60,000 Equity Shares of ₹ 5/- each, fully paid-up	27,68.00	27,68.00
	27,68.00	27,68.00
NOTES:		
Of the above Equity Shares:		
(a) 2,80,000 Equity Shares of ₹ 5/- each were allotted as fully paid pursuant to a contract without payment being received in cash.		
(b) 4,69,11,440 Equity Shares of ₹ 5/- each were allotted as fully paid Bonus Shares by capitalising Share Premium, Profits & Reserves.		
(c) 1,48,17,760 Equity Shares of ₹ 5/- each are held by Saint-Gobain Abrasives Inc., 1,35,96,240 Equity Shares of ₹ 5/- each are held by Societe de Participations Financieres et Industrielles (formerly Saint-Gobain Promotion et Participations Internationales) and 1,50,000 Equity Shares of ₹ 5/- each are held by Saint-Gobain Glass India Ltd., the subsidiaries of Compagnie de Saint-Gobain, the ultimate holding company.		
SCHEDULE 2 : RESERVES AND SURPLUS		
1. SHARE PREMIUM ACCOUNT		
As per last Balance Sheet	34,82.82	34,82.82
2. REVALUATION RESERVE		
As per last Balance Sheet	4,18.67	4,39.31
Transfer to Depreciation	(16.54)	(20.64)
	4,02.13	4,18.67
3. GENERAL RESERVE		
As per last Balance Sheet	240,63.52	206,86.23
Transfer from Profit & Loss Account	37,02.42	33,77.29
	277,65.94	240,63.52
4. PROFIT & LOSS ACCOUNT	56,03.85	48,05.74
	372,54.74	327,70.75



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 3 : SECURED LOAN

Term Loan

(Secured by way of Hypothecation charge created/or to be created on all the fixed assets of the Subsidiary and Corporate Guarantee given by the Company upto 35% of the sanctioned amount)

Overdraft Balance with Bank of Bhutan

(Secured by way of Hypothecation charge created on all stocks and book debts and an extension charge on all fixed assets of the Subsidiary)

(₹ Lacs)	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
	2,050.16	2,320.97
	278.53	290.36
	2,328.69	2,611.33

SCHEDULE 4 : FIXED ASSETS

(₹ Lacs)

ASSETS	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 1.4.2010	Additions	Deductions	As at 31.03.2011	Upto 1.4.2010	For the Year	On Sales	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
TANGIBLE ASSETS										
Land – Freehold	12,28.02	3,92.77	—	16,20.79	—	—	—	—	16,20.79	12,28.02
Land – Leasehold	90.85	—	—	90.85	13.45	0.92	—	14.37	76.48	77.40
Buildings #	95,57.08	3,96.27	7.95	99,45.40	14,48.79	2,51.22	—	17,00.01	82,45.39	81,08.29
Leasehold Improvements	—	95.74	—	95.74	—	5.32	—	5.32	90.42	—
Plant & Machinery	189,56.63	9,82.18	74.99	198,63.82	80,33.64	13,96.40	56.40	93,73.64	104,90.18	109,22.99
Computers	11,02.21	1,29.95	9.35	12,22.81	8,74.34	1,09.26	8.98	9,74.62	2,48.19	2,27.87
Furniture, Fixtures & Office Equipment	13,55.13	2,19.14	13.01	15,61.26	5,16.73	97.70	9.15	6,05.28	9,55.98	8,38.40
Vehicles	2,42.42	12.22	28.52	2,26.12	61.58	23.47	8.87	76.18	1,49.94	1,80.84
INTANGIBLE ASSETS										
Computer Software	1,27.00	35.25	—	1,62.25	91.11	33.95	—	1,25.06	37.19	35.89
Goodwill	3,23.92	—	—	3,23.92	1,13.17	32.39	—	1,45.56	1,78.36	2,10.75
Technical Know How	3,54.29	—	—	3,54.29	2,47.49	70.86	—	3,18.35	35.94	1,06.80
Trade Marks	2,03.95	—	—	2,03.95	78.00	20.39	—	98.39	1,05.56	1,25.95
Other Intangibles	7,86.69	—	—	7,86.69	2,75.49	78.67	—	3,54.16	4,32.53	5,11.20
Total	343,28.19	22,63.52	1,33.82	364,57.89	117,53.79	21,20.55	83.40	137,90.94	226,66.95	225,74.40
Previous Period's Total	258,54.93	91,18.46	6,45.20	343,28.19	100,49.54	21,91.70 [^]	4,87.45	117,53.79	16,03.22	7,72.54
Capital Work-in-Progress (includes advances on capital account of ₹ 1,92.00 Lacs – Previous Period – ₹ 91.74 Lacs).									242,70.17	233,46.94

Includes an amount of ₹ 750 (Previous period – ₹ 750) representing the value of shares in a co-operative housing society.

[^] Includes ₹ 1.86 Lacs capitalised during the previous period as Capital Work-in-Progress.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	Nos.	Face Value (₹)	(₹ Lacs)	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
SCHEDULE 5 : INVESTMENTS					
AT COST					
LONG TERM					
TRADE					
EQUITY SHARES (fully paid-up)					
Unquoted:					
Andhra Pradesh Gas Power Corporation Ltd.	21,86,880	10		2,73.36	2,73.36
Shivalik Solid Waste Management Ltd.	20,000	10		2.00	2.00
NON-TRADE					
EQUITY SHARES (fully paid up)					
Quoted:					
John Oakey & Mohan Ltd.	1,900	10		0.16	0.16
Unquoted:					
(Companies under the same management)					
Saint-Gobain Glass India Ltd.	25,00,000	10	24,99.99		24,99.99
Saint-Gobain India Foundation	100	10	0.01		0.01
				25,00.00	25,00.00
OTHER SECURITIES					
Unquoted:					
CAPITAL GAINS BONDS					
5.50% Rural Electrification Corporation Ltd.	—	—		—	50.00
	(500)	(10,000)			
MUTUAL FUNDS					
Debt Funds – Fixed Maturity Plan – Growth Plan					
Reliance Fixed Horizon Fund – XVII Series 1 – Growth Plan *	20,00,000	10	2,00.00		—
Kotak FMP 13M Series 6 – Growth	10,00,000	10	1,00.00		1,00.00
Taurus Fixed Maturity Plan 385 Days Series 1 – Institutional Growth	10,00,000	10	1,00.00		1,00.00
Religare FMP – Series II Plan B – 15 months *	10,00,000	10	1,00.00		—
Axis Fixed Term Plan – Series 1 (384 Days) – Retail Growth	10,00,000	10	1,00.00		1,00.00
DSP BlackRock FMP 13M Series 2 – Growth	10,00,000	10	1,00.00		1,00.00
Religare FMP – 3 months – Series XXV Dividend **	—	—	—		1,00.00
	(10,00,000)	(10)			
Derivative Funds					
Kotak Equity Arbitrage Fund – Dividend *	9,49,890	10	1,00.79		1,00.79
				8,00.79	6,00.79



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	Nos.	Face Value (₹)	(₹ Lacs)	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
SCHEDULE 5 : INVESTMENTS (Continued)					
CURRENT					
OTHER SECURITIES					
Unquoted :					
MUTUAL FUNDS					
Liquid/Money Plus Funds – Dividend Plan					
Birla Sunlife Floating Rate Fund – Short Term – Daily Dividend *	10,00,806	10	<u>1,00.10</u>		—
				<u>1,00.10</u>	—
				<u><u>36,76.41</u></u>	<u>34,26.31</u>
NOTES:					
1. * Purchased/Allotted during the year.					
2. ** Sold/Redeemed during the year.					
3. For details of Investment & Redemption of Units during the year, Refer Schedule 13 Note 16.					
4. COST					
Quoted				0.16	0.16
Unquoted				36,76.25	34,26.15
5. MARKET VALUE					
Quoted				0.26	0.26
6. MUTUAL FUNDS					
Cost				9,00.89	6,00.79
Repurchase Price				9,44.36	6,02.44
7. Figures in brackets indicate that of Previous Period.					

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ Lacs)	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
SCHEDULE 6 : CURRENT ASSETS, LOANS & ADVANCES			
1. INVENTORIES			
Stores and Spare Parts	6,33.48		4,54.65
Raw Materials	43,36.58		31,31.10
Raw Materials in Transit	11,27.44		10,04.41
Finished Goods:			
Manufactured	37,14.84		28,22.45
Trading	7,41.46		3,76.10
Work-in-Process	25,96.44		20,00.18
		131,50.24	97,88.89
2. SUNDRY DEBTORS			
(Unsecured and considered good unless otherwise stated)			
Over six months	6,31.95		7,58.52
Others	89,00.08		81,35.53
	95,32.03		88,94.05
Less: Provision for doubtful debts	3,90.38		3,95.28
		91,41.65	84,98.77
(Sundry Debtors include ₹ 3,90.38 Lacs – Previous Period – ₹ 3,95.28 Lacs – considered doubtful)			
3. CASH AND BANK BALANCES			
Cash and Cheques on hand and remittances in transit	23,15.48		16,78.22
With Scheduled Banks:			
On Current Account	18,52.36		19,22.95
On Deposit Account	52,07.43		46,01.75
		93,75.27	82,02.92
4. ACCRUED INTEREST		25.33	24.73
5. LOANS AND ADVANCES			
(Unsecured and considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received including ₹ 54.72 Lacs – (Previous Period – ₹ 48.60 Lacs – considered doubtful)	18,55.37		17,91.77
Demand Deposits with Excise and Customs Departments	5,30.82		2,84.37
Other Deposits	6,73.45		7,72.92
	30,59.64		28,49.06
Less: Provision for doubtful advances	54.72		48.60
		30,04.92	28,00.46
		346,97.41	293,15.77



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ Lacs)	(₹ Lacs)	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS				
1. LIABILITIES				
Sundry Creditors:				
Due to Micro, Small and Medium Enterprises	34.93			86.37
Others	59,75.74			58,12.74
		60,10.67		58,99.11
Trade Deposits		3,13.36		2,59.28
Unclaimed Dividend		63.67		55.02
Investor Education and Protection Fund		—		—
Other Liabilities		70,29.12		54,05.80
			134,16.82	116,19.21
2. PROVISIONS				
For Taxation				
On Income (Net of Advance tax of ₹ 250,84.52 Lacs – Previous Period – ₹ 213,25.73 Lacs)		2,56.40		1,08.61
On Proposed Dividend		5,38.85		551.68
		7,95.25		6,60.29
For Proposed Dividend		33,21.60		33,21.60
For Leave Encashment		9,56.00		8,91.91
For Others (Refer Schedule 13, Note 7)		3,05.00		—
			53,77.85	48,73.80
			187,94.67	164,93.01
		(₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Ended 31st March, 2010 (₹ Lacs)
SCHEDULE 8 : MISCELLANEOUS INCOME				
Commission			18.85	24.68
Interest (Gross):				
From Long Term Investments (Non-trade)		2.52		3.44
Others		78.66		1,09.32
(Tax deducted – ₹ 1.18 Lacs – Previous Period – ₹ 2.07 Lacs)				
			81.18	1,12.76
Dividends from Investments (Non-trade):				
From Long Term Investments		6.41		1.52
From Current Investments		3,55.69		2,29.75
			3,62.10	2,31.27
Service Income			11,89.45	8,11.90
Profit on Sale of Investments:				
From Long Term Investments		—		14.37
From Current Investments		—		21.61
				35.98
Others			10,30.11	11,28.57
			26,81.69	23,45.16

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Period Ended 31st March, 2010 (₹ Lacs)
SCHEDULE 9 : RAW MATERIALS CONSUMED			
Opening Stock of			
Raw Materials	31,31.10		33,79.40
Raw Materials in Transit	10,04.41		5,17.97
		41,35.51	38,97.37
Add: Purchases		290,90.29	236,02.72
		332,25.80	275,00.09
Less: Closing Stock of			
Raw Materials	43,35.16		31,31.10
Raw Materials in Transit	11,28.86		10,04.41
		54,64.02	41,35.51
		277,61.78	233,64.58
SCHEDULE 10 : MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES			
Stores and Spare Parts Consumed		19,89.41	16,37.73
Processing Charges		20,17.81	17,56.87
Salaries, Wages, Bonus and Gratuity	72,88.16		78,17.69
Contribution to Provident and other Funds	4,49.20		4,98.15
Staff Welfare	8,00.76		7,67.21
		85,38.12	90,83.05
Power and Fuel (Refer Schedule 13, Note 7)		70,41.81	56,76.78
Freight, Octroi and Packing Expenses		43,04.14	34,50.01
Repairs and Maintenance:			
Buildings	2,55.05		1,49.14
Machinery	3,77.16		2,79.41
Others	3,47.59		1,62.48
		9,79.80	5,91.03
Rent		2,14.32	1,92.05
Rates and Taxes		1,08.09	1,89.93
Insurance		1,31.61	1,11.42
Travelling and Conveyance		11,62.80	8,62.30
Commission and Discount on Sales		25,83.24	15,43.50
Royalties		5,60.15	5,34.64
Loss on assets discarded/sold (Net)		24.28	1,21.30
Loss on Sale of Current Investments		0.66	—
Miscellaneous		36,56.07	30,55.85
		333,12.31	288,06.46
Less: Capitalised/Transferred to Capital Work in Progress		—	(23.17)
		333,12.31	287,83.29



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ Lacs)	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Period Ended 31st March, 2010 (₹ Lacs)
SCHEDULE 11 : INTEREST			
ON TERM LOAN		2,63.85	1,89.52
ON LOANS/DEPOSITS			
Banks	50.15		37.31
Others	27.71		24.15
		77.86	61.46
		<u>3,41.71</u>	<u>2,50.98</u>
SCHEDULE 12 : (INCREASE)/DECREASE IN INVENTORY			
Opening Stock of			
Finished Goods:			
Manufactured	28,22.45		28,72.54
Trading	3,76.10		8,82.58
Work-in-Process	20,00.18		21,16.47
		51,98.73	58,71.59
Less: Closing Stock of			
Finished Goods:			
Manufactured	37,14.84		28,22.45
Trading	7,41.46		3,76.10
Work-in-Process	25,96.44		20,00.18
		70,52.74	51,98.73
		<u>(18,54.01)</u>	<u>6,72.86</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS

1. Basis of Consolidation :

The Consolidated Financial Statements relate to Grindwell Norton Limited and its subsidiary company, Saint-Gobain Ceramic Materials Bhutan Private Limited, a company incorporated in Bhutan in which the Company has 70% equity holding. The financial statements of the subsidiary company for the year ended 31st March, 2011 have not been audited and have been considered in the consolidated financial statements based on the unaudited financial statements certified by the Management. The Consolidated Financial Statements have been prepared in accordance with the applicable Accounting Standards in India and other generally accepted accounting principles.

2. Principles of Consolidation :

The Consolidated Financial Statements have been prepared on the following basis :

- (a) The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21 – Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.
- (b) “Minority interest” represents the amount of equity attributable to minority shareholders at the date on which investment in the subsidiary is made and its share of movements in the equity since that date. Any excess consideration received from minority shareholders of the subsidiary over the amount of equity attributable to the minority on the date of investment is reflected under “Reserves and Surplus”. Minority interest’s share of net profit for the year of the subsidiary is identified and adjusted against the profit after tax of the group.
- (c) Intra-group balances and intra-group transactions and resulting unrealised profits have been eliminated.

3. Significant Accounting Policies :

Method of Accounting :

The accounts are prepared on the historical cost convention. Expenses and income are accounted for on accrual basis.

Fixed Assets :

Fixed Assets are stated at cost, except those Tangible Assets which were revalued as on 30th June, 1988 are stated at revalued amounts.

Investments :

- (a) Long Term Investments are valued at cost less provision for diminution in value, if the diminution is other than temporary.
- (b) Current Investments are stated at lower of cost and fair value.

Inventories :

Inventories are valued at lower of cost and net realisable value. The cost is arrived at on a weighted average basis.

Revenue Recognition :

Sales are recognised at the point of despatch of goods to Customers. Sales are inclusive of Excise Duty but net of Trade Discounts and Sales Tax.

Foreign Currency Transactions :

Transactions in foreign currency are translated at rates of exchange prevailing on the date the transactions are recorded. The outstanding amounts are converted at the year end at the rates prevailing on that date and the difference arising on conversion is accounted for in the books of account. In case of forward exchange contracts, the difference between the transaction rate and the rate on the date of contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

Expenditure on New Projects :

Expenditure directly relating to the construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of indirect construction cost to the extent to which the expenditure is related to the construction or is incidental thereto. Income attributable to the project is deducted from the total of the indirect expenditure.

Employee Benefits :

(a) Short-term employee benefits :

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognised at actual amounts due in the period in which the employee renders the related service.



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

(b) Post-employment benefits :

(i) Defined Contribution Plans :

Payments made to defined contribution plans such as Provident Fund and Superannuation are charged as an expense as they fall due.

(ii) Defined Benefit Plans :

The cost of providing benefit i.e. gratuity is determined using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Profit & Loss Account.

The fair value of the plan assets is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on net basis.

Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested.

(iii) Other long-term employee benefits :

Other long-term employee benefit viz., leave encashment is recognised as an expense in the profit and loss account as and when it accrues. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefit are charged to the profit and loss account.

Research & Development :

(a) Revenue expenditure on Research & Development is charged under respective heads of account.

(b) Capital Expenditure on Research & Development is included as part of the relevant Fixed Assets.

Borrowing Costs :

Borrowing costs incurred by the Company on an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset.

Depreciation/Amortisation :

On Tangible Assets :

(a) Depreciation on cost of Assets is provided on Straight Line Method in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956, except for the following :

(i) Computers are depreciated over 4 years,

(ii) Specific Kilns are depreciated over 5 years, being the estimated useful life of these Assets.

(b) Depreciation on revalued amounts is provided on Straight Line Method based on the residual life of the said assets and adjusted to Revaluation Reserve.

(c) Leasehold improvements is depreciated over the lease period or over its useful life if less than the lease period.

(d) Cost of Leasehold Land is amortised over the period of the lease.

(e) Depreciation on fixed assets of the subsidiary is provided at the rates prevalent under the relevant law of that country.

On Intangible Assets :

Intangible assets are amortised on the Straight Line basis over the useful life, based on the economic benefits that would be derived, as per the estimates made by the management :

(i) Computer Software : 3 Years

(ii) Goodwill : 10 Years

(iii) Technical Know-how : 5 Years

(iv) Trademark : Licence Period/10 Years (whichever is lower)

(v) Other Intangibles : 10 Years

Impairment :

The cash generating units are evaluated at the Balance Sheet date to ascertain the estimated recoverable amount/ value in use as against the Written Down Value. Impairment loss, if any, is recognised whenever the Written Down Value exceeds estimated recoverable amount/value in use.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS
SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

Deferred Tax :

Deferred tax assets and liabilities are based on timing differences between the values of assets and liabilities recorded in the financial statements and those used for tax purposes. Tax rates applicable to future periods are used to calculate year-end deferred income tax amounts.

Provisions and Contingencies :

- (a) Provisions are recognised based on the best estimate of probable outflow of resources which would be required to settle obligations arising out of past events.
- (b) Contingent liabilities not provided for as per (a) above are disclosed in notes to accounts and contingent assets are not recognised.
4. The Company has changed its accounting year from January – December to April – March with effect from the previous period. Accordingly, the current year's financial statements relate to 12 months ended 31st March, 2011 and the previous period's figures are for fifteen months from 1st January, 2009 to 31st March, 2010. Hence the current year's figures are not strictly comparable to the previous period.
5. **Contingent liabilities not provided for in respect of :**

	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
(a) Excise Duty demands/ show cause notices pending with the appropriate authorities and disputed by the Company	7,33.18	3,20.60
(b) Sales Tax demands pending with the Commissionerate/High Court and disputed by the Company	2,90.78	2,41.04
(c) Claims against the Company under the Labour Laws for disputed cases	90.00	26.44
(d) Demand raised by A.P Transco on surplus units allocated, disputed by the Company & subjudice in High Court (Net)	6,01.01	4,84.72
(e) Guarantees given by Banks, of which ₹ 2,86.37 Lacs (Previous Year – ₹ 2,23.13 Lacs) are counter guaranteed by the Company	3,04.37	2,41.13
(f) Guarantees given on behalf of Subsidiary Company	8,39.08	8,39.08
(g) Letters of credit issued by banks on behalf of the Company	1,18.14	19.83
(h) Non-Agricultural Land Cess	35.97	35.97
(i) Other Claims against the Company not acknowledged as debts	2,94.39	48.24
(j) Demand raised by A.P Transco on increase in power cost, disputed by the Company & subjudice in Honourable Supreme Court	24,40.22	21,44.32

6. The Company has Cash Credit facilities from bankers secured by first charge by way of hypothecation of inventories and book debts, both present and future, wherever situated and subservient mortgage on immovable properties situated at Mora, Bangalore and Nagpur.

7. **Provisions :**

The Company has made provisions for the following :

(₹ Lacs)

	For the Year Ended 31st March, 2011		For the Year Ended 31st March, 2010	
	Leave Encashment	Other Risks	Leave Encashment	Other Risks
Opening Balance	8,91.91	—	6,03.83	7,72.11
Provision made during the year/period	1,79.03	*3,05.00	3,49.19	—
Utilisation during the year/period	(1,14.94)	—	(61.11)	—
Provision reversed during the year/period	—	—	—	(7,72.11)
Closing Balance	9,56.00	3,05.00	8,91.91	—

* During the year, as an abundant caution, ₹ 3,05 Lacs has been provided under "Power & Fuel" for fuel surcharge adjustment.



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

8. The Company has been in possession of land at Tirupati, on which its Silicon Carbide Plant was erected, since 1978. The transfer formalities for the said land were not completed because of a dispute relating to the lease rent payable. The Company had paid lease rental (inclusive of penalty upto 1997) of ₹ 30 Lacs for the period 1978 to 2004. The Company has also provided for lease rent in respect of 90 acres of land for the period 2004 to date at the rates prevailing for 2004, pending the finalisation of the lease agreement.
9. Estimated amount of capital commitments (net of advances – ₹ 1,92 Lacs) not provided for ₹ 7,61.63 Lacs (Previous Period – ₹ 5,11.52 Lacs net of advances of ₹ 91.74 Lacs).
10. Exchange difference arising on foreign currency transactions amounting to ₹ 1,69.78 Lacs (Net Gain) (Previous Period – ₹ 1,81.65 Lacs – Net Gain) has been accounted under respective heads.
11. The tax effects of significant timing differences that resulted in deferred tax assets and liabilities are :

	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
Depreciation on Fixed Assets	(17,06.18)	(15,86.66)
Provision for Doubtful Debts and Advances	1,47.85	1,50.87
Provision for Contingencies	1,01.31	—
Others	5,49.24	6,27.42
Deferred Tax Liability	(9,07.78)	(8,08.37)

12. Earnings Per Share :

	For the Year Ended 31st March, 2011	For the Fifteen Months Period Ended 31st March, 2010
(a) Profit after tax after minority interest (₹ Lacs)	83,60.98	86,35.93
(b) Weighted Average Number of Equity Shares outstanding (Nominal Value of Shares ₹ 5)	5,53,60,000	5,53,60,000
(c) Earnings per share (Basic & Diluted) in ₹	15.10	15.60

13. The Company has amounts due to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) as at 31st March, 2011. The disclosure pursuant to the said Act is as under :

	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
Principal amount due	34.93	86.37
Interest due on above	0.00	0.84
Payment made after the due dates	7,09.23	12,66.48
Interest payable for payments made after due date	2.49	10.01
Interest paid	—	—

The information has been given in respect of such suppliers who have identified themselves as “Micro, Small and Medium Enterprises”.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS
SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Period Ended 31st March, 2010 (₹ Lacs)
14. Revenue expenditure on Research & Development charged to the Profit and Loss Account	1,46.26	1,21.91

15. The Company uses forward contracts to hedge its risk associated with foreign currency fluctuations relating to firm commitments and forecasted transactions. The Company does not enter into forward exchange contracts which are intended for speculative purposes.

The following are the outstanding forward contracts as at 31st March, 2011:

Currency	No. of Contracts	Value in Lacs	Equivalent ₹ Lacs
USD	19 (17)	56.29 (36.36)	25,16.31 (16,39.76)
EURO	6 (8)	9.62 (7.3)	6,09.81 (4,41.27)
GBP	1 —	0.62 —	44.21 —

Previous Period's figures are in brackets.

The Indian Rupee equivalent is arrived at by converting the forward contracts at the spot rate as at 31st March 2011. Foreign currency exposure (net) not hedged by forward contracts as at 31st March, 2011 is ₹ 5,85.32 Lacs (Previous Period – ₹ 2,91.97 Lacs).

16. Investment and Redemption of Mutual Fund Units during the Year ended 31st March, 2011 :	Units in Lacs	₹ Lacs
Reliance Liquid Fund – Cash Plan – Daily Dividend Option	2,11.49	23,56.35
Reliance Floating Rate Fund – Short Term Plan – Daily Dividend Plan	1,73.80	17,50.18
Reliance Medium Term Fund – Daily Dividend Plan	2,55.65	43,70.61
Reliance Monthly Interval Fund – Series I – Institutional Dividend Plan	99.97	10,00.01
Reliance Monthly Interval Fund – Series II – Institutional Dividend Plan	1,49.96	15,00.05
Reliance Quarterly Interval Fund – Series III – Institutional Dividend Plan	29.98	3,00.00
Reliance Liquid Fund – Treasury Plan – Institutional Option – Daily Dividend Option	1,90.00	29,04.60
Sundaram Flexible Fund – Short Term Institutional Plan – Daily Dividend	1,00.21	10,07.27
Sundaram Money Fund – Super Institutional Premium – Daily Dividend	99.06	10,00.09
Sundaram Ultra Short Term – Super Institutional Premium – Daily Dividend	1,50.10	15,06.52
Bharti Axa Liquid Fund – Institutional Premium – Daily Dividend	0.28	2,75.02
Bharti Axa Short Term Income Fund – Institutional Premium – Weekly Dividend	19.99	2,00.52
Bharti Axa Treasury Advantage Fund – Institutional Premium – Daily Dividend	0.08	75.15
HDFC Cash Management Fund – Savings Plan – Daily Dividend Reinvestment	18.81	2,00.02
Axis Short Term Fund – Institutional Regular Dividend Payout	14.96	1,50.00
Kotak Flexi Debt Scheme Institutional – Daily Dividend	2,99.59	30,10.16
Kotak Floater Long Term – Daily Dividend	3,41.89	34,46.19
Kotak Floater Short Term – Daily Dividend	9.96	1,00.75



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS
SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

16. Investment and Redemption of Mutual Fund Units during the Year ended 31st March, 2011 (Continued) :	Units in Lacs	₹ Lacs
Kotak Liquid (Institutional Premium) – Daily Dividend	2,84.21	34,75.38
Kotak Quarterly Interval Plan Series 4 – Dividend	1,00.00	10,00.00
Tata Fixed Income Portfolio Fund Scheme A2 Institutional I	1,50.00	15,00.12
Tata Liquid Super High Investment Fund – Daily Dividend	0.90	10,00.12
IDBI Ultra Short Term Fund – Daily Dividend – Reinvestment	90.65	9,06.52
Canara Robeco Floating Rate Short Term Daily Dividend Fund	58.86	6,03.93
UTI Liquid Cash Plan Institutional – Daily Income Option – Re-Investment	0.15	1,50.02
UTI-Fixed Income Interval Fund – Institutional Dividend Plan – Reinvestment	15.38	1,53.79
DWS Ultra Short Term Fund – Institutional Daily Dividend – Reinvestment	90.16	9,03.16
DWS Insta Cash Plus Fund – Institutional Plan Daily Dividend – Reinvestment	49.75	5,00.05
DWS Treasury Fund Investment – Institutional Plan – Daily Dividend – Reinvestment	50.33	5,05.44
Taurus Ultra Short Term Bond Fund – Institutional Daily Dividend Plan	0.90	9,04.77
Taurus Ultra Short Term Bond Fund – Retail Daily Dividend Plan	0.05	50.06
DSP Blackrock Money Manager Fund – Institutional Plan – Daily Dividend	1.10	11,05.56
DSP Blackrock FMP – 3M Series 25 – Dividend Payout	10.00	1,00.00
DSP Blackrock FMP – 3M Series 24 – Dividend Payout	20.00	2,00.00
DSP Blackrock FMP – 3M Series 19 – Dividend Payout	20.00	2,00.00
DSP Blackrock FMP – 3M Series 18 – Dividend Payout	20.00	2,00.00
DSP Blackrock Liquidity Fund – Institutional Plan – Daily Dividend	0.60	6,00.06
DSP Blackrock Short Term Fund – Weekly Dividend	39.82	4,05.34
DSP Blackrock Floating Rate Fund – Institutional Plan – Daily Dividend	0.40	4,00.12
ICICI Prudential Interval Fund V – Monthly Interval Plan A Institutional Dividend	50.57	5,05.70
ICICI Prudential Ultra Short Term Plan Super Premium Daily Dividend	1,00.15	10,03.56
ICICI Prudential Flexible Income Plan Premium – Daily Dividend	51.73	54,69.14
ICICI Prudential Liquid Super Institutional Plan – Dividend – Daily	69.74	69,75.86
SBI – Magnum Insta Cash Fund – Daily Dividend Option	53.86	96,51.73
SBI Premier Liquid Fund – Institutional – Daily Dividend	49.85	5,00.07
SBI Shf Ultra Short Term Fund – Institutional Plan – Daily Dividend	20.01	2,00.23
SBI Debt Fund Series – 90 Days – 36 – Dividend	50.00	5,00.00
LIC Nomura MF Liquid Fund – Dividend Plan	2,73.25	30,00.35
LIC Nomura MF Income Plus Fund – Daily Dividend Plan	2,50.58	25,05.78
LIC Nomura MF Savings Plus Fund – Daily Dividend Plan	1,90.30	19,02.95
Birla Sun Life Savings Fund – Institutional – Daily Dividend – Reinvestment	1,63.42	16,35.28
Birla Sun Life Cash Manager – Institutional Premium – Daily Dividend – Reinvestment	1,60.55	16,05.97
Birla Sun Life Cash Plus – Institutional Premium – Daily Dividend – Reinvestment	3,59.34	36,00.43
Birla Sun Life Floating Rate Fund – Long Term – Institutional – Weekly Dividend	1,00.54	10,06.30
Birla Sun Life Floating Rate Fund – Daily Dividend – Reinvestment	50.02	5,00.21
Birla Sun Life Ultra Short Term Fund – Institutional Daily Dividend	1,20.39	12,04.55
Axis Liquid Fund – Institutional Daily Dividend Reinvestment	0.15	1,50.12
Tata Treasury Manager Ship Daily Dividend	2.69	16,00.07
JP Morgan India Liquid Fund – Super Institutional Daily Dividend Plan – Reinvestment	1,25.51	12,56.12
JP Morgan India Short Term Income Fund – Weekly Dividend – Reinvestment	50.43	5,05.43
JP Morgan India Short Term Income Fund – Monthly Dividend – Payout	49.51	5,00.00
JM High Liquidity Fund – Super Institutional Plan – Daily Dividend	1,04.84	10,50.15
JM Money Manager Fund Super Plus Plan – Daily Dividend	85.12	8,51.63

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS
SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

16. Investment and Redemption of Mutual Fund Units during the Year ended 31st March, 2011 (Continued) :	Units in Lacs	₹ Lacs
JM Money Manager Fund Super Plan – Daily Dividend	30.24	3,02.81
BNP Paribas Money Plus Institutional Plan Daily Dividend	2,50.77	25,08.58
BNP Paribas Overnight Fund – Institutional Daily Dividend	3,20.14	32,02.37
HDFC Cash Management Fund – Dividend Reinvestment	19.95	2,00.15
HDFC FMP 35d August 2010 (1) – Dividend – Series XIV Option Payout	20.00	2,00.00
Total		941,13.49

17. Excise duty deducted from turnover represents amount of excise duty collected by the Company on sale of goods manufactured by the Company. Excise duty of ₹ 2,22.42 Lacs (Previous Period – ₹ 1,73.78 Lacs), being the difference between the opening and closing stock of finished goods is debited to Miscellaneous Expenses under Schedule 10.

18. Disclosure under AS-15 (Revised 2005) :

Employee Benefits :

I. Defined Contribution Plans :

Contribution to Defined Contribution Plans, recognised as expense for the year/period are as under :

	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Ended 31st March, 2010 (₹ Lacs)
Employers' Contribution to Provident Fund	2,67.30	2,86.28
Employers' Contribution to Superannuation Fund	1,07.62	1,22.79

II. Defined Benefit Plan :

Contribution to Gratuity Fund :

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on superannuation, death or on separation/termination in terms of the provisions of the Payment of Gratuity Act or as per the Company's policy whichever is beneficial to the employees.

The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31st March, 2011 :

	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
Change in present value of obligation		
Opening Balance	19,92.60	13,76.28
Interest Cost	1,63.78	1,12.72
Service Cost	1,16.30	1,93.69
Benefits Paid	(1,23.31)	(1,17.52)
Cost of Plan Amendment	—	2,76.15
Actuarial (gain)/loss on obligation	2,11.78	1,51.28
Closing Balance	23,61.15	19,92.60



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS
SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

	As at 31st March, 2011 (₹ Lacs)	As at 31st March, 2010 (₹ Lacs)
Change in plan assets		
Opening Balance	18,41.00	13,73.74
Expected return on plan assets	1,74.89	1,12.51
Contributions	4,06.82	4,20.00
Benefits paid	(1,23.31)	(1,17.52)
Actuarial gain/(loss) on plan assets	0.14	52.27
Closing Balance	<u>22,99.54</u>	<u>18,41.00</u>
Net gratuity cost for the year/period		
Current Service Cost	1,16.30	1,93.69
Interest Cost	1,63.78	1,12.72
Expected return on plan assets	(1,74.89)	(1,12.51)
Past Service Cost	—	2,76.15
Net Actuarial (gain)/loss to be recognised	<u>2,11.64</u>	<u>99.01</u>
Net Gratuity Cost	<u>3,16.83</u>	<u>5,69.06</u>
Amount recognised in the Balance Sheet		
Present value of obligation	23,61.15	19,92.60
Fair value of plan assets	<u>(22,99.54)</u>	<u>(18,41.00)</u>
Net obligation	<u>61.61</u>	<u>1,51.60</u>
Assumptions used in accounting for the gratuity plan		
	%	%
Discount Rate	8.25	8.00
Salary escalation rate	7.00	6.50
Expected rate of return on plan assets	8.00	8.00

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets.

19. RELATED PARTY DISCLOSURE :

1. Relationships :

(i) **HOLDING COMPANY :**

Compagnie de Saint-Gobain

(ii) **FELLOW SUBSIDIARIES :**

(a) Saint-Gobain Abrasives, USA

(b) Societe de Participations Financieres et Industrielles (formerly Saint-Gobain Promotion et Participations Internationales)

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS
SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

(iii) ASSOCIATE COMPANIES :

ABC Superabrasives, USA	Saint-Gobain Advanced Materials (M) SDN BHD
Certaineed Corporation, USA	Saint-Gobain Glass India Ltd.
Norton Abrasives PTY Ltd.	Saint-Gobain Glass, Egypt
PT Saint-Gobain Norton Hamplas, Indonesia	Saint-Gobain Industrial Ceramics, UK
PT Saint-Gobain Winter Diamas, Indonesia	Saint-Gobain Ceramics Inc, USA
Saint - Gobain PAM (France)	Saint-Gobain Industriekeramik Dusseldorf GMBH
Saint Gobain Abrasives Ltd.	Saint-Gobain Materials Ceramicos Ltda., Brazil
L.M.Van Moppes Diamond Tools India Pvt. Ltd.	Saint-Gobain Materials Ceramicos, Venezuela
Saint-Gobain Abrasifs Maroc, Morocco	Saint-Gobain Sekurit India Ltd
Saint-Gobain Abrasifs, France	Saint-Gobain Seva Engineering India Limited
Saint-Gobain Abrasive International Trading (Shanghai)	Saint-Gobain Seva, France
Saint-Gobain Abrasives Inc., USA	Saint-Gobain Universal Superabrasives, Inc
Saint-Gobain Abrasives (Aust) PTY Ltd.	Savoi Refractories
Saint-Gobain Abrasives (Shanghai) Co. Ltd., Shanghai	SEPR Refractories India Ltd.
Saint-Gobain Abrasives BV., Netherlands	SEPR, France
Saint-Gobain Abrasives GMBH (Cora)	SG Performance Plastics, Corby, UK
Saint-Gobain Abrasives GMBH, Gerolzhofen., Germany	SG Performance Plastics, Korea Co. Ltd.,
Saint-Gobain Abrasives International Trading (HK) Ltd.	SG Performance Plastics, Pampus GMBH
Saint-Gobain Abrasives, Korea	SG Performance Plastics, Verneret, France
Saint-Gobain Abrasives SP. Z.O.O	SG Performance Plastics, Akron, USA
Saint-Gobain Abrasives (Suzhou) Co. Ltd.	SG Performance Plastics, Beaverton, USA
Saint-Gobain Abrasives, Thailand	SG Performance Plastics, Chaineux, Belgium
Saint-Gobain Abrasives Ltd., New Zealand	SG Performance Plastics, Granville, USA
Saint-Gobain Abrasives Singapore (PTE) Ltd.	SG Performance Plastics, Ireland
Saint-Gobain Abrasives SP.Z	SG Performance Plastics, Kontich, Belgium
Saint-Gobain Abrasives (PTY) Ltd., South Africa	SG Performance Plastics, Mickleton, USA
Saint-Gobain Abrasives, France	SG Performance Plastics, Pittsburg, USA
Saint-Gobain Abrasivi S.P.A. (Micromold)	SG Performance Plastics, Florida, USA
Saint-Gobain Abrasivi S.P.A. (Ral-Sud)	SG Performance Plastics, Garden Groove, USA
Saint-Gobain Abrasives Ltda., Brazil	SG Performance Plastics (Shanghai) Co. Ltd.
Saint-Gobain Abrasivos SA, Argentina	SG Advanced Ceramics (Shanghai) Co. Ltd.
Saint-Gobain Abrasifs, Dubai	SG Performance Plastics KK, Japan
Saint-Gobain Advanced Materials (Taiwan) Co. Ltd.	Saint-Gobain Tech Fab Hongfa (Changzhou) Ltd.
Saint-Gobain Ceramic Materials AS., Norway	Universal Superabrasives., USA
Saint-Gobain Ceramic Materials, USA	Saint-Gobain Gyproc India Ltd.
Saint-Gobain Ceramicas Industriales, S.A.	(formerly India Gypsum Ltd.)
Saint-Gobain Crystals & Detectors India Ltd.	Saint-Gobain Abrasives (Sea) Pte. Ltd.
Saint-Gobain Diamantwerkzeuge GMBH & Co.	Saint-Gobain Abrasives, Indonesia
Saint-Gobain Materiaux Ceramics, Belgium	Saint-Gobain Abrasives Ltda., Portugal
Saint-Gobain Performance Plastics,	Saint-Gobain Ceramic Materials
New Jersey, USA	(Mudanjiang) Co. Ltd., China
Saint-Gobain Performance Plastics, Worcester, USA	Saint-Gobain Technical Fabrics, S.A
Saint-Gobain High Performance Materials, France	Saint-Gobain Ceramic Materials
Saint-Gobain DSI Groupe	(Liyanguang) Co. Ltd., China
Saint-Gobain Ceramiques Informatique Et Organisation	Saint-Gobain Gelva, BV
	Saint-Gobain Vibros, S.A.



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS
SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

(iv) **KEY MANAGEMENT PERSONNEL :**

A. Y. Mahajan – Managing Director
 J.A.J. Pereira – Executive Director – Human Resources & Corporate Services
 U.T. Dorji #

No transactions have been made with him.

2. The following transactions were carried out with the related parties in the ordinary course of business :

(i) Details relating to parties referred to in items 1(i) (ii) and (iii) above :

(₹ Lacs)

Sr. No.	Particulars	Holding Company		Fellow Subsidiaries		Associate Companies	
		For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010
1.	Sales	—	—	98.18	61.54	23,99.92	31,99.77
2.	Agency Commission received	—	—	—	—	18.85	2.24
3.	Service Income	—	—	95.31	1,94.02	6,87.61	2,86.80
4.	Other Income	77.40	84.38	29.23	39.20	2,25.07	2,77.18
5.	Purchase of Goods	—	—	5,75.96	4,74.90	91,67.26	74,88.48
6.	Expenses charged to other companies	1,59.95	1,11.41	—	—	1,76.34	2,34.77
7.	Expenses charged by other companies	1,47.21	1,93.47	—	0.64	78.70	85.54
8.	Royalty Paid	—	—	3,57.12	3,70.01	1,60.38	1,55.22
9.	Other Expenses	—	—	—	—	16.30	20.42
10.	Purchase/Transfer of Fixed Assets	—	—	—	—	6.98	3.62
11.	Dividend Paid	—	—	17,04.84	11,36.56	—	—
12.	Outstanding receivables (net of payables)	—	0.83	(2,71.72)	(1,86.55)	(7,64.20)	(3,79.21)
13.	Outstanding deposits	—	—	—	—	39.00	39.00

(ii) Details relating to persons referred to in item 1(iv) above :

(₹ Lacs)

	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010
Remuneration	4,07.34	4,41.06
Outstanding Loan	3,00.40	3,32.88
Commission Payable	1,30.58	1,36.17

(iii) Significant transactions with related parties :

(₹ Lacs)

Sr. No.	Nature of Transactions	Associate Companies/Joint Venture	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010
1.	Sales	Saint-Gobain Abrasives (Aust) Pty. Ltd.	3,71.41	7,05.93
		Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	—	3,70.89
		Saint-Gobain Abrasives (Suzhou) Co. Ltd.	5,42.96	2,08.36
		Saint-Gobain Abrasives, USA	98.18	61.54

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS
SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

(iii) Significant transactions with related parties (Continued) :

Sr. No.	Nature of Transactions	Associate Companies/Joint Venture	For the Year Ended 31st March, 2011 (₹ Lacs)	For the Fifteen Months Ended 31st March, 2010 (₹ Lacs)
2.	Agency Commission received	Certaineed Corporation, USA	15.56	—
		Savoi Refractories	—	2.24
3.	Service Income	Saint-Gobain Glass India Ltd.	83.75	20.46
		Saint-Gobain PAM, France	1,15.64	91.73
		Saint-Gobain Glass, France	1,11.18	1,38.83
		Saint-Gobain Abrasives Inc., USA	95.31	1,94.02
		Saint-Gobain DSI Groupe	1,64.67	—
		Saint-Gobain Ceramiques Informatique ET Organisation	79.48	—
4.	Other Income	Saint-Gobain Gyproc India Ltd.	1,39.27	1,69.84
		Compagnie de Saint-Gobain (Liaison Office)	77.40	84.38
		Saint-Gobain SEVA Engineering India Ltd.	55.15	56.42
		Saint-Gobain Abrasives Inc., USA	29.23	39.20
5.	Purchase of Goods	Saint-Gobain Abrasives (Shanghai) Co. Ltd.	9,90.40	13,18.99
		Saint-Gobain Materials Ceramicos Ltda. Brazil	17,08.45	12,14.45
		Saint-Gobain Abrasives Inc., USA	5,75.96	4,74.90
6.	Expenses charged to other companies	Saint-Gobain SEVA Engineering India Ltd.	72.63	92.69
		Compagnie de Saint-Gobain (Liaison Office)	1,59.95	1,11.41
		Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	—	62.90
		Saint-Gobain Glass Egypt	15.43	—
		Saint-Gobain Glass India Ltd.	15.63	9.76
7.	Expenses charged by other companies	Compagnie de Saint-Gobain (Liaison Office)	1,47.21	1,93.47
		Saint-Gobain Glass India Ltd.	52.74	61.20
8.	Royalty Paid	Saint-Gobain Abrasives Inc., USA	3,57.12	3,70.01
		Saint-Gobain Abrasifs, France	1,16.01	1,09.51
		SEPR, France	44.37	45.70
9.	Other Expenses	Saint-Gobain Abrasifs, France	16.30	20.42
10.	Purchase/Transfer of Fixed Assets	SEPR Refractories India Ltd.	—	3.62
		Saint-Gobain Ceramiques Industrielles S.A.	4.41	—
		Saint-Gobain Advanced Ceramics (Shanghai)	2.25	—
11.	Dividend Paid	Saint-Gobain Abrasives Inc., USA	8,89.07	5,92.71
		Societe de Participations Financieres et Industrielles (formerly Saint-Gobain Promotion et Participations Internationales)	8,15.77	5,43.85

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS
SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

20. Segment Reporting :

A. Information about Business Segments :

(₹ Lacs)

	Abrasives		Ceramics & Plastics		Others		Unallocated		Total	
	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010
Revenue										
Segment Revenue	544,52.98	482,59.43	231,91.65	205,15.20	18,68.23	30,19.04	—	—	795,12.86	717,93.67
Less: Inter-segment Sales	—	—	(14,38.55)	(15,71.78)	—	—	—	—	(14,38.55)	(15,71.78)
Net Sales	544,52.98	482,59.43	217,53.10	189,43.42	18,68.23	30,19.04	—	—	780,74.31	702,21.89
Result										
SEGMENT RESULT	87,93.25	75,78.80	34,51.67	42,90.15	3,64.99	5,53.93	—	—	126,09.91	124,22.88
Add: Exceptional Item										
Reversal of provision for "Wheeling Charges"	—	—	—	7,72.11	—	—	—	—	—	7,72.11
	87,93.25	75,78.80	34,51.67	50,62.26	3,64.99	5,53.93	—	—	126,09.91	131,94.99
Unallocated Income / (Expenditure) – (Net)							(4,31.29)	(4,67.65)	(4,31.29)	(4,67.65)
Interest expenses							(3,41.71)	(2,50.98)	(3,41.71)	(2,50.98)
Interest Income							81.18	1,12.76	81.18	1,12.76
Dividend Income							3,62.10	2,31.27	3,62.10	2,31.27
Profit/(Loss) on sale of Investments							(0.66)	35.98	(0.66)	35.98
Profit before Tax and after Exceptional Item									122,79.53	128,56.37
Provision for Tax (including Deferred Tax & FBT)							(40,06.00)	(42,51.70)	(40,06.00)	(42,51.70)
Profit after Tax									82,73.53	86,04.67

(₹ Lacs)

Other Information	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010
	Total Assets (gross)	337,47.84	278,17.75	155,03.88	142,18.10	9,25.84	10,06.82	124,66.43	130,46.35	626,43.99
Less: Revaluation Reserve	(2,11.71)	(2,21.73)	(1,90.42)	(1,96.94)	—	—	—	—	(4,02.13)	(4,18.67)
Net Assets	335,36.13	275,96.02	153,13.46	140,21.16	9,25.84	10,06.82	124,66.43	130,46.35	622,41.86	556,70.35
Total Liabilities	90,29.09	74,42.07	35,73.71	58,85.22	8,68.67	7,02.54	85,59.67	58,82.88	220,31.14	199,12.71
Capital Expenditure *	16,13.56	23,44.10	11,43.87	11,84.17	1,92.90	5.17	1,43.95	1,20.71	30,94.28	36,54.15
Depreciation *	12,76.43	13,41.70	7,15.84	6,76.24	1,09.69	2.43	2.05	1,49.60	21,04.01	21,69.97

* The information provided for the Previous Period is for the fifteen months ended 31st March, 2010.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS
SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

B. Information about Geographical Segments

(a) The Distribution of the company's sales by geographical market is as under :

(₹ Lacs)

Net Sales	For the Year Ended 31st March, 2011	For the Fifteen Months Ended 31st March, 2010
India	708,94.86	623,98.22
Outside India	71,79.45	78,23.67
Total	780,74.31	702,21.89

(b) The geographical location of the assets and liabilities is as follows :

(₹ Lacs)

	Net Assets		Total Liabilities	
	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010
India	577,26.58	506,87.28	193,95.41	170,58.53
Outside India	45,15.28	49,83.07	26,35.73	28,54.18
Total	622,41.86	556,70.35	220,31.14	199,12.71

Notes:

(i) The Company is organised into the following business segments, namely :

- (a) Abrasives
- (b) Ceramics & Plastics
- (c) Others

Segments have been identified and reported taking into account the nature of products and services, the differing risks and returns, the organisation structure, and the internal financial reporting systems.

(ii) The Segment revenue in each of the above business segments consists of Sales (net of returns, excise duty, sales tax, rebates etc.)

(iii) Segment Revenue, Result, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

(iv) Segment results are net of corporate overheads aggregating to ₹ 13,14.79 Lacs (Previous Period – ₹ 11,94.19 Lacs), allocated on a reasonable basis.

21. Previous Period's figures have been recast and rearranged wherever necessary.



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	For the Year Ended 31st March, 2011		For the Fifteen Months Ended 31st March, 2010	
	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before Tax and after Exceptional Item		122,79.53		128,56.37
Adjustments for :				
Depreciation	21,04.10		21,69.97	
Unrealised Foreign Exchange (Gain)/Loss (Net)	(25.63)		(40.78)	
Loss on Sale of Fixed Assets	24.28		1,21.30	
Loss/(Profit) on Sale of Investments	0.66		(35.98)	
Dividend Received	(3,62.10)		(2,31.27)	
Interest (Net)	2,60.53	20,01.84	1,38.22	21,21.46
Operating Profit Before Working Capital Changes		142,81.37		149,77.83
Adjustments for :				
Trade and other Receivables	(7,62.46)		(22,53.74)	
Inventories	(33,61.35)		2,95.20	
Trade and other Payables	19,07.80	(22,16.01)	13,96.57	(5,61.97)
Cash Generated from Operations		120,65.36		144,15.86
Direct Taxes Paid	(39,06.59)		(42,06.86)	
Tax Refund	1,47.80	(37,58.79)	1,47.96	(40,58.90)
Net cash from Operating Activities		83,06.57		103,56.96
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(29,03.38)		(41,59.78)	
Sale of Fixed Assets	26.22		36.45	
Proceeds of Sale of Investments	1,49.34		1,35.98	
Purchase of Investments	(3,00.00)		(6,00.79)	
Payment from Minority Interest	40.00		1,40.00	
Interest Received	80.58		1,08.50	
Dividend Received	3,62.10		2,31.27	
Net cash flow used in Investing Activities		(25,45.14)		(41,08.37)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011 (Continued)

	For the Year Ended 31st March, 2011		For the Fifteen Months Ended 31st March, 2010	
	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Net Increase/(Decrease) in Borrowing	(2,82.64)		9,64.13	
Interest	(3,41.71)		(2,50.98)	
Dividends Paid	(33,12.95)		(22,08.81)	
Tax on Dividend	(5,51.68)		(3,76.34)	
Net cash used in Financing Activities		(44,88.98)		(18,72.00)
NET INCREASE IN CASH AND CASH EQUIVALENTS		12,72.45		43,76.59
CASH AND CASH EQUIVALENTS – OPENING BALANCE				
Cash and Bank Balances	82,02.92		17,19.88	
Cash Equivalents (Investment in Current Securities)	—	82,02.92	21,06.45	38,26.33
CASH AND CASH EQUIVALENTS – CLOSING BALANCE				
Cash and Bank Balances	93,75.27		82,02.92	
Cash Equivalents (Investment in Current Securities)	1,00.10	94,75.37	—	82,02.92
		12,72.45		43,76.59

- NOTES :
1. The Company has undrawn borrowing facilities amounting to ₹ 28,21.47 Lacs (Previous Period – ₹ 28,09.64 Lacs).
 2. Previous Period's figures have been regrouped to conform with the current year's presentation.

As per our Report of even date
For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Membership No. 35646
Mumbai: 17th May, 2011

A. C. CHAKRABORTTI

Chairman

A. Y. MAHAJAN

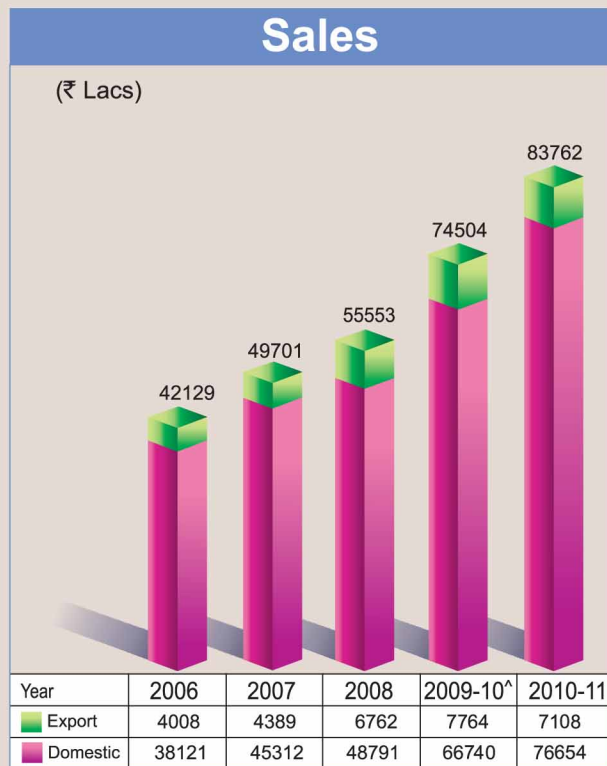
Managing Director

K. VISWESWARAN

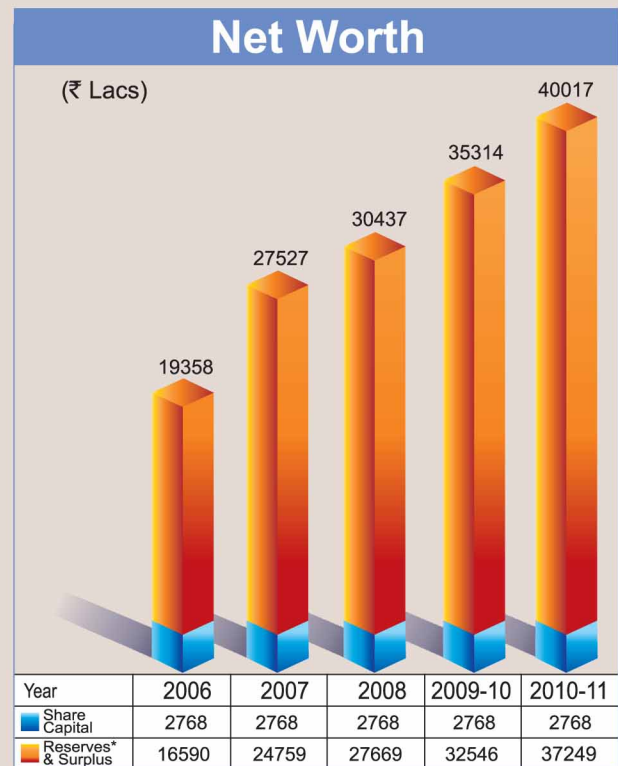
Company Secretary

Mumbai: 17th May, 2011

Financial Performance



[^] for 15 Months



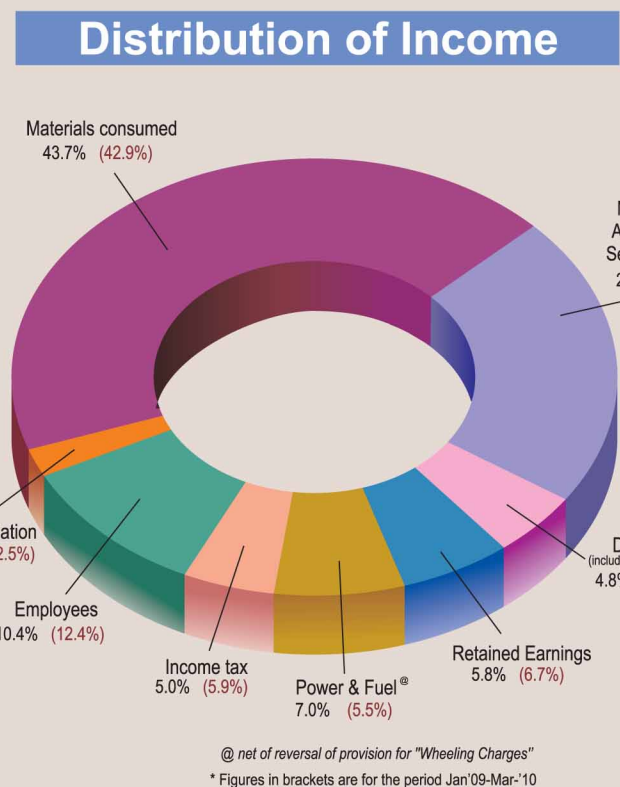
* Excluding Revaluation Reserve



@ Annualised

■ Operating Margin

■ ROI



@ net of reversal of provision for "Wheeling Charges"

* Figures in brackets are for the period Jan'09-Mar-'10

NORTON *GRINDWELL NORTON LTD.*


SAINT-GOBAIN