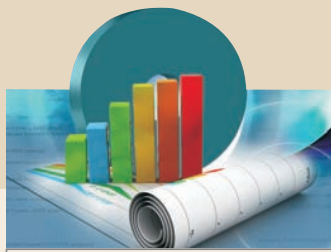


# 63rd Annual Report 2012-2013



**RESILIENT PERFORMANCE**



# TEN YEAR FINANCIAL HIGHLIGHTS

(₹ Lacs)

	2003	2004	2005	2006	2007	2008	Jan 2009 Mar 2010 (15 Months)	2010-11	2011-12	2012-13
Sale of Products	25449	30135	36049	42129	49701	55553	74504	83763	95132	99068
Profit Before Interest, Tax and Extraordinary Items	3210	4378	5368	6865	8255	7972	13028	12597	14935	13664
Profit After Tax and Extraordinary Items	2042	2918	3540	4602	13351 <sup>+</sup>	5501	8751	8563	10363	9767
Share Capital	1384	1384	1384	2768	2768	2768	2768	2768	2768	2768
Reserves and Surplus *	12440	13779	15579	16590	24759	27669	32546	37249	43429	48986
Total Debts	370	139	61	226	227	-	-	-	-	-
Net Fixed Assets *	5806	6377	6898	12116	14877	17688	18497	19535 <sup>&gt;</sup>	27476	34209
Net Working Capital	2491	1902	2826	2532	5154	6914	12612	17653 <sup>&gt;</sup>	14168	14252
Earnings Per Share (₹) #	3.69	5.27	6.40	8.31	10.21 <sup>^</sup>	9.94	15.81	15.47	18.72	17.64
Dividend Per Share (₹) #	1.63	2.50	2.75	3.50	8.00 <sup>□</sup>	4.00	6.00	6.00	6.50	6.50
Book Value Per Share (₹) * #	24.97	27.38	30.64	34.97	49.72	54.98	63.79	72.28	83.45	93.49

## KEY RATIOS

Return on Investment (%)	21.86	27.93	30.84	34.48	29.34	25.82	28.85 <sup>@</sup>	30.78	31.59	25.66
Return on Sales (after Tax) (%)	8.02	9.68	9.82	10.92	11.37 <sup>^</sup>	9.90	11.75	10.22	10.89	9.86
Operating Margin (%)	12.61	14.53	14.89	16.30	16.61	14.35	17.49	15.04	15.70	13.79
Asset Turnover	1.74	1.92	2.07	2.12	1.77	1.80	1.65 <sup>@</sup>	2.05	2.01	1.86
Debt Equity Ratio	0.03	0.01	-	0.01	0.01	-	-	-	-	-
Current Ratio	1.40	1.24	1.32	1.22	1.34	1.49	1.78	2.07 <sup>&gt;</sup>	1.64	1.73

+ PAT without Extraordinary Item ₹ 5651 Lacs

# Based on the enhanced capital & Sub-divided Face Value of ₹ 5 each

□ Includes special interim dividend of ₹ 4.00

> Figures re-cast wherever necessary.

\* Without Revaluation Reserve

<sup>^</sup> Based on Profit After Tax without Extraordinary Item

<sup>@</sup> Annualised

**Bankers**

Central Bank of India  
ICICI Bank

**Auditors**

Kalyaniwalla & Mistry,  
Chartered Accountants

**Registrars & Transfer Agents**

TSR Darashaw Private 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
6. Halol, Gujarat

**DIRECTORS**

Mr. P. SHAH  
(Chairman)

Ms. M-A. CHUPIN

Mr. K. M. ELAVIA

Mr. J-P. FLORIS

Mr. P. MILLOT

Mr. M. M. NARANG

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

Mr. S. SALGAOCAR

Mr. G. TEXIER

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)

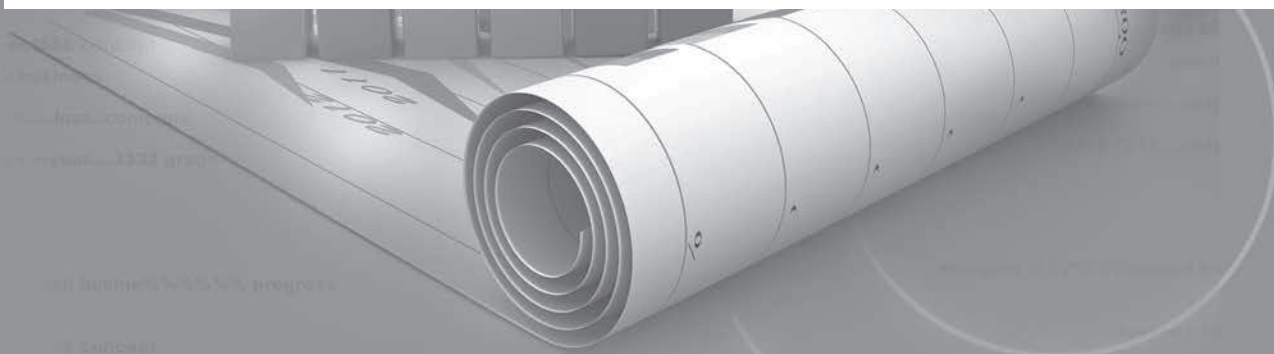
Ms. A. Vaidya  
(HR)

**COMPANY SECRETARY**

Mr. K. Visweswaran

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## NOTICE

NOTICE is hereby given that the 63rd Annual General Meeting of the Members of Grindwell Norton Limited will be held on Wednesday, 24th July, 2013 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 Statement of Profit and Loss, together with Notes and Cash Flow Statement of the Company for the year ended 31st March, 2013.
2. To declare a dividend for the year ended 31st March, 2013.
3. To appoint a Director in place of Mr. M. M. Narang who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. Millot who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT M/s. Kalyaniwalla & Mistry, Chartered Accountants, (Firm Registration No. 104607W), be and are hereby appointed 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 of the Company, on such remuneration as shall be fixed by the Board of Directors.”

### SPECIAL BUSINESS

6. Appointment of Mr. Keki M. Elavia as Director

To appoint a Director in place of Mr. Keki M. Elavia who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 read with Article 112 of the Articles of the Association of the Company and being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from a member proposing the candidature of Mr. Keki M. Elavia for the office of Director.

4th May, 2013

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, 18th June, 2013 to Friday, 21st June, 2013 (both days inclusive).
- (d) The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item no. 6 is annexed hereto.
- (e) As per the amended provisions of the Companies Act, 1956, the dividend remaining unclaimed or unpaid for the financial year ended 31st December, 2004 had been transferred to the Investor Education and Protection Fund (Fund) of the Central Government on 15th June, 2012. The unpaid / unclaimed dividend, declared for the financial year ended 31st December, 2005 will be due for transfer to the said Fund after 26th May, 2013. 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, 2006 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 Private Limited (TSRDPL).
- (f) The facility for making nomination is available to the Members in respect of the shares held by them.
- (g) All documents referred to in the Notice and Explanatory statement 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.
- (h) (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 TSRDPL.  
(iv) Members are requested to immediately intimate the change, if any, in their registered address to TSRDPL.



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## 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. M. M. Narang is 34 years old. He is a Commerce graduate from Mumbai University and has done his MBA from INSEAD, France. He has work experience of over ten years. Currently, he is working for IMERYYS, world leader in Industrial minerals. Mr. Narang holds 3,31,500 equity shares in the Company.

### Item No. 4

Mr. P. Millot, a French national is 49 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 Abrasives division which is a part of the High Performance Materials sector of CSG. Mr. Millot does not hold any equity share in the Company.

### Item No. 6

Mr. Keki M. Elavia is 67 years old and is a B. Com. (Hons), FCA, CFE. He retired as a Senior Partner of M/s. Kalyaniwalla & Mistry – Chartered Accountants in 2009, after an association of more than 40 years. Mr. Elavia does not hold any equity share of the Company.

## EXPLANATORY STATEMENT

**Explanatory Statement as required under Section 173 of the Companies Act, 1956.**

### Item No. 6

Mr. Keki M. Elavia was appointed as an additional director of the Company on 26th July, 2012. In terms of the provisions of Section 260 of the Companies Act, 1956, read with Article 112 of the Articles of Association of the Company, Mr. Elavia holds office upto the date of the ensuing Annual General Meeting of the Company. A brief profile of Mr. Elavia is given in Item No. 6 in the Annexure to the notice.

Notice in writing under Section 257 of the Companies Act, 1956 along with a deposit of ₹ 500/- has been received from a member of the Company signifying his intension of proposing Mr. Elavia as a candidate for the office of Director.

Except Mr. Elavia, no other director is concerned or interested in the resolution.

Your Directors recommend the appointment of Mr. Elavia as a Director of the Company, liable to retire by rotation.

4th May, 2013

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

## DIRECTORS' REPORT

The Members,  
Grindwell Norton Ltd.

Your Directors present the 63rd Annual Report of the Company along with the Audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended 31st March, 2013.

### Financial Highlights

	2012-13	2011-12
	(₹ Crores)	
Sale of Products (Gross)	990.68	951.32
Service & Other Operating Income	31.32	22.26
Less: Excise Duty	(76.90)	(66.98)
<b>Revenue from Operations</b>	<b>945.09</b>	<b>906.60</b>
Operating Profit	136.64	149.35
Interest	0.59	0.37
Profit before Tax	136.05	148.98
Provision for Tax	38.38	45.35
Profit after Tax	97.67	103.63
Surplus brought forward	80.00	60.00
	<b>177.67</b>	<b>163.63</b>
<b>Appropriations:</b>		
Proposed Dividend	35.98	35.98
Tax on Proposed Dividend	6.12	5.84
Transfer to General Reserve	35.57	41.81
Surplus Carried to Balance Sheet	100.00	80.00
	<b>177.67</b>	<b>163.63</b>

### 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, 2013 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 growth of the industrial sector, in general, and within that, manufacturing, in particular, witnessed a steep decline. This was the second consecutive year of low growth. Consequently, during the year under review, your Company's sales increased by only 4%. Domestic sales were flat (volumes contracted by about 3%) while exports grew by about 75% (largely due to one large equipment order executed by your Company's Project Engineering Division). Overall, the growth in sales was the lowest since 2001. Meanwhile, margins came under increasing pressure due to the rise in cost of inputs (energy and raw materials), the further depreciation of the Rupee and general inflationary conditions. While the management succeeded in increasing prices, in weak and highly competitive markets, the increase was not sufficient to maintain margins, even after considering the improvements in productivity, efficiencies and yields and cost control. Consequently, your Company's operating profit declined by 8.5%, the first drop since 2008.

### Dividend

In the light of your Company's profits and its strong financial position, your Directors are pleased to recommend a dividend of ₹ 6.50 per equity share for the financial year ended 31st March, 2013. The cash outgo on account of the dividend (including dividend distribution tax) will be ₹ 42.10 crores (Previous year ₹ 41.82 crores).

### Abrasives

Due to contraction in volume of many end-user industries (led by auto), domestic sales were flat in value terms even as volumes declined. With considerable efforts, the domestic volume drop was partly compensated by some growth in exports. Despite being successful in increasing prices, improving operating performance and containing expenses, operating profit and margin was much lower than the previous year. The two capacity expansion projects initiated last year were delayed. The new Non-woven Abrasives plant in Bangalore was partially commissioned in the second half while, given the market situation, the Bonded Abrasives expansion project at Nagpur was slowed down and is now likely to be commissioned in the current year.

### Ceramics & Plastics

Domestic and export demand for Silicon Carbide was weak during the year under review. Margins were affected mainly on account of higher power cost (there was a steep increase in grid power tariff in Andhra Pradesh) and slightly lower price realization. The execution of major project orders during the year under review, helped the High Performance Refractories (HPR) business to register good growth in sales compared to previous year. The new HPR plant in Halol (Gujarat) was commissioned in September 2012 and stabilization of the process and ramp up of production from that unit is in progress. The Performance Plastics business also witnessed good growth during the year.



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### Subsidiary in Bhutan

Operations of your Company's subsidiary in Bhutan stabilized and achieved almost 100% capacity utilization. The processing plant project started last year was commissioned in January 2013. During the year, your company has made a further equity investment of ₹ 35 million in its subsidiary. This capital infusion was utilised for the processing plant. In terms of general exemption provided under Section 212 (8) of the Companies Act, 1956, granted by Ministry of Corporate Affairs vide its circular no 02/2011 dated 8th February, 2011 and in compliance with the conditions enlisted therein, copies of the Balance Sheet, Statement of Profit & Loss, Report of Board of Directors and Auditors of the subsidiary have not been attached to the Balance Sheet of the Company. However these documents will be made available upon request by any member of the Company. As directed by said circular, the financial data of the subsidiary has been furnished under "Financial Information of Subsidiary Company" which forms part of Annual Report. The annual accounts of the Company including that of the subsidiary will be kept for inspection by any member. Further, pursuant to Accounting Standard (AS) – 21, consolidated financial statements presented by the Company include financial information of the subsidiary company.

### Investment in Saint-Gobain Research India Limited

During the year, Saint-Gobain Research India Ltd (SGRI) was incorporated. SGRI will invest in setting up a transversal Research & Development Centre for the Saint-Gobain Group in Chennai. Two of the Group's R&D entities and three of its entities in India have contributed to SGRI's equity. SGRI will support the Saint-Gobain businesses in India (including all the businesses of your Company). During the year under review, your Company invested ₹ 2.34 crores in the equity capital of SGRI.

### Amalgamation of Group Companies

At a meeting held on 19th April, 2013, the Board of Directors of your Company, based on the recommendation of the Audit Committee, has approved the merger of SEPR Refractories India Ltd (SEPR), Saint-Gobain Crystals and Detectors India Ltd (SGCD) and Saint-Gobain Sekurit India Ltd (SGSIL) with your Company. The appointed date for the Scheme of Amalgamation was fixed as 1st April, 2013. The Board, after due consideration, approved the share exchange ratio as determined by the independent valuer, M/s. S.R. Batiiboi & Co. LLP. The fairness opinion on the valuation was provided by ICICI Securities Ltd, a category-I merchant banker.

The share swap ratio for the proposed scheme has been determined as under :

- (i) 1 (one) Equity Share of the face value of ₹ 5/- (₹ Five) each fully paid-up of the Company for every 17 (Seventeen) Equity Shares of the face value of ₹ 10 (₹ Ten), each fully paid-up of SGSIL

- (ii) 100 (one hundred) Equity Shares of the face value of ₹ 5/- (₹ Five) each fully paid-up of the Company for every 50 (Fifty) Equity Shares of the face value of ₹ 10/- (₹ Ten) each, fully paid-up of SGCD
- (iii) 100 (one hundred) Equity Shares of the face value of ₹ 5/- (₹ Five) each fully paid-up of the Company for every 38 (Thirty eight) Equity Shares of the face value of ₹ 10/- (₹ Ten) each, fully paid-up of SEPR

The amalgamation is subject to all necessary approvals from statutory/ regulatory authorities in the respective jurisdictions and subject to the sanction/confirmation by the concerned High Court and/or any other appropriate authority as may be necessary.

### Future Prospects

There are no signs of industrial growth recovering in the short term. It is possible that a mild recovery may commence in the later part of 2013-14, but this is far from certain. Under the circumstances, your Company's management will focus on increasing price realization, improving operating performance (implementation of the World Class Manufacturing programme remains a priority) and containing costs and working capital even as it continues to invest in new products and new markets in order to sustain growth.

### Employee Relations

During the course of the year, new wage agreements were signed with unions at your Company's plants at Tirupati and Nagpur. Employee Relations were generally cordial at all units of the Company. At the year-end there were 1596 employees. Your Directors place on record their appreciation for the contribution made by all employees in the progress of your Company.

### 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 a safe and healthy work place at all plant locations and work sites. All the plants of your company (except the new HPR plant in Gujarat) 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 Deposit

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 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 & Analysis Report and Report on Corporate Governance along with a Certificate dated 4th May, 2013, of the Auditors of your Company regarding the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges is annexed (Annexure C) and forms part of this Report.

### **Directors**

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Mr. Patrick Millot and Mr. M. M. Narang, retire by rotation and being eligible, offer themselves for re-appointment as Directors of the Company.

Mr. Keki M. Elavia was appointed as an additional Director with effect from 26th July, 2012. Mr. Elavia holds office up to the date of forthcoming 63rd Annual General Meeting of the Company. As required under Section 257 of the Companies Act, 1956, the Company has received notice in writing from a Member proposing the candidature of Mr. Elavia as a Director of the Company.

### **Auditors**

M/s. Kalyaniwalla & Mistry, Chartered Accountants (Registration No 104607W), Auditors of your Company, retire on the conclusion of 63rd 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.

### **Cost Auditors**

The Board of Directors in pursuance to the Order issued by the Central Government under Section 233B of the Companies Act, 1956, have appointed M/s. Rao, Murthy & Associates, Cost Accountants for conducting the audit of the cost accounting records maintained by the Company for few of its businesses.

### **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, 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,

**P. SHAH**  
CHAIRMAN

**A. Y. MAHAJAN**  
MANAGING DIRECTOR

Mumbai; 4th May, 2013





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## 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 were completed during the year ended 31st March, 2013.

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

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>Power, Fuel and Gas Consumption</b>		
<b>ELECTRICITY</b>		
Purchased		
Units	1996669	1538964
Total Amount (₹ crore)	1.21	0.86
Rate/Unit (₹)	6.10	5.60
Own generated		
(i) Through DG Units	32002	40897
Units per Ltr. of diesel	3.10	2.06
Cost/Unit (₹)	13.50	15.45
(ii) Through Steam Turbine/Generator	Nil	Nil
<b>FUEL OIL</b>		
Quantity (K. Ltrs.)	1077	1934
Total Amount (₹ crore)	5.08	5.36
Average Rate (₹/K.Ltr.)	47139	27690
<b>NATURAL GAS</b>		
Quantity (SCM)	232593	Nil
Total Amount (₹ crore)	0.78	Nil
Average Rate (₹/SCM)	33.50	Nil
<b>Consumption per Unit of Production</b>		
Electricity (KWH/TON)	397	512
Fuel Oil (KL/TON)	0.98	0.63
Natural Gas (SCM/TON)	649	Nil

**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 : Bonded (including Thin Wheels) Coated (including Non-woven) and Super Abrasives.
- (b) Ceramics : Silicon Carbide Grains, Refractories and Monolithics.

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

**(a) Abrasives :**

Development of :

- Products for creepfeed grinding for Aerospace industry
- Up-gradation of Roll grinding wheels.

Improvements in :

- Product safety and quality
- Sharpening Stones.

**(b) Ceramics :**

Development of :

- New products for Wear resistant application
- Armor Plate for export and domestic market

Improvements in :

- Environment and Industrial Hygiene.

**3. Future plans of action :**

- a. Technology adoption from Saint-Gobain Abrasives 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 year ended 31st March, 2013 :**

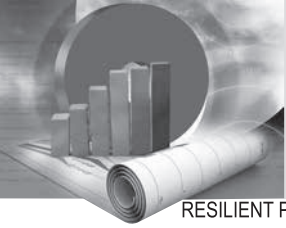
	₹ Crore
(a) Capital	Nil
(b) Recurring	1.57
(c) Total	1.57
(d) Total R&D expenditure as % of total turnover	0.16%

**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 financial year ended 31st March, 2013 was ₹ 149.42 crores and the total outflow was ₹ 349.46 crores. Details are given in notes no 19.2, 29, 31 and 32.



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

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

### **GENERAL REVIEW**

Grindwell Norton Ltd (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 Euro 43 billion in 2012. 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 major segments.

1. Abrasives
2. Ceramics & Plastics

### **BUSINESS ENVIRONMENT**

Led by the auto sector, growth of the industrial economy, in general, and manufacturing, in particular, has been very weak. There are no signs of an early recovery and the outlook for the current fiscal remains uncertain. Besides low growth, the high fiscal and current account deficits, high inflation and the depreciating Rupee are major concerns for the economy.

### **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.

#### **Products & 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 remove 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 15,000 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 of a 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. GNO offers the widest range of cutting edge Abrasive products to the Indian market, made indigenously or sourced from other plants of Saint-Gobain. Saint-Gobain is uniquely positioned in the Abrasives industry as it can leverage the capability of developing grain technologies suited for Abrasive applications.

The Abrasives business has four manufacturing sites: Mora (near Mumbai), Bangalore, Nagpur and Bated (Himachal Pradesh). All the sites are certified under ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

#### **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 their agents and/or distributors to service mainly the precision grinding market. In the case of Coated Abrasives, some international players have set up conversion facilities and are in the process of setting up manufacturing facilities. Also most of the power tool players are now focusing 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 a major player worldwide in Abrasives. It has a strong product portfolio, a strong Research and Development 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 was difficult with contraction in demand. High inflation and high interest rates and lack of growth-oriented government policies impacted industrial growth. Abrasives sales dropped by 1.3% compared to the previous year. The main demand drivers (auto and auto-ancillaries) also saw a drop in volumes compared to the previous year. Even as this was so, the business continued to introduce a number of new products in the market that helped to increase sales. The input costs continued to increase due to the significant depreciation of the Indian Rupee during the year. To offset the cost increases, the business made price increases and also worked on various efficiency improvement projects. The expansion projects (the major ones being the Bonded expansion at Nagpur and the new Non-woven plant at Bangalore) are nearing completion (the Non-woven plant is partly commissioned). "The Next Level" initiative has helped the business to make continuous improvement, especially in the area of customer engagement and relationship. Steps have been taken to further improve the logistics and warehousing facilities. Besides, GNO is making steady progress in the World Class Manufacturing programme which has been implemented across all its sites.

Looking ahead, the outlook for 2013-14 is uncertain. Customers and dealers are becoming increasingly cautious. Under the circumstances, even as it continues its efforts to grow volumes (introducing new products and developing new markets), the business will focus on improving operating efficiencies, price realisation and reducing costs. Safeguarding margins will remain a priority.

## Risks & Concerns

(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. There are a number of large customers serviced directly and there are several dealers to service 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. In order to minimize the impact of such a downturn, GNO has been putting in efforts to develop export markets and will continue to do so. Export sales are not concentrated in any single country, but are spread over several countries.

(ii) **Technology** : Abrasives have been used over a very long period of time and technological changes in terms of applications are gradual. GNO Abrasives is well positioned to anticipate and take advantage of these technological changes as Saint-Gobain is the World Leader in Abrasives with a very strong Research and Development (R & D) set up in USA with regional R & D centers located elsewhere (including the one set up in India). 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 Abrasives Market is clearly evolving from two major players to multi-players. Competitive landscape has become much more dynamic. With the economies in Europe slowing down, the attention of many global majors is turning towards India and China. Some of them are setting up their manufacturing operations in India and many of them are expanding their current infrastructure. On the other hand, cheap imports from China and increased participation in the markets by Power Tool players will make the market more challenging. To meet the growing challenges in the market, the business will have to continue to invest in technology, provide superior solutions and at the same time focus on improving cost competitiveness by improving operational efficiencies.



RESILIENT PERFORMANCE

## CERAMICS & PLASTICS SEGMENT

The main businesses in this segment are:

- (i) Silicon Carbide;
- (ii) High Performance Refractories
- (iii) Performance Plastics.

### (i) SILICON CARBIDE(SiC)

#### Product & Plant

Silicon Carbide grains are used primarily as raw material in the manufacture of abrasives, refractories and for stone polishing. SiC is manufactured at Tirupati in Andhra Pradesh. The Tirupati Plant is certified under ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007. SiC is also manufactured by your Company's subsidiary, Saint-Gobain Ceramic Materials Bhutan Private Ltd, at its plant near Phuentsholing in Bhutan.

#### Industry

In the domestic market there are three major players (including GNO) in the Silicon Carbide business. 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 year 2012-13 started on a promising note for the Silicon Carbide business but demand and prices fell as the year progressed. Export volumes dropped significantly during the year. There was pressure across all customer segments to drop prices. The increase in grid power tariff in Andhra Pradesh has resulted in the manufacture of SiC crude using grid power becoming unviable. The business will continue to find ways and means of manufacturing or sourcing SiC crude at a competitive cost.

The outlook for 2013-14 is uncertain. Given this, the focus in 2013 would be on price and cost management.

#### Risks and Concerns

Major risks foreseen are aggressive pricing by global competitors. All eyes are on recovery of European economy for the demand to pick up. There is an

uncertainty on the timely completion of steel projects, which is essential to push up demand in SiC in refractory segment. The Government's decision on gas pricing and the Rupee depreciation will have an impact on APGPCL's electricity tariff.

### (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. HPR has two plants: one is located at Bangalore, Karnataka which is certified under ISO 9001: 2000, ISO 14001: 2004 and OHSAS 18001:1999 and the one located in Halol, near Vadodara in Gujarat.

#### Industry

The main customers are Ceramic industry, Metallurgy – non-ferrous (Copper and Aluminum), Foundry and Iron & Steel, Energy and Heat treatment. 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 and this, coupled with technology, are the barriers to entry.

#### Development & Outlook

The HPR business has seen good growth mainly driven by new product/market developments. Blast furnace relining orders gave boost to revenues. In the Ceramics and Metallurgical markets we strengthened our presence. Raw material prices have been on upward trend and the business has tried to neutralize this by increased selling prices and through manufacturing cost reduction programs.

The outlook for 2013 is uncertain. The focus will be on developing export markets. The new plant at Halol has the capacity and the capability to address a number of growth opportunities.

### Risks and Concerns

Slow start of affiliate business development and general slow-down in the expected new investments in the market may defer planned growth. Input costs like fuel rates are likely to increase because of global price movement. The optimal and economical usage of the production facilities at Bangalore and Gujarat coupled with competitive price strategies would be critical for the business.

### (iii) PERFORMANCE PLASTICS (PPL)

#### Product, Plant and Industry

Performance Plastics division produces and markets more than 800 standard and custom made polymer products through three business segments: Engineered Components (ENC), Fluid Systems (FLS) and Composites. Each demonstrates innovation, responsiveness to customer needs and polymer expertise.

The major product lines in PPL are Bearings, Seals, Tubing & Hoses, Films, Fabrics and Foams. The major markets addressed are Automotive, Pharma & Bio Pharma, Healthcare, Construction, Food & Beverage, Energy and General Industrial.

GNO has a plant for ENC and FLS situated at Bangalore. This plant is certified under ISO 9001:2008, ISO 14001:2004, OHSAS 18001:1999 and TS1694.

#### Development & Outlook

The major growth drivers would be:

- New products introduction
- Success in new applications
- Specification driven approvals from customers

The key for the growth of the PPL business is to have well trained technical sales/application engineering organization with good market coverage to deliver high growth. Building such a team will continue to be a priority.

2012-13 was a good year for the business. The outlook for the business in 2013-14 is uncertain. The business will focus on new products and new applications.

### Risks and Concerns

Demand fluctuation due to uncertain economic outlook is the major risk. Shift in customer's choice of components to lower priced products is expected which will be primarily driven by cost considerations. There is uncertainty in export performance of customers due to economic situation in the West and long gestation period for approvals at automotive OEM's and other specification driven industry. Customers are constantly evaluating lower cost alternatives in the construction products category. Aggressive pricing actions by competition can erode market share and profitability.

### Risks and Concerns – Others

#### 1. 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 are appropriately hedged. GNO has well defined and structured treasury operations, with emphasis on security.

#### 2. Legal and Statutory

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

### HUMAN RESOURCES

In 2012-13, GNO's focus continued to be on building the organization through the induction and development of talent to meet current and future needs. The existing skills of potential employees are improved through Employee Development and Leadership Programmes.

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.



RESILIENT PERFORMANCE

## OVERALL PERFORMANCE

For the year ended 31st March, 2013, GNO sales have increased by 4%. Margins in most of the business were under pressure mainly due to higher input cost and the depreciating Rupee. Improved operating efficiency and productivity helped to contain the fall in profit to less than 10%.

## INTERNAL CONTROL SYSTEM

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 authorisations. 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.

## SEGMENT FINANCIALS

GNO has identified two segments in line with the Accounting Standards on Segment Reporting (AS-17). The segments are Abrasives and Ceramics & Plastics.

## 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 near 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. As on 31st March, 2013, the Board has nine members comprising a Managing Director, eight Non-Executive Directors out of whom three are independent. The Chairman of the Board is a Non-Executive Independent Director.

Mr. A. C. Chakrabortti, Chairman, Non-Executive Independent Director, did not seek reappointment at the 62nd Annual General Meeting held on 26th July, 2012. Mr. P. Shah, Non-Executive Independent Director, was

appointed as the Chairman of the Board w.e.f. 26th July, 2012.

Mr. Keki M. Elavia was appointed as a Non-Executive Independent Director with effect from 26th July, 2012.

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

#### Meetings of the Board

During the year ended 31st March, 2013, five Board Meetings were held. The dates on which the said meetings were held are as follows:

23rd May, 2012, 26th July, 2012, 23rd October, 2012, 13th December, 2012, 23rd January, 2013.

None of the Director holds directorships in more than 15 public limited companies and neither holds memberships of more than 10 committees of the Board nor is a Chairman of more than 5 committees of the Board. Details of attendance of each Director at the Board Meetings during the year and at the last Annual General Meeting (AGM) as also the number of Directorships and Memberships / Chairmanships of Committees as on 31st March, 2013 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 held
Mr. A. C. Chakrabortti <sup>(a)</sup>	Chairman – Non-Executive (Independent)	1	Yes	NA	NA	NA
Mr. P. Shah	Chairman – Non-Executive (Independent)	5	Yes	12	8	1
Ms. M. A. Chupin (Mr. J. A. J. Pereira <sup>#</sup> appointed as Alternate Director)	Non-Executive	5	Yes	1	Nil	NA
Mr. J-P. Floris	Non-Executive	1	No	2	Nil	NA
Mr. A. Y. Mahajan	Managing Director	5	Yes	9	5	3
Mr. P. Millot	Non-Executive	1	No	1	Nil	NA
Mr. M. M. Narang	Non-Executive	5	Yes	1	1	Nil
Mr. S. Salgaocar	Non-Executive (Independent)	3	Yes	2	Nil	NA
Mr. G. Texier	Non-Executive	Nil	No	1	Nil	NA
Mr. Keki M. Elavia <sup>(b)</sup>	Non-Executive (Independent)	4	NA	11	10	5

(a) Ceased to be a Director w.e.f. 26th July, 2012.

(b) Appointed as an Additional Director w.e.f. 26th July, 2012.

# Mr. J.A. J. Pereira had been appointed as an Alternate Director to Ms. M-A. Chupin. He holds directorships in 7 companies (including GNO) and is a member of 2 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 the Clause 49 of the Listing Agreement.
- Directorship includes Public Limited Companies, listed or not, including 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 the Clause 49 of the Listing Agreement.
- Membership of committees includes chairmanship, if any.





### 3. AUDIT COMMITTEE

#### Terms of Reference

The terms of reference of the Audit Committee are in consonance with the 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 the 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.

#### Composition

Pursuant to the provisions of the Companies Act, 1956 and the Listing Agreement, an Audit Committee had been constituted to cover the matters specified for Audit Committees under the Listing Agreement as well as under the provisions of the Companies Act, 1956. The composition of the Audit Committee is as under:

Name of the member	Nature of membership	No. of Meetings attended
Mr. Keki M. Elavia	Chairman – Independent	2
Mr. P. Shah	Member – Independent	4
Mr. A.Y. Mahajan	Member	4

Mr. A. C. Chakrabortti who did not seek reappointment at the Annual General Meeting held on 26th July, 2012, was the Chairman of the Audit Committee. He had attended 2 meetings of the Audit Committee. Consequent to cessation of Mr. Chakrabortti as Director of the Company, the Board appointed Mr. Keki M. Elavia, an independent Director, as the Chairman of the Committee.

Mr. Keki Elavia is a B.Com. (Hons), FCA, CFE. He has retired as a Senior Partner of M/s. Kalyaniwalla & Mistry – Chartered Accountants after association of more than 40 years. 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.

#### Meetings

The Audit Committee held four meetings during the year ended 31st March, 2013 on :

23rd May, 2012, 26th July, 2012, 23rd October, 2012, 23rd January, 2013.

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.

## 4. REMUNERATION OF DIRECTORS

### (A) Remuneration Policy :

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.

### (B) The details of remuneration of Directors, for the financial year ended 31st March, 2013 are given below :

#### Executive Directors

#### (i) All elements of remuneration package i.e. salary, benefits, perquisites, profit commission, pension etc.

Mr. A. Y. Mahajan – ₹ 342.48 Lacs

Mr. J. A. J. Pereira – ₹ 231.16 Lacs

#### (ii) 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.

### (iii) Stock option

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 ₹ 5000/- per meeting of Board or its Committees.

The shareholders of the Company at the 62nd Annual General Meeting held on 26th July, 2012, have approved payment of Commission up to 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 April, 2013.

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

Non-Executive Directors	Sitting Fees (₹ Lacs)	Profit Commission (₹ Lacs)*	Total (₹ Lacs)
Mr. A. C. Chakrabortti#	0.15	4.17	4.32
Mr. S. Salgaocar	0.20	8.33	8.53
Mr. P. Shah	0.45	8.33	8.78
Mr. M. M. Narang	0.35	24.04	24.39
Mr. Keki M. Elavia	0.30	6.25	6.55

# Ceased to be a Director w.e.f. 26th July 2012.

\* Profit Commission to be decided.

#### Equity shares held by Non-Executive Directors

Other than Mr. M. M. Narang, who holds 3,31,500 equity shares, no other Non-Executive Director holds any shares in the Company.

### (C) Pecuniary relationship or transaction of Non-Executive Directors vis-à-vis the Company :

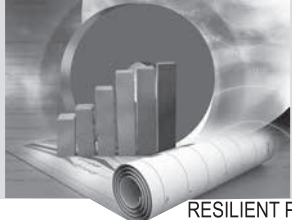
Apart from receiving Director's sitting fees and commission, the Non-Executive Directors of the Company do not have any pecuniary relationship or transactions with the Company.

Mr. M. M. Narang is a member of the Indian Promoters' Group. Mr. J-P. Floris, Mr. P. Millot, Ms. M-A. Chupin and Mr. G. Texier are employees of the Saint-Gobain Group (the foreign Promoter).

## 5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

#### Composition

As on 31st March, 2013, the Shareholders/Investors Grievance Committee consists of Mr. S. Salgaocar, Mr. A. Y. Mahajan and Mr. M. M. Narang as Members.



RESILIENT PERFORMANCE

Mr. S. Salgaocar, Non-Executive Independent Director heads the Committee. The Committee has delegated powers to Mr. A. Y. Mahajan and Mr. M. M. Narang, 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 Darashaw Private Limited to act as Registrar and Transfer Agents of the Company.

During the year, the Committee met twice on 26th July, 2012 and 23rd January, 2013.

Complaints

During the year, 2012-13, 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) Annual General Meetings :**

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

Date and Time	Venue	Special Resolutions passed
29th July, 2010 at 3.00 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai 400 001.	None
27th July, 2011 at 3.00 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai 400 001.	None
26th July, 2012 at 12 Noon	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai 400 001.	Commission payable to Non-Executive Directors other than nominees of Compagnie de Saint-Gobain for a period of five years from 1st April, 2013.

All the resolutions set out in the respective notices were passed by the Shareholders.

**(b) Passing of Resolutions by Postal Ballot :**

No Postal Ballot was conducted during the financial year.

**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 Note 35 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 penalty/stricture 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**

**Quarterly Financial Results and Publications :**

Quarterly unaudited and the annual audited financial results are approved by the Board of Directors and published in terms of Clause 41 of the Listing Agreement, in :

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

**Website (s):**

The financial results of the Company are displayed on its web site [www.grindwellnorton.co.in](http://www.grindwellnorton.co.in)

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

NA

## 9. GENERAL SHAREHOLDERS' INFORMATION

### (a) Annual General Meeting :

AGM	63rd Annual General Meeting
Date	Wednesday, 24th July, 2013
Time	3.00 p.m.
Venue	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai – 400 001.

### (b) Financial Year : April, 2013 – March 2014 :

#### Calendar of Financial Results for 2013-14 :

- (i) First Quarter Results – July, 2013
- (ii) First Half Yearly Results – October, 2013
- (iii) Third Quarter Results – January, 2014
- (iv) Results for the year – May, 2014  
ending 31st March, 2014

### (c) Dates of Book Closure :

Tuesday, 18th June, 2013 to Friday, 21st June, 2013 (both days inclusive)

### (d) Date of payment of Dividend :

On or after 29th July, 2013.

### (e) 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 2013-2014.

### (f) Stock Code :

**BSE-Stock Code**  
Physical – 506076  
**NSE – Symbol**  
Physical – GRINDWELL  
**ISIN FOR NSDL / CDSL**  
INE536A01023

### (g) Market Price Data: High, Low during each month in the last financial year and Performance in comparison to BSE Sensex (broad based index)

Month	BSE		NSE		SENSEX	
	High (₹)	Low (₹)	High (₹)	Low (₹)	Sensex High	Sensex Low
Apr-12	285.55	258.40	284.45	259.95	17,597.42	17,597.42
May-12	275.00	244.90	275.00	243.95	17,301.91	15,948.10
Jun-12	253.05	242.05	252.55	244.90	17,429.98	15,965.16
Jul-12	264.25	247.25	264.80	247.90	17,618.35	16,639.82
Aug-12	256.25	246.50	257.10	248.10	17,885.26	17,197.93
Sep-12	265.95	246.30	265.80	246.75	18,762.74	17,313.34
Oct-12	277.85	255.30	275.40	258.20	19,058.15	18,430.85
Nov-12	272.25	258.75	271.55	260.00	19,339.90	18,309.37
Dec-12	274.20	266.15	275.20	266.95	19,486.80	19,229.26
Jan-13	275.85	253.75	277.10	254.25	20,103.53	19,580.81
Feb-13	258.15	248.00	257.80	248.00	19,781.19	18,861.54
Mar-13	256.70	233.40	257.35	232.80	19,683.23	18,681.42

### (h) Registrar and Transfer Agents :

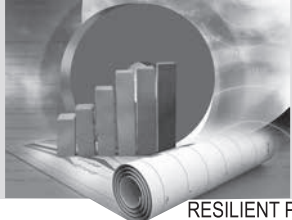
TSR Darashaw Private Limited  
6-10, Haji Moosa Patrawala Ind. Estate,  
20, Dr. E. Moses Road,  
Mahalaxmi,  
Mumbai - 400 011

### (i) Share Transfer System :

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

### (j) Shareholding Pattern as on 31st March, 2013 :

Category	No. of Shareholders	No. of Shares	%
Promoters:			
Foreign	2	28,414,000	51.33
Indian	22	4,044,030	7.30
Insurance Companies & Banks	8	109,949	0.20
UTI & Mutual Funds	9	4,767,111	8.61
NRIs, OCBs and FIIs	170	1,280,967	2.32
Domestic Companies and Trusts	254	2,476,531	4.47
Resident Individuals	12,047	14,267,412	25.77
<b>Total</b>	<b>12,512</b>	<b>55,360,000</b>	<b>100.00</b>



RESILIENT PERFORMANCE

**(k) Distribution of Shareholdings :**

No. of equity shares held	No. of Shares	% of Total Holders	No. of Holders	% to Total Shares
Upto 250	897,294	1.62	7,857	62.80
251 to 500	1,147,375	2.07	2,909	23.25
501 to 1000	706,106	1.27	898	7.18
1001 to 5000	1,338,120	2.42	625	4.99
5001 to 10000	586,324	1.06	79	0.63
10001 to 100000	2,910,148	5.26	92	0.73
100001 and above	47,774,633	86.30	52	0.42
<b>Grand Total</b>	<b>55,360,000</b>	<b>100.00</b>	<b>12,512</b>	<b>100.00</b>
No. of Shareholders in Physical Mode	837,181	1.51	2,360	18.86
No. of Shareholders in Electronic Mode	54,522,819	98.49	10,152	81.14

**(l) Dematerialisation of shares and liquidity :**

98.49% of the paid-up capital has been dematerialised as on 31st March, 2013.

**(m) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity :**

The Company has not issued any GDRs/ADRs/Warrants/any convertible instrument.

**(n) Plant Locations :**

The Company's plants are located at Mora, Nagpur, Bangalore, Tirupati, Bated and Halol.

**(o) 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  
 Email id: sharecmpt.gno@saint-gobain.com

**10. PROMOTERS' GROUPS :**

<p><b>I. Indian Promoters :</b></p> <ul style="list-style-type: none"> <li>– Mr. N. D. Sidhva &amp; Family</li> <li>– Mrs. V. A. Mahajan &amp; Family</li> <li>– Mrs. K. M. Narang &amp; Family</li> </ul>
<p><b>II. Foreign Promoters (Collaborators) :</b></p> <ul style="list-style-type: none"> <li>(a) Saint-Gobain Abrasives Inc., USA.</li> <li>(b) Societe de Participations Financieres et Industrielles, France.</li> </ul>
<p><b>III. Other Saint-Gobain Group Companies in India :</b></p> <ul style="list-style-type: none"> <li>(a) Saint-Gobain Crystals &amp; Detectors India Limited</li> <li>(b) Saint-Gobain Glass India Limited</li> <li>(c) Saint-Gobain Gyproc India Limited</li> <li>(d) Saint-Gobain India Foundation (Section 25 Company)</li> <li>(e) Saint-Gobain Norpro India Private Limited (under liquidation)</li> <li>(f) Saint-Gobain Sekurit India Limited</li> <li>(g) Saint-Gobain Seva Engineering India Limited</li> <li>(h) SEPR Refractories India Limited</li> <li>(i) Saint-Gobain Research India Limited</li> <li>(j) L.M. Van Moppes Diamond Tools India Private Limited</li> <li>(k) Accuramech Industrial Engineering Private Limited</li> </ul>

**11. OTHER INFORMATION**

**(a) CEO/CFO certification :**

Pursuant to the provisions of sub-clause V of the revised Clause 49 of the Listing Agreement with 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, 2013.

**(b) Risk Management framework :**

The Company has laid down procedures to inform 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. Internally, all employees of the Company are expected to strictly follow Saint-Gobain's Principles of Conduct and Action and the Code of Conduct for Saint-Gobain employees in India.

**(d) Corporate Social Responsibility :**

The Company has taken various measures towards its Corporate Social Responsibility (CSR) in line with the policies of Saint-Gobain group. During the year, the Company has provided ₹ 31.20 lacs for donation to the Saint-Gobain India Foundation (SGIF), which supports and funds education initiatives for the underprivileged (with special focus on the girl child) and related activities. The Company attaches the highest priority to Environment, Health and Safety and continues to make investments in order to sustain improvements.

**12. 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, 2013.

For GRINDWELL NORTON LIMITED

Mumbai; 4th May, 2013

**A.Y. MAHAJAN**  
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 year ended 31st March, 2013, 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

Mumbai; 4th May, 2013

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



RESILIENT PERFORMANCE

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
GRINDWELL NORTON LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **GRINDWELL NORTON LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227 (3) of the Act, 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 purpose 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 those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) on the basis of the written representations received from the Directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For KALYANIWALLA & MISTRY**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 104607W

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

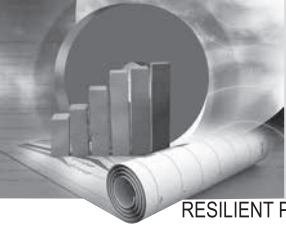
Place: Mumbai  
Dated: 4th May, 2013

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph (1) under the heading "Report on Other Legal and Regulatory Requirements" 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 maximum amount outstanding at any time during the year was ₹ 265 Lac and year-end balance of loans granted to such parties was ₹ 235 Lac.
- (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) (a) 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 the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the Register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ 5 Lac with any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, where comparable market prices exist.
- (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) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub section (1) of Section 209 of the Act, and are of the opinion that, prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.





RESILIENT PERFORMANCE

- (9) (a) According to the information and explanations given to us and on the basis of our examination of books of account, 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 the above as at 31st March, 2013 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 and Cess on account of any dispute, other than the following :

Name of Statute	Name of Dues	Amount (₹ Lac)	Period to which the Amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956 and State Sales Tax/VAT Acts	Sales Tax	248.70	1995-1996 to 2009-2010	Commissioner (Appeals)/High Court
Central Excise Act, 1944	Excise Duty	356.84	2001-2002 to 2012-2013	Commissioner (Appeals)/Tribunal
Non Agriculture Land Act	Non Agricultural Land Cess	37.79	1995	Revenue Department
Income Tax Act, 1961	Income Tax	91.25	2006-2007 to 2008-2009	Commissioner (Appeals)/Tribunal

- (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 year.
- (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 the 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 KALYANIWALLA & MISTRY**  
 CHARTERED ACCOUNTANTS  
 Firm Registration No. 104607W

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

Place: Mumbai  
 Dated: 4th May, 2013

## BALANCE SHEET AS AT 31st MARCH, 2013

	Notes	(₹ Lacs)	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	2	27,68.00		27,68.00
Reserves and Surplus	3	493,54.61		438,14.78
			521,22.61	465,82.78
<b>NON-CURRENT LIABILITIES</b>				
Deferred Tax Liability (Net)	4	14,98.32		10,80.05
Long Term Liabilities	5	5,44.47		5,80.97
Long Term Provisions	6	14,94.42		15,14.12
			35,37.21	31,75.14
<b>CURRENT LIABILITIES</b>				
Trade Payables	7	58,16.87		71,68.55
Other Current Liabilities	8	91,50.28		103,15.89
Short Term Provisions	9	46,42.65		45,38.13
			196,09.80	220,22.57
			<u>752,69.62</u>	<u>717,80.49</u>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
<b>Fixed Assets</b>				
Tangible Assets	10	279,61.23		190,41.34
Intangible Assets		6,52.42		6,64.73
Capital Work In Progress		59,64.47		81,55.77
			345,78.12	278,61.84
Non-Current Investments	11		51,17.80	45,34.45
Long Term Loans & Advances	12		17,08.69	28,63.49
Other Non-Current Assets	13		3.04	3,29.79
<b>CURRENT ASSETS</b>				
Inventories	14	153,13.41		159,99.44
Trade Receivables	15	95,32.81		95,45.62
Cash & Bank Balances	16	55,48.42		73,14.02
Short Term Loans & Advances	17	22,79.71		25,47.12
Other Current Assets	18	11,87.62		7,84.72
			338,61.97	361,90.92
			<u>752,69.62</u>	<u>717,80.49</u>
<b>Significant Accounting Policies</b>	1			

The accompanying notes (1 to 36) are an integral part of the financial statements

As per our Report of even date

For KALYANIWALLA & MISTRY  
Chartered Accountants

E. K. IRANI  
Partner

Mumbai: 4th May, 2013

For and on behalf of board of directors of  
Grindwell Norton Limited

PRADIP SHAH

Chairman

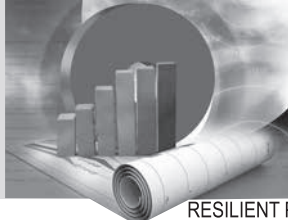
A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 4th May, 2013



RESILIENT PERFORMANCE

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

	Notes	(₹ Lacs)	(₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
<b>INCOME</b>					
Revenue from Operations (Gross)			1,021,99.93		973,57.73
<b>Less:</b> Excise Duty			<u>(76,90.46)</u>		<u>(66,97.84)</u>
				<b>945,09.47</b>	906,59.89
Other Income				<b>12,52.02</b>	13,79.44
<b>Total Revenue</b>	<b>19</b>			<b>957,61.49</b>	920,39.33
<b>EXPENDITURE</b>					
Cost of Materials Consumed	20		394,20.98		343,40.70
Purchases of Trading Goods	21		65,42.51		74,73.94
Changes in Inventories of Finished Goods, Work-In-Process and Trading Goods	22		(12,19.55)		(11,62.20)
Employee Benefits Expense	23		104,27.14		94,85.91
Finance Costs	24		59.17		36.69
Depreciation / Amortisation Expense	10	19,58.72			16,84.45
<b>Less:</b> Transfer from Revaluation Reserve			<u>(16.72)</u>		<u>(16.60)</u>
			19,42.00		16,67.85
Other Expenses	25		<u>249,84.39</u>		<u>252,98.53</u>
				<b>821,56.64</b>	771,41.42
<b>Profit Before Tax</b>				<b>136,04.85</b>	148,97.91
<b>Tax Expenses :</b>					
(1) Current Tax			36,37.64		43,63.00
(2) Deferred Tax			4,18.27		1,72.27
(3) Excess provision for Income Tax of earlier years			<u>(2,17.56)</u>		<u>—</u>
				<b>38,38.35</b>	45,35.27
<b>Profit for the period</b>				<b>97,66.50</b>	<u>103,62.64</u>
<b>Basic &amp; Diluted Earnings Per Share (in ₹)</b>	<b>26</b>			<b>17.64</b>	18.72
<b>Significant Accounting Policies</b>	<b>1</b>				

The accompanying notes (1 to 36) are an integral part of the financial statements

As per our Report of even date

For KALYANIWALLA & MISTRY  
Chartered Accountants

E. K. IRANI  
Partner

Mumbai: 4th May, 2013

For and on behalf of board of directors of  
Grindwell Norton Limited

PRADIP SHAH

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 4th May, 2013

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 1

#### SIGNIFICANT ACCOUNTING POLICIES :

##### Method of Accounting :

The accounts are prepared on the historical cost convention. Expenses and revenues are accounted for on accrual basis in accordance with the generally accepted accounting principles, and are in compliance with the applicable Accounting Standards prescribed by the Central Government under Section 211(3C) of the Companies Act, 1956, and other relevant provisions of the Companies Act, 1956.

##### Use of Estimates :

Certain estimates and assumptions are required to be made for the presentation of financial statements in conformity with generally accepted accounting principles. These estimates & assumptions affect the reported amount of assets and liabilities, revenues & expenses, and disclosure of contingent liabilities for the reporting period. These estimates and assumptions are reviewed on an on-going basis.

Actual results may differ from these estimates & assumptions; such differences are recognised in the period in which the results materialise/are known.

##### 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.

##### 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.

##### 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 to 10 years based on the estimated useful life.
- (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 :

Intangible assets are amortised on the Straight Line Method 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 to 5 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.

##### Investments :

- (a) Non-Current 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.

Raw materials, packing materials, trading items and stores & spare parts are valued at cost on weighted average basis. Cost includes direct expenses, freight and taxes & duties (where credit not availed).



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE ACCOUNTS

Cost of finished goods and work-in-process includes material, direct labour, overheads, duties & taxes where applicable. Slow-moving, non-moving & defective inventories are identified and where necessary, provision is made for such inventories.

### **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 VAT/Sales Tax. Service Income is recognised when the service is rendered.

### **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.

### **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 Fund 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 Statement of Profit and Loss.

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 an expense on a straight-line basis over the average period until the benefit becomes vested.

##### **(iii) Other long term employee benefit :**

Other long term employee benefit viz., leave encashment is recognised as an expense in the Statement of Profit and Loss 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 Statement of Profit and Loss.

### **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.

### **Tax on Incomes :**

Current tax is the amount of tax payable for the year, determined as per the provisions of the tax law.

### **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 forming part of the accounts and Contingent assets are not recognised.

### **Earnings Per Share :**

Basic and Diluted Earnings Per Share are computed by dividing the net profit attributable to equity shareholders for the year, with the weighted average number of equity shares outstanding during the year.

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 2

#### SHARE CAPITAL

##### AUTHORISED

5,60,00,000 Equity Shares of ₹ 5/- each

##### ISSUED, SUBSCRIBED AND PAID-UP

5,53,60,000 Equity Shares of ₹ 5/- each, fully paid-up  
(Refer Notes 2.1 to 2.4)

As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
<u>28,00.00</u>	<u>28,00.00</u>
<u>27,68.00</u>	<u>27,68.00</u>
<u>27,68.00</u>	<u>27,68.00</u>

### Note : 2.1

Shares held by Subsidiaries of the Ultimate Holding Company (Compagnie de Saint-Gobain) are as below :

Saint-Gobain Abrasives Inc.

Societe de Participations Financieres et Industrielles

Saint-Gobain Glass India Ltd.

#### Total

As at 31st March, 2013		As at 31st March, 2012	
Number of Shares held	% of Holding	Number of Shares held	% of Holding
148,17,760	26.8%	148,17,760	26.8%
135,96,240	24.5%	135,96,240	24.5%
<u>1,50,000</u>	<u>0.3%</u>	<u>1,50,000</u>	<u>0.3%</u>
<u>285,64,000</u>	<u>51.6%</u>	<u>285,64,000</u>	<u>51.6%</u>
15,37,532	2.8%	15,37,532	2.8%
14,18,279	2.6%	13,89,366	2.5%
<u>9,42,719</u>	<u>1.7%</u>	<u>9,42,719</u>	<u>1.7%</u>
<u>38,98,530</u>	<u>7.1%</u>	<u>38,69,617</u>	<u>7.0%</u>

### Note : 2.2

Shareholders holding more than 5% shares in the Company (in addition to those included in Note 2.1 above) are as below :

HDFC Trustee Company Ltd. – HDFC Prudence Fund

HDFC Trustee Company Ltd. – HDFC Mid Cap

Opportunities Fund

HDFC Trustee Company Ltd. – HDFC MF Monthly Income  
Plan – Long Term Plan

#### HDFC Mutual Fund

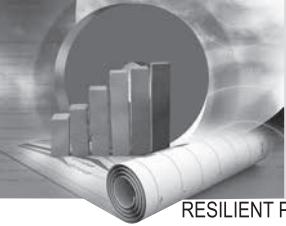
### Note : 2.3

There is no movement in the number of shares outstanding during the year ended 31st March 2012 & year ended 31st March 2013.

### Note : 2.4

#### Rights and restrictions attached to the shares

Equity Shares: The Company has only one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The shareholders have rights in proportion to their shareholding for dividend as well as for assets, in case of liquidation.



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
<b>Note : 3</b>			
<b>RESERVES AND SURPLUS</b>			
<b>1. SECURITIES PREMIUM ACCOUNT</b>		<b>34,82.82</b>	34,82.82
<b>2. REVALUATION RESERVE</b>			
As per last Balance Sheet	3,85.53		4,02.13
Less: Transfer to Depreciation	(16.72)		(16.60)
		<b>3,68.81</b>	3,85.53
<b>3. GENERAL RESERVE</b>			
As per last Balance Sheet	319,46.43		277,65.94
Add: Transfer from Surplus in the Statement of Profit and Loss	35,56.55		41,80.49
		<b>355,02.98</b>	319,46.43
<b>4. SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>			
As per last Balance Sheet	80,00.00		60,00.00
Add: Net Profit for the current year	97,66.50		103,62.64
Less: Appropriations :			
Proposed Dividend [Dividend proposed per share ₹ 6.50 (Previous Year ₹ 6.50)]	(35,98.40)		(35,98.40)
Provision for Tax on Proposed Dividend	(6,11.55)		(5,83.75)
Transfer to General Reserve	(35,56.55)		(41,80.49)
		<b>100,00.00</b>	80,00.00
		<b>493,54.61</b>	438,14.78
<b>Note : 4</b>			
<b>DEFERRED TAX LIABILITY (NET)</b>			
<u>Deferred Tax Liability :</u>			
Depreciation on Fixed Assets		<b>25,40.95</b>	20,10.09
<u>Deferred Tax Asset :</u>			
Provision for Doubtful Debts and Advances		(1,56.26)	(1,62.49)
Provision for Contingencies		(1,32.56)	(72.00)
Others		(7,53.81)	(6,95.55)
		<b>14,98.32</b>	10,80.05

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 5

#### LONG TERM LIABILITIES

Trade/Security Deposits

Other Liabilities

As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
5,31.09	4,83.58
13.38	97.39
<u>5,44.47</u>	<u>5,80.97</u>

### Note : 6

#### LONG TERM PROVISIONS

Income Tax (Net of Advance Tax)

Leave Encashment (Refer Note 9.1)

Power Liabilities (Refer Note 6.1)

2,27.42	3,80.04
8,77.00	9,12.18
3,90.00	2,21.90
<u>14,94.42</u>	<u>15,14.12</u>

### Note : 6.1

#### Details of Provision made for 'Power Liabilities' :

Opening Balance

Provision made during the year

Provision reversed during the year

Closing Balance

2,21.90	3,05.00
1,68.10	1,76.80
—	(2,59.90)
<u>3,90.00</u>	<u>2,21.90</u>

#### CURRENT LIABILITIES

### Note : 7

#### TRADE PAYABLES

Due to Micro and Small Enterprises (Refer Note 7.1)

Others

12.33	1,10.36
58,04.54	70,58.19
<u>58,16.87</u>	<u>71,68.55</u>

### Note : 7.1

#### Due to Micro and Small Enterprises :

Principal amount due

Interest due on above

Payment made after the due dates

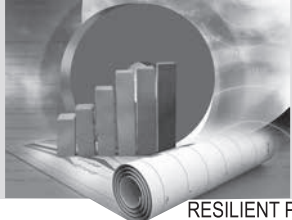
Interest payable for payments made after due dates

Interest paid

12.33	1,10.36
0.58	2.18
3,38.38	13,07.77
3.64	12.93
—	—

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





RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 8

#### OTHER CURRENT LIABILITIES

	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
Trade/Security Deposits	2,18.66	1,19.99
Unclaimed Dividend	75.32	65.98
Commission due to Directors	1,93.46	2,09.68
Statutory Liabilities	9,12.88	7,57.26
Other Liabilities	77,49.96	91,62.98
	<u>91,50.28</u>	<u>103,15.89</u>

### Note : 9

#### SHORT TERM PROVISIONS

Income Tax (Net of Advance Tax)	24.10	1,79.83
Dividend Distribution Tax	6,11.55	5,83.75
Proposed Dividend	35,98.40	35,98.40
Leave Encashment (Refer Note 9.1)	4,08.60	1,76.15
	<u>46,42.65</u>	<u>45,38.13</u>

### Note : 9.1

#### Details of Provision for Leave Encashment :

Opening Balance – Long Term	9,12.18	8,36.79
Opening Balance – Short Term	1,76.15	1,19.21
Provision made during the year	4,14.17	2,51.54
Utilisation during the year	(2,16.90)	(1,19.21)
Closing Balance – Long Term	8,77.00	9,12.18
Closing Balance – Short Term	<u>4,08.60</u>	<u>1,76.15</u>

## NOTES FORMING PART OF THE ACCOUNTS

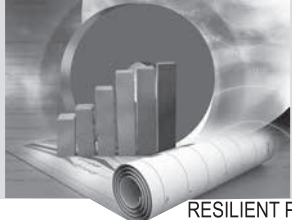
### Note : 10

### FIXED ASSETS

(₹ Lacs)

ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION			NET BLOCK		
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	Upto 01.04.2012	For the Year	On Sales	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>TANGIBLE ASSETS</b>										
Land – Freehold	16,20.79	—	—	<b>16,20.79</b>	—	—	—	—	<b>16,20.79</b>	16,20.79
Land – Leasehold	90.85	—	—	<b>90.85</b>	15.29	0.92	—	<b>16.21</b>	<b>74.64</b>	75.56
Buildings #	82,65.86	39,09.69	—	<b>121,75.55</b>	17,80.33	2,63.26	—	<b>20,43.59</b>	<b>101,31.96</b>	64,85.53
Leasehold Improvements	1,02.80	2,35.82	—	<b>3,38.62</b>	15.99	21.98	—	<b>37.97</b>	<b>3,00.65</b>	86.81
Plant & Machinery	189,96.63	61,84.54	3,57.42	<b>248,23.75</b>	96,38.49	12,15.97	2,94.23	<b>105,60.23</b>	<b>142,63.52</b>	93,58.14
Computers	13,97.89	1,41.11	7.46	<b>15,31.54</b>	10,49.49	1,37.23	6.94	<b>11,79.78</b>	<b>3,51.76</b>	3,48.40
Furniture & Fixtures	9,61.78	1,06.69	0.66	<b>10,67.81</b>	4,10.87	64.32	0.14	<b>4,75.05</b>	<b>5,92.76</b>	5,50.91
Office Equipment	6,22.01	1,61.69	3.15	<b>7,80.55</b>	2,21.72	50.49	1.96	<b>2,70.25</b>	<b>5,10.30</b>	4,00.29
Vehicles	1,94.13	26.92	26.60	<b>1,94.45</b>	79.22	18.53	18.15	<b>79.60</b>	<b>1,14.85</b>	1,14.91
<b>Sub-total</b>	<b>322,52.74</b>	<b>107,66.46</b>	<b>3,95.29</b>	<b>426,23.91</b>	<b>132,11.40</b>	<b>17,72.70</b>	<b>3,21.42</b>	<b>146,62.68</b>	<b>279,61.23</b>	<b>190,41.34</b>
<b>INTANGIBLE ASSETS</b>										
Computer Software	2,39.89	1,73.71	—	<b>4,13.60</b>	1,59.93	54.81	—	<b>2,14.74</b>	<b>1,98.86</b>	79.96
Goodwill	3,23.92	—	—	<b>3,23.92</b>	1,78.02	32.32	—	<b>2,10.34</b>	<b>1,13.58</b>	1,45.90
Technical Know How	3,54.29	—	—	<b>3,54.29</b>	3,54.24	0.05	—	<b>3,54.29</b>	—	0.05
Trade Marks	2,03.95	—	—	<b>2,03.95</b>	1,18.83	20.35	—	<b>1,39.18</b>	<b>64.77</b>	85.12
Non-compete Fees & Marketing Network	7,86.69	—	—	<b>7,86.69</b>	4,32.99	78.49	—	<b>5,11.48</b>	<b>2,75.21</b>	3,53.70
<b>Sub-total</b>	<b>19,08.74</b>	<b>1,73.71</b>	<b>—</b>	<b>20,82.45</b>	<b>12,44.01</b>	<b>1,86.02</b>	<b>—</b>	<b>14,30.03</b>	<b>6,52.42</b>	<b>6,64.73</b>
<b>Total</b>	<b>341,61.48</b>	<b>109,40.17</b>	<b>3,95.29</b>	<b>447,06.36</b>	<b>144,55.41</b>	<b>19,58.72</b>	<b>3,21.42</b>	<b>160,92.71</b>	<b>286,13.65</b>	
Previous Year's Total	316,07.11	27,82.21	2,27.84	341,61.48	129,23.34	16,84.45	1,52.38	144,55.41		197,06.07
<b>Capital Work In Progress</b>									<b>59,64.47</b>	81,55.77
									<b>345,78.12</b>	<b>278,61.84</b>

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



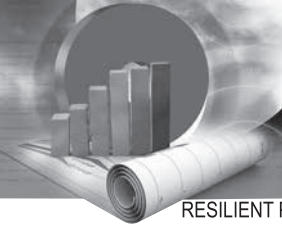
RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE ACCOUNTS

	Nos.	Face Value (₹)	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
<b>Note : 11</b>				
<b>NON-CURRENT INVESTMENTS</b>				
<b>AT COST</b>				
<b><u>TRADE INVESTMENTS</u></b>				
<b>EQUITY SHARES (fully paid-up)</b>				
<b>Unquoted :</b>				
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
<b><u>In Subsidiary Company :</u></b>				
Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	20,29,597 (16,80,000)	100 (100)	20,34.36	16,84.76
<b><u>NON TRADE INVESTMENTS</u></b>				
<b>EQUITY SHARES (fully paid-up)</b>				
<b>Quoted :</b>				
John Oakey & Mohan Ltd.	1,900	10	0.16	0.16
<b>Unquoted :</b>				
<b><u>In Fellow Subsidiaries :</u></b>				
Saint-Gobain Glass India Ltd.	25,00,000	10	24,99.99	24,99.99
Saint-Gobain Research India Ltd.	10,62,500	10	2,33.75	—
Saint-Gobain India Foundation	100	10	0.01	0.01
<b>OTHER INVESTMENTS</b>				
<b>Quoted :</b>				
<b>TAX FREE BONDS</b>				
8.20% 10 Years NHAI Tax Free Bonds	7,417	1,000	74.17	74.17
			<b>51,17.80</b>	<b>45,34.45</b>
<b>NOTES :</b>				
<b>1. COST</b>				
Quoted			74.33	74.33
Unquoted			50,43.47	44,60.12
<b>2. MARKET VALUE</b>				
Quoted			80.99	76.16
3. Previous year's figures are in brackets.				

## NOTES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
<b>Note : 12</b>			
<b>LONG TERM LOANS &amp; ADVANCES</b> (Refer Note 17.1)			
<u>(Unsecured and considered good)</u>			
Capital Advances		6,82.66	18,39.71
Loans due from Directors of the Company		1,20.00	2,35.00
Deposits		6,42.25	5,53.67
Advances recoverable in cash or in kind		2,63.78	2,35.11
<u>(Unsecured and considered doubtful)</u>			
Advances recoverable in cash or in kind	69.59		83.25
<b>Less:</b> Provision for doubtful advances	<u>(69.59)</u>		<u>(83.25)</u>
		<u>17,08.69</u>	<u>28,63.49</u>
<b>Note : 13</b>			
<b>OTHER NON-CURRENT ASSETS</b>			
<b>Trade Receivables</b>			
<u>(Unsecured and considered doubtful)</u>			
Overdue by six months	3,27.98		3,41.35
Others	46.26		94.90
	<u>3,74.24</u>		<u>4,36.25</u>
<b>Less:</b> Provision for doubtful debts	<u>(3,74.24)</u>		<u>(4,36.25)</u>
		3.04	1.11
<b>Accrued Interest</b>		—	3,28.68
<b>Other Receivables</b>		<u>3.04</u>	<u>3,29.79</u>
<b>CURRENT ASSETS</b>			
<b>Note : 14</b>			
<b>INVENTORIES</b>			
Raw Materials		46,55.74	57,97.42
Raw Materials in Transit		8,85.21	14,73.31
Work-In-Process		42,63.01	30,70.06
Stores and Spare Parts		6,90.17	8,65.97
Finished Goods :			
Manufactured	37,37.33		35,99.97
Trading	<u>10,81.95</u>		<u>11,92.71</u>
		<u>48,19.28</u>	<u>47,92.68</u>
		<u>153,13.41</u>	<u>159,99.44</u>
<b>Note : 15</b>			
<b>TRADE RECEIVABLES</b>			
<u>(Unsecured and considered good)</u>			
Overdue by six months		3,86.76	57.51
Others		91,46.05	94,88.11
		<u>95,32.81</u>	<u>95,45.62</u>



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 16

#### CASH & BANK BALANCES

##### Cash & Cash Equivalents

Cash and Cheques on hand

13,96.65

20,42.99

With Banks :

Current Account

18,47.66

14,74.48

Deposit Account

15,42.33

16,03.26

With Liquid Mutual Funds

5,57.79

20,00.00

53,44.43

71,20.73

##### Other Bank Balances

Margin money

1,28.67

1,27.31

Earmarked balances with Banks :

Unpaid dividend

75.32

65.98

2,03.99

1,93.29

55,48.42

73,14.02

### Note : 17

#### SHORT TERM LOANS & ADVANCES (Refer Note 17.1)

(Unsecured and considered good)

Loans due from Directors of the Company

1,15.00

30.00

Advances recoverable in cash or in kind

12,89.81

15,96.42

Demand Deposits with Excise and Customs Departments

8,74.90

9,20.70

22,79.71

25,47.12

### Note : 17.1

The Company has not provided any loans and advances in the nature of loans to its subsidiary during the year (Previous Year – ₹ Nil) and hence disclosure under clause 32 of the listing agreement is not made.

### Note : 18

#### OTHER CURRENT ASSETS

Accrued Interest

23.63

23.08

Other Receivables

11,63.99

7,61.64

11,87.62

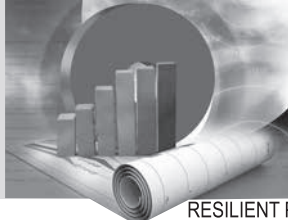
7,84.72

## NOTES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
<b>Note : 19</b>			
<b>TOTAL REVENUE</b>			
<b>Revenue from Operations</b>			
Sale of Products (Gross) (Refer Note 19.1)	990,68.34		951,31.63
Service Income	25,35.65		17,07.12
Other Operating Revenue	5,95.94		5,18.98
		<b>1,021,99.93</b>	973,57.73
<b>Less: Excise Duty</b>		<b>(76,90.46)</b>	<b>(66,97.84)</b>
		<b>945,09.47</b>	906,59.89
<b>Other Income</b>			
<b>Interest Income</b>			
From Long term Investments (Non trade)	6.09		1.11
From Others	1,43.81		1,41.94
		<b>1,49.90</b>	1,43.05
Dividend Income from Liquid Mutual Funds		<b>1,25.55</b>	4,04.85
Profit on sale of Investments		<b>64.05</b>	63.57
Other Non-operating income		<b>9,12.52</b>	7,67.97
		<b>12,52.02</b>	13,79.44
		<b>957,61.49</b>	920,39.33
<b>Note : 19.1</b>			
<b>Sale of Products (Gross)</b>			
Abrasives		<b>653,89.64</b>	654,15.92
Ceramics & Plastics		<b>276,52.61</b>	272,50.62
Others		<b>60,26.09</b>	24,65.09
		<b>990,68.34</b>	951,31.63

The Sales value mentioned above includes sale of bought out goods of ₹ 85,17.55 Lacs (Previous Year – ₹ 87,75.92 Lacs).

	For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
<b>Note : 19.2</b>		
<b>Earnings in Foreign Exchange :</b>		
(i) Exports of goods on FOB Basis	123,72.27	70,57.74
(ii) Freight on Exports	1,18.74	64.99
(iii) Insurance on Exports	—	0.09
(iv) Commission	51.04	12.80
(v) Export of Services	21,33.70	12,43.75
(vi) Other Income	2,66.72	3,25.91



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 20

#### COST OF MATERIALS CONSUMED

(Refer Notes 20.1 & 20.2)

Opening Stock of

Raw Materials

Raw Materials in Transit

**Add:** Purchases

**Less:** Closing Stock of

Raw Materials

Raw Materials in Transit

(₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
	57,97.42	39,98.89
	14,73.31	11,46.38
	<b>72,70.73</b>	51,45.27
	<b>376,91.20</b>	364,66.16
	<b>(46,55.74)</b>	(57,97.42)
	<b>(8,85.21)</b>	(14,73.31)
	<b>(55,40.95)</b>	(72,70.73)
	<b>394,20.98</b>	343,40.70

### Note : 20.1

#### Cost of Materials Consumed\* :

(i) Imported Raw Materials

(ii) Indigenous Raw Materials

For the Year Ended 31st March, 2013		For the Year Ended 31st March, 2012	
%	(₹ Lacs)	%	(₹ Lacs)
54.38	229,26.70	62.88	231,95.89
45.62	192,34.70	37.12	136,94.16
<b>100.00</b>	<b>421,61.40</b>	100.00	368,90.05

### Note : 20.2

#### Cost of Materials Consumed\* :

(i) Abrasive Grains

(ii) Carbon Materials

(iii) Others

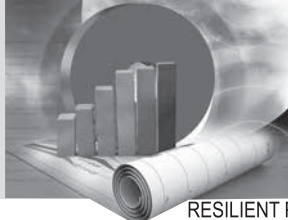
For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
129,71.48	101,52.33
6,48.83	8,81.64
<b>285,41.09</b>	258,56.08
<b>421,61.40</b>	368,90.05

\* Materials Consumed includes captive consumption.

## NOTES FORMING PART OF THE ACCOUNTS

	(₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
<b>Note : 21</b>			
<b>PURCHASES OF TRADING GOODS</b>			
Abrasives		49,24.67	59,95.86
Ceramics & Plastics		6,34.13	7,00.01
Others		9,83.71	7,78.07
		<u>65,42.51</u>	<u>74,73.94</u>
<b>Note : 22</b>			
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS &amp; TRADING GOODS</b>			
Opening Stock of			
Finished Goods :			
– Manufactured	35,99.97		33,91.68
– Trading	11,92.71		7,12.43
Work-In-Process	30,70.06		25,96.43
		<u>78,62.74</u>	<u>67,00.54</u>
<b>Less:</b> Closing Stock of			
Finished Goods :			
– Manufactured	(37,37.33)		(35,99.97)
– Trading	(10,81.95)		(11,92.71)
Work-In-Process	(42,63.01)		(30,70.06)
		<u>(90,82.29)</u>	<u>(78,62.74)</u>
		<u>(12,19.55)</u>	<u>(11,62.20)</u>
<b>Note : 23</b>			
<b>EMPLOYEE BENEFITS EXPENSE</b> (Refer Note 23.1)			
Salaries, Wages, Bonus and Gratuity		88,65.02	80,19.15
Contribution to Provident and other Funds		5,43.99	4,97.59
Staff Welfare		10,18.13	9,69.17
		<u>104,27.14</u>	<u>94,85.91</u>





RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 23.1

Disclosure under AS-15 :

Employee Benefits :

#### I. Defined Contribution Plans :

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

Employer's Contribution to Provident Fund

Employer's Contribution to Superannuation Fund

#### 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, 2013 :

#### Change in present value of obligation

Opening Balance

Interest Cost

Service Cost

Benefits Paid

Cost of Plan Amendment

Actuarial (gain)/loss on obligation

Closing Balance

#### Change in plan assets

Opening Balance

Expected return on plan assets

Contributions

Benefits paid

Actuarial gain/(loss) on plan assets

Closing Balance

#### Net gratuity cost for the year

Current Service Cost

Interest Cost

Expected return on plan assets

Past Service Cost

Net Actuarial (gain)/loss to be recognised

Net Gratuity Cost

#### Amount recognised in the Balance Sheet

Present value of obligation

Fair value of plan assets

Net obligation

#### Assumptions used in accounting for the gratuity plan

Discount Rate

Salary escalation rate

Expected rate of return on plan assets

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.

For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
3,01.50	2,91.85
1,11.24	1,12.18

For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
26,91.04	23,61.15
2,28.74	2,00.70
1,66.02	1,41.67
(1,81.08)	(1,22.98)
—	—
1,19.75	1,10.50
30,24.47	26,91.04
27,15.03	22,99.54
2,30.78	2,09.11
3,05.70	3,35.00
(1,81.08)	(1,22.98)
13.07	(5.64)
30,83.50	27,15.03
1,66.02	1,41.67
2,28.74	2,00.70
(2,30.78)	(2,09.11)
—	—
1,06.68	1,16.14
2,70.66	2,49.40
30,24.47	26,91.04
(30,83.50)	(27,15.03)
(59.03)	(23.99)

%	%
8.25	8.50
7.00	7.00
8.70	8.50

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 24

#### FINANCE COSTS

Interest on Loans/Deposits

### Note : 25

#### OTHER EXPENSES

Consumption of Stores and Spare Parts (Refer Note 25.1)

Processing Charges

Power and Fuel (Refer Note 6.1)

Freight, Octroi and Packing Expenses

Rent/Lease Payments

Repairs and Maintenance :

Buildings

Machinery

Others

Insurance

Rates and Taxes

Travelling and Conveyance

Commission and Discount on Sales

Royalties

Loss on assets discarded/sold (Net)

External Service Charges

Bad Debts written off

Provision for Doubtful Debts & Advances written back

Miscellaneous Expenses (Refer Note 25.2 & 25.3)

(₹ Lacs)

For the  
Year Ended  
31st March,  
2013  
(₹ Lacs)

For the  
Year Ended  
31st March,  
2012  
(₹ Lacs)

59.17

36.69

18,93.37

22,07.62

21,19.93

21,58.07

59,34.88

56,75.94

49,71.23

46,29.69

3,58.78

2,42.69

70.78

95.22

2,84.53

2,59.96

2,51.42

2,23.18

6,06.73

5,78.36

1,93.56

1,30.05

1,56.85

1,43.21

11,81.82

11,67.25

25,82.70

28,37.52

6,20.49

7,21.56

65.19

72.61

17,07.56

14,14.78

61.27

61.75

(75.68)

—

26,05.71

32,57.43

249,84.39

252,98.53

### Note : 25.1

#### Value of Stores & Spares Consumed :

(i) Imported Stores & Spares

(ii) Indigenous Stores & Spares

For the Year Ended  
31st March, 2013

%

(₹ Lacs)

For the Year Ended  
31st March, 2012

%

(₹ Lacs)

4.20

79.55

1.57

34.61

95.80

18,13.82

98.43

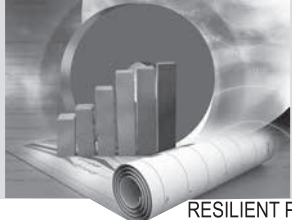
21,73.01

100.00

18,93.37

100.00

22,07.62



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 25.2

#### Miscellaneous Expenses include :

Amounts paid to Auditors :

	For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
(i) Audit Fees	15.00	13.00
(ii) Audit under other Statutes	2.00	2.00
(iii) Tax representation before Authorities	1.20	2.97
(iv) Certification	6.48	8.31
(v) Reimbursement of Expenses	1.06	1.34

### Note : 25.3

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 ₹ 2,15.99 Lacs (Previous Year – ₹ 3,14.22 Lacs), being the difference between the opening and closing stock of finished goods is debited to Miscellaneous Expenses.

### Note : 26

#### EARNINGS PER SHARE :

	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012
(a) Profit for the period (₹ Lacs)	97,66.50	103,62.64
(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 ₹	17.64	18.72

### Note : 27

#### CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
(a) Excise & Custom Duty demands/show cause notices pending with the appropriate authorities and disputed by the Company	9,35.20	8,35.62
(b) Sales Tax demands pending with the Commissionerate/High Court and disputed by the Company	2,50.90	2,49.42
(c) Claims against the Company under the Labour Laws for disputed cases	1,14.70	1,00.73
(d) Guarantees given by Banks, of which ₹ 6,04.21 Lacs (Previous Year – ₹ 4,28.44 Lacs) are counter guaranteed by the Company	6,04.21	4,28.44
(e) Guarantees given on behalf of Subsidiary Company	9,44.33	8,39.08
(f) Letters of credit issued by banks on behalf of the Company	—	1.89
(g) Non-Agricultural Land Cess	37.79	37.79
(h) Other Claims against the Company not acknowledged as debts	1,83.50	1,12.04
(i) Demand raised by A.P Transco on increase in power cost, disputed by the Company & subjudice in Honourable Supreme Court	28,47.90	26,27.55
(j) Demand raised by A.P Transco on surplus units allocated, disputed by the Company & subjudice in High Court (Net)	8,55.00	6,95.48
(k) Demand raised by A.P Transco for fuel surcharge adjustment for Financial years 2008-09 & 2009-10 disputed by the Company & subjudice in Honourable Supreme Court	2,59.80	1,64.00
(l) Income tax liability on account of disputed disallowances	91.25	91.25

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 28

#### COMMITMENTS :

Capital Commitments	
Subscription to Equity Shares of Subsidiary Company	
Subscription to Equity Shares of Saint-Gobain Research India Ltd.	

As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
6,15.51	31,35.67
—	3,50.00
<b>4,96.00</b>	—

### Note : 29

#### VALUE OF IMPORTS ON CIF BASIS :

(i) Raw Materials & Trading Goods	
(ii) Stores & Spare Parts	
(iii) Capital Goods	
(iv) Others	

For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
271,33.85	269,13.56
3,61.49	1,16.90
37,60.09	34,37.34
<b>9,87.35</b>	10,01.13

### Note : 30

Exchange difference arising on foreign currency transactions amounting to ₹ 62.79 Lacs (Net Loss) (Previous Year – ₹ 21.06 Lacs) has been accounted under respective heads.

### Note : 31

#### EXPENDITURE IN FOREIGN CURRENCY :

(i) Export Sales Commission	
(ii) Foreign Travel	
(iii) Royalties	
(iv) Others	

For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
20.51	42.47
67.24	79.70
6,12.76	7,14.83
<b>1,55.73</b>	1,46.70



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 32

#### AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF :

Dividend (₹ Lacs)

Number of Non-Resident Shareholders

Number of Shares held

Year to which Dividend relates

For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012
<b>18,46.91</b>	17,04.84
<b>2</b>	2
<b>2,84,14,000</b>	2,84,14,000
<b>2011-12</b>	2010-11

### Note : 33

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 2013 :

Currency	No. of Contracts	Value in Lacs	Equivalent ₹ Lacs
USD	<b>19</b> (42)	<b>29.60</b> (50.53)	<b>16,15.11</b> (25,74.20)
EURO	<b>27</b> (20)	<b>16.95</b> (16.20)	<b>11,86.14</b> (11,09.68)
GBP	<b>1</b> (1)	<b>0.15</b> (0.49)	<b>12.75</b> (39.29)
JPY	<b>3</b> (2)	<b>16.91</b> (13.83)	<b>9.86</b> (8.61)
AUD	<b>—</b> (2)	<b>—</b> (0.18)	<b>—</b> (9.65)

Previous year'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, 2013. Foreign currency exposure (net) not hedged by forward contracts as at 31st March, 2013 is ₹ 2,10.20 Lacs (Previous Year – ₹ 5,30.82 Lacs).

	As at 31st March, 2013		As at 31st March, 2012	
	Value in Lacs	Equivalent ₹ Lacs	Value in Lacs	Equivalent ₹ Lacs
USD	<b>3.17</b>	<b>1,72.86</b>	6.48	3,33.83
EURO	<b>0.53</b>	<b>37.34</b>	1.61	1,10.97
GBP	<b>—</b>	<b>—</b>	1.04	86.02
Total		<b>2,10.20</b>		5,30.82

### Note : 34

The segment information is presented under the Notes forming part of the Consolidated Accounts as required under the Accounting Standard – 17 on "Segment Reporting".

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 35

#### RELATED PARTY DISCLOSURE :

##### 1. Relationships :

###### (i) HOLDING COMPANY :

Compagnie de Saint-Gobain

###### (ii) FELLOW SUBSIDIARIES :

Saint-Gobain Abrasives Inc., USA

Societe de Participations Financieres et Industrielles

Saint-Gobain Glass India Ltd.

ABC Superabrasives, USA

Certaineed Corporation, USA

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

Norton Abrasives PTY Ltd.

PT Saint-Gobain Norton Hamplas, Indonesia

PT Saint-Gobain Winter Diamas, Indonesia

PT Saint-Gobain Abrasives Indonesia

Placopatre

Point.P Development

Saint-Gobain Ceramics & Plastics Inc.

Saint-Gobain Abrasives, France

Saint-Gobain Abrasives, Poland

Saint-Gobain Ceramiques Informatique Et Organisation

Saint-Gobain DSI Groupe

Saint-Gobain Industriekeramik Rodental GMBH

Saint-Gobain Abrasifs Dubai

Saint-Gobain Abrasifs Maroc, Morocco

Saint-Gobain Abrasifs, France

Saint-Gobain Abrasifs UAE

Saint-Gobain Abrasives International Trading (Shanghai)

Saint-Gobain Abrasives (Australia) PTY Ltd.

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

Saint-Gobain Abrasives (Sea) Pte. Ltd.

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

Saint-Gobain Abrasives (Suzhou) Co. Ltd.

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 Inc, Worcester USA

Saint-Gobain Diamantwerkzeuge GMBH & Co

Saint-Gobain Distribution Denmark

Saint-Gobain Do Brasil Produtos Ind. E Para Const Ltda

Saint-Gobain Formula Thai Gypsum Product

Saint-Gobain Gelva, BV

Saint-Gobain Glass Egypt

Saint-Gobain Gyproc India Ltd.

Saint-Gobain High Performance Materials, France

Saint-Gobain HPM Polska Sp. z o.o

Saint-Gobain Isover G+H AG

Saint-Gobain ICASA S.A.

Saint-Gobain Industrial Ceramics Pty Ltd.

Saint-Gobain Industrial Ceramics, UK

Saint-Gobain Industrie Keramik Dusseldorf GMBH

Saint-Gobain Materials Ceramicos Ltda. Brazil

Saint-Gobain Materials Ceramicos, Venezuela

Saint-Gobain Materiaux Ceramics, Belgium

Saint-Gobain PAM, France

Saint-Gobain Performance Plastics Portage

Saint-Gobain Performance Plastics, New Jersey, USA

Saint-Gobain Performance Plastics, Worcester, USA

Saint-Gobain Performance Plastics, Taunton, USA

Saint-Gobain PPL Corporation Mexico

Saint-Gobain PPL Shanghai

Saint-Gobain Performance Plastics, Korea

Saint-Gobain Produtos Industriais E Para Construcao Ltda

Saint-Gobain Sekurit India Ltd

Saint-Gobain Sekurit (Thailand) Co., Ltd

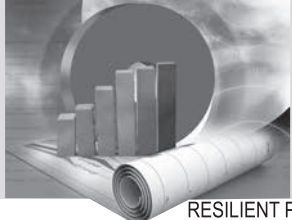
Saint-Gobain Seva Engineering India Limited

Saint-Gobain Seva, France

Saint-Gobain Tech Fab Hongfa (Changzhou) Ltd.

Saint-Gobain Technical Fabrics, S.A

Saint-Gobain Universal Superabrasives, Inc



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 35 RELATED PARTY DISCLOSURE (Continued) :

Saint-Gobain Abrasives Korea	Saint-Gobain Vibros S.A.
Saint-Gobain Abrasives Ltd. – Stafford-UK	Savoi Refractories
Saint-Gobain Abrasives Ltd., New Zealand	SEPR Refractories India Ltd.
Saint-Gobain Abrasives Ltda., Brazil	SEPR, France
Saint-Gobain Abrasives Ltda., Portugal	Saint-Gobain Advanced Ceramics (Shanghai) Co Ltd
Saint-Gobain Abrasives Singapore (PTE) Ltd.	Saint-Gobain Materiaux Ceramiques Benelux SA
Saint-Gobain Abrasives SP. Z.O.O	Saint-Gobain Performance Plastics – Bristol
Saint-Gobain Abrasives SP.Z	Saint-Gobain Performance Plastics (Shanghai) Co. Ltd.
Saint-Gobain Abrasives Thailand	Saint-Gobain Performance Plastics Corby, UK
Saint-Gobain Abrasives Indonesia	Saint-Gobain Performance Plastics KK, JAPAN
Saint-Gobain Abrasives Netherlands B.V.	Saint-Gobain Performance Plastics, Les Macon, France
Saint-Gobain Abrasivi S.P.A.(Micromold)	Saint-Gobain Performance Plastics Pampus GMBH
Saint-Gobain Abrasivi S.P.A.(Ral-Sud)	Saint-Gobain Performance Plastics Verneret, France
Saint-Gobain Abrasivi S.P.A., Italy	Saint-Gobain Performance Plastics, Akron, USA
Saint-Gobain Abrasivos SA, Argentina	Saint-Gobain Performance Plastics, Beaverton, USA
Saint-Gobain Achats	Saint-Gobain Performance Plastics, Chaineux, Belgium
Saint-Gobain Advanced Ceramics, Niagara	Saint-Gobain Performance Plastics, Florida, USA
Saint-Gobain Advanced Materials (M) SDN BHD	Saint-Gobain Performance Plastics, Garden Groove, USA
Saint-Gobain Advanced Materials (Taiwan) Co. Ltd.	Saint-Gobain Performance Plastics, Granville, USA
Saint-Gobain Building Distribution	Saint-Gobain Performance Plastics, Ireland
Saint-Gobain Ceramic Materials (Liyanguang) Co. Ltd., China	Saint-Gobain Performance Plastics, Kontich, Belgium
Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	Saint-Gobain Performance Plastics, Mickleton, USA
Saint-Gobain Ceramic Materials (Zhengzhou) Co. Ltd., China	Saint-Gobain Performance Plastics, New York, USA
Saint-Gobain Ceramic Materials, Australia	Saint-Gobain Performance Plastics, Pittsburg, USA
Saint-Gobain Ceramic Materials AS., Norway	Saint-Gobain Performance Plastics, Poestenkill, USA
Saint-Gobain Ceramic Materials Weilerswist GMBH	Saint-Gobain Performance Plastics, Rencol., UK
Saint-Gobain Ceramic Materials, USA	Saint-Gobain Performance Plastics, Taiwan
Saint-Gobain Ceramicas Industrialces S.A, Spain	Saint-Gobain Performance Plastics, Gembloux, Belgium
Saint-Gobain Ceramicas Industriales S.A.	Saint-Gobain Research India Ltd.
Saint-Gobain Ceramics & Plastics,Brazil	Saint-Gobain Technical Fabrics (Changzhou) Co. Ltd.
Saint-Gobain Ceramics Inc, USA	Weber Netservices
Saint-Gobain Construction Products Vietnam Ltd.	Universal Superabrasives., USA
Saint-Gobain Crystals & Detectors India Ltd.	

#### (iii) **SUBSIDIARY COMPANY :**

Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.

#### (iv) **KEY MANAGEMENT PERSONNEL :**

A. Y. Mahajan - Managing Director

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

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 35 RELATED PARTY DISCLOSURE (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	
		For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012
1.	Sales	—	—	15,44.14	20,56.78	—	—
2.	Agency Commission received	—	—	50.63	12.80	—	—
3.	Service Income	—	—	22,16.47	13,28.61	40.45	49.64
4.	Other Income	67.50	67.50	3,04.97	3,49.77	1,67.67	1,65.82
5.	Purchase of Goods	—	—	115,80.72	122,52.16	51,75.61	52,90.30
6.	Expenses charged to other companies	—	11.03	15,42.28	15,13.77	6.33	50.16
7.	Expenses charged by other companies	3,09.43	2,78.51	1,94.41	1,74.76	—	—
8.	Royalty Paid	—	—	6,53.95	7,14.83	—	—
9.	Other Expenses	—	—	18.00	16.70	—	—
10.	Purchase of Fixed Assets from other companies	—	—	9.57	4,70.92	—	—
11.	Transfer of Fixed Assets to other companies	—	—	—	—	1.04	—
12.	Dividend Paid	—	—	18,56.66	17,13.84	—	—
13.	Outstanding receivables (net of payables)*	7.22	—	(4,44.54)	(14,07.82)	(88.88)	67.16
14.	Outstanding deposits*	—	—	39.00	39.00	—	—
15.	Investments made	—	—	2,33.75	—	3,49.60	—

\* Closing balance

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

(₹ Lacs)

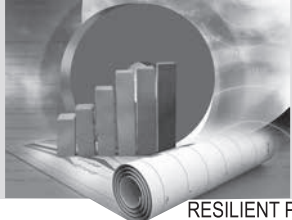
	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012
Remuneration	5,73.64	4,72.73
Outstanding Loan	2,35.00	2,65.00
Commission Payable	1,42.31	1,54.36

(iii) Significant transactions with related parties :

(₹ Lacs)

Sr. No.	Nature of Transactions	Name of the Companies	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012
1.	Sales	Saint-Gobain Abrasives, Inc. USA	2,10.22	2,96.14
		Saint-Gobain Glass India Ltd.	2,12.33	4,03.20
		Saint-Gobain Abrasives SP. Z.O.O	2,32.35	4,02.36
		Saint-Gobain Industrial Ceramics Pty Ltd	3,25.48	—
		Saint-Gobain Ceramic Materials AS., Norway	—	3,27.92
2.	Agency Commission received	Certainteed Corporation, USA	50.63	10.33
		Saint-Gobain Diamantwerkzeuge GMBH & Co	—	2.47





RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE ACCOUNTS

### Note : 35 RELATED PARTY DISCLOSURE (Continued) :

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

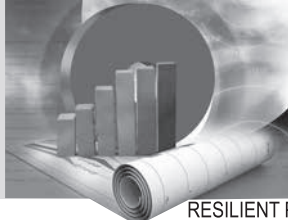
Sr. No.	Nature of Transactions	Name of the Companies	For the Year Ended 31st March, 2013 ₹ Lacs	For the Year Ended 31st March, 2012 ₹ Lacs
3.	Service Income	Saint-Gobain PAM, France	2,63.31	—
		Saint-Gobain DSI Groupe	4,64.45	3,94.62
		Saint-Gobain Ceramiques Informatique Et Organisation	5,88.67	2,65.19
		Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	40.45	49.64
4.	Other Income	Compagnie de Saint-Gobain (Liaison Office)	67.50	67.50
		Saint-Gobain SEVA Engineering India Ltd.	56.18	55.15
		Saint-Gobain Abrasives Inc., USA	—	64.53
		Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	1,67.67	1,65.82
		Saint-Gobain Gyproc India Ltd.	1,72.89	1,51.33
		Saint-Gobain Glass India Ltd.	35.32	34.44
5.	Purchase of Goods	Saint-Gobain Abrasives (Shanghai) Co. Ltd.	—	16,31.87
		Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	51,75.61	52,90.30
		Saint-Gobain Materials Ceramicos Ltda. Brazil	—	21,37.79
6.	Expenses charged to other companies	Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	6.33	50.16
		Saint-Gobain Gyproc India Ltd.	2,17.52	1,96.17
		Saint-Gobain Glass India Ltd.	3,23.01	5,74.70
		Saint Gobain Building & Distribution	1,94.20	—
		Compagnie de Saint-Gobain (Liaison Office)	—	11.03
		Saint-Gobain PAM, France	1,56.29	—
7.	Expenses charged by other companies	Compagnie de Saint-Gobain (Liaison Office)	3,09.43	2,78.51
		Saint-Gobain Glass India Ltd.	1,55.06	1,19.13
		Saint-Gobain Crystals & Detectors India Ltd.	21.06	—
		Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	—	20.75
8.	Royalty Paid	Saint-Gobain Abrasives Inc., USA	4,49.97	4,85.20
		Saint-Gobain Abrasifs, France	1,45.88	1,59.09
9.	Other Expenses	Saint-Gobain Abrasifs, France	18.00	16.70
10.	Purchase/Transfer of Fixed Assets	Saint-Gobain Industrie Keramik Dusseldorf GMBH	9.57	55.95
		Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	1.04	—
		Saint-Gobain Tech Fab Hongfa (Changzhou) Ltd.	—	1,74.45
		Saint-Gobain PPL Seoul	—	50.85
		Saint Gobain Abrasives, Poland	—	1,35.88
11.	Dividend Paid	Saint-Gobain Abrasives Inc., USA	9,63.15	8,89.07
		Societe de Participations Financieres et Industrielles	8,83.76	8,15.77
12.	Investments made	Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	3,49.60	—
		Saint-Gobain Research India Ltd.	2,33.75	—

### Note : 36

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

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	For the Year Ended 31st March, 2013		For the Year Ended 31st March, 2012	
	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Profit before Tax after Exceptional Item		136,04.85		148,97.91
<b>Adjustments for :</b>				
Depreciation / Amortisation Expense	19,42.00		16,67.85	
Unrealised Foreign Exchange (Gain)/Loss (Net)	(5.11)		22.91	
Loss on assets discarded/sold (Net)	65.19		72.61	
Profit on Sale of Investments	(64.05)		(63.57)	
Dividend Received	(1,25.55)		(4,04.85)	
Interest (Net)	(90.73)	17,21.75	(1,06.36)	11,88.59
<b>Operating Profit Before Working Capital Changes</b>		<b>153,26.60</b>		<b>160,86.50</b>
<b>Adjustments for :</b>				
Trade and other Receivables (Current & Non-Current)	1,72.35		(19,45.75)	
Inventories	6,86.03		(35,20.14)	
Trade and other Payables (Current & Non-Current)	(24,00.68)	(15,42.30)	44,42.66	(10,23.23)
<b>Cash Generated from Operations</b>		<b>137,84.30</b>		<b>150,63.27</b>
Direct Taxes Paid (Net of Tax Refund)		(37,28.47)		(40,07.86)
<b>Net cash from Operating Activities</b>		<b>100,55.83</b>		<b>110,55.41</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	(73,51.80)		(106,57.74)	
Proceeds of Sale of Fixed Assets	8.69		2.85	
Proceeds of Sale of Investments	64.05		8,64.36	
Purchase of Investments	(5,83.35)		(74.17)	
Interest Received	1,47.41		1,44.19	
Dividend Received	1,25.55		4,04.85	
<b>Net cash flow used in investing activities before extraordinary item</b>		<b>(75,89.45)</b>		<b>(93,15.66)</b>



RESILIENT PERFORMANCE

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013 (Continued)

	For the Year Ended 31st March, 2013		For the Year Ended 31st March, 2012	
	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Interest	(59.17)		(36.69)	
Dividends Paid	(35,98.40)		(33,21.60)	
Tax on Dividend	(5,83.75)		(5,38.84)	
Margin Money and Others	(1.36)		(26.27)	
<b>Net cash used in Financing Activities</b>		<b>(42,42.68)</b>		<b>(39,23.40)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(17,76.30)</b>		<b>(21,83.65)</b>
<b>CASH AND CASH EQUIVALENTS – OPENING BALANCE</b>				
Cash and Bank Balances	51,20.73		92,04.28	
Cash Equivalents (Investment in Liquid Mutual Funds)	20,00.00	71,20.73	1,00.10	93,04.38
<b>CASH AND CASH EQUIVALENTS – CLOSING BALANCE</b>				
Cash and Bank Balances	47,86.64		51,20.73	
Cash Equivalents (Investment in Liquid Mutual Funds)	5,57.79	53,44.43	20,00.00	71,20.73
		<b>(17,76.30)</b>		<b>(21,83.65)</b>

- NOTES : 1. The Company has undrawn borrowing facilities amounting to ₹ 67,00 Lacs (Previous Year – ₹ 26,00 Lacs).  
2. Previous year's figures have been regrouped to conform with the current year's presentation.

As per our Report of even date

For KALYANIWALLA & MISTRY  
Chartered Accountants

E. K. IRANI  
Partner

Mumbai: 4th May, 2013

For and on behalf of board of directors of  
Grindwell Norton Limited

PRADIP SHAH

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 4th May, 2013

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, 2012 (₹ Lacs)
Capital	28,99.42
Reserves	(4,88.70)
Total Assets	54,65.88
Total Liabilities	54,65.88
Investments (except subsidiaries)	NIL
Turnover	53,69.72
Profit before Tax	(12.31)
Provision for Tax	NIL
Profit after Tax	(12.31)
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, 2012	As at 31st December, 2011
a. Number of Equity Shares	20,29,597	16,80,000
Total Number of Shares	28,99,424	24,00,000
b. Face Value	Nu 100	Nu 100
c. Extent of Holding	70.00%	70.00%
3. Net aggregate profits/(loss) of the subsidiary company so far as it concerns the members of the Company	For the Year ended 31st December, 2012 (₹ Lacs)	For the Year ended 31st December, 2011 (₹ Lacs)
A. For the current financial year		
i. Not dealt with in the books of account of the Company	(12.31)	(147.06)
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	(4,76.39)	(3,29.33)
ii. Dealt with in the books of account of the Company	—	—

PRADIP SHAH

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 4th May, 2013



RESILIENT PERFORMANCE

## INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF  
GRINDWELL NORTON LIMITED

We have audited the accompanying consolidated financial statements of **GRINDWELL NORTON LIMITED** ("the Company") and its subsidiaries, which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the certified accounts of the Management on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flow for the year ended on that date.

### Other Matter

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets (net) of ₹ 23,73.04 Lac as at 31st March, 2013, total revenues of ₹ 53,71.74 Lac and net cash outflows amounting to ₹ 8.79 Lac for the year then ended 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. Our opinion is not qualified in respect of this matter.

**For KALYANIWALLA & MISTRY**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 104607W

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

Place: Mumbai  
Dated: 4th May, 2013

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2013

	Notes	(₹ Lacs)	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	4	27,68.00		27,68.00
Reserves and Surplus	5	488,56.12		433,51.30
			516,24.12	461,19.30
			7,11.91	5,78.49
<b>MINORITY INTEREST</b>				
<b>NON-CURRENT LIABILITIES</b>				
Long Term Borrowings	6	13,93.78		15,55.63
Deferred Tax Liability (Net)	7	14,98.32		10,80.05
Long Term Liabilities	8	5,44.47		5,80.97
Long Term Provisions	9	15,01.16		15,23.24
			49,37.73	47,39.89
<b>CURRENT LIABILITIES</b>				
Short Term Borrowings	10	8,43.09		3,35.39
Trade Payables	11	55,39.63		70,25.43
Other Current Liabilities	12	100,61.82		109,81.10
Short Term Provisions	13	46,42.65		45,38.13
			210,87.19	228,80.05
			783,60.95	743,17.73
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
<b>Fixed Assets</b>				
Tangible Assets	14	320,57.64		225,76.58
Intangible Assets		6,52.42		6,64.73
Capital Work In Progress		61,70.78		84,53.86
			388,80.84	316,95.17
Non-Current Investments	15	30,83.44		28,49.69
Long Term Loans & Advances	16	17,22.66		28,76.80
Other Non-Current Assets	17	3.04		1.11
<b>CURRENT ASSETS</b>				
Inventories	18	159,33.92		165,91.00
Trade Receivables	19	96,10.12		95,45.62
Cash & Bank Balances	20	55,68.81		73,23.46
Short Term Loans & Advances	21	26,23.07		27,27.14
Other Current Assets	22	9,35.05		7,07.74
			346,70.97	368,94.96
			783,60.95	743,17.73
<b>Significant Accounting Policies</b>	3			

The accompanying notes (1 to 37) are an integral part of the financial statements

As per our Report of even date

For KALYANIWALLA & MISTRY  
Chartered Accountants

E. K. IRANI  
Partner

Mumbai: 4th May, 2013

For and on behalf of board of directors of  
Grindwell Norton Limited

PRADIP SHAH

Chairman

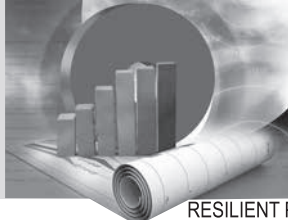
A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 4th May, 2013



RESILIENT PERFORMANCE

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

	Notes	(₹ Lacs)	(₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
<b>INCOME</b>					
Revenue from Operations (Gross)			1,023,89.16		973,29.94
Less: Excise Duty			(76,90.46)		(66,97.84)
				<b>946,98.70</b>	906,32.10
Other Income				<b>10,84.40</b>	12,12.70
<b>Total Revenue</b>	<b>23</b>			<b>957,83.10</b>	918,44.80
<b>EXPENDITURE</b>					
Cost of Materials Consumed	24		362,87.81		310,02.39
Purchases of Trading Goods	25		65,42.51		74,73.94
Changes in Inventories of Finished Goods, Work-In-Process and Trading Goods	26		(12,88.17)		(10,56.22)
Employee Benefits Expense	27		105,84.52		96,60.84
Finance Costs	28		2,99.73		3,17.86
Depreciation/Amortisation Expense	14	24,56.24			21,60.19
Less: Transfer from Revaluation Reserve			(16.72)		(16.60)
			24,39.52		21,43.59
Other Expenses	29		273,63.74		274,83.44
				<b>822,29.66</b>	770,25.84
<b>Profit Before Tax</b>				<b>135,53.44</b>	148,18.96
<b>Tax Expenses :</b>					
(1) Current Tax			36,37.64		43,63.00
(2) Deferred Tax			4,18.27		1,72.27
(3) Excess provision for Income Tax of earlier years			(2,17.56)		—
				<b>38,38.35</b>	45,35.27
<b>Profit for the period</b>				<b>97,15.09</b>	102,83.69
<b>Share of Minority Interest</b>				<b>16.40</b>	11.62
<b>Profit for the period after Minority Interest</b>				<b>97,31.49</b>	102,95.31
<b>Basic &amp; Diluted Earnings Per Share (in ₹)</b>	<b>30</b>			<b>17.58</b>	18.60
<b>Significant Accounting Policies</b>	<b>3</b>				

The accompanying notes (1 to 37) are an integral part of the financial statements

As per our Report of even date

For KALYANIWALLA & MISTRY  
Chartered Accountants

E. K. IRANI  
Partner

Mumbai: 4th May, 2013

For and on behalf of board of directors of  
Grindwell Norton Limited

PRADIP SHAH

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 4th May, 2013

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### Note : 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, 2013 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.

### Note : 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. Minority interest’s share of net profit/loss 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.

### Note : 3

#### **SIGNIFICANT ACCOUNTING POLICIES :**

##### **Method of Accounting :**

The accounts are prepared on the historical cost convention. Expenses and revenues are accounted for on accrual basis in accordance with the generally accepted accounting principles, and are in compliance with the applicable Accounting Standards prescribed by the Central Government under Section 211(3C) of the Companies Act, 1956, and other relevant provisions of the Companies Act, 1956.

##### **Use of Estimates :**

Certain estimates and assumptions are required to be made for the presentation of financial statements in conformity with generally accepted accounting principles. These estimates & assumptions affect the reported amount of assets and liabilities, revenues & expenses and disclosure of contingent liabilities for the reporting period. These estimates and assumptions are reviewed on an on-going basis.

Actual results may differ from these estimates & assumptions; such differences are recognised in the period in which the results materialise/are known.

##### **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.

##### **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.





RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### 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 to 10 years based on the estimated useful life.
- (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 :

Intangible assets are amortised on the Straight Line Method 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 to 5 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.

### Investments :

- (a) Non-Current 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.

Raw materials, packing materials, trading items and stores & spare parts are valued at cost on weighted average basis. Cost includes direct expenses, freight and taxes & duties (where credit not availed).

Cost of finished goods and work-in-process includes material, direct labour, overheads, duties & taxes where applicable.

Slow-moving, non-moving & defective inventories are identified and where necessary, provision is made for such inventories.

### 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 VAT/Sales Tax. Service Income is recognised when the service is rendered.

### 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.

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### 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 Statement of Profit and Loss.

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 an expense on a straight-line basis over the average period until the benefit becomes vested.

##### (iii) Other long term employee benefit :

Other long-term employee benefit viz., leave encashment is recognised as an expense in the the Statement of Profit and Loss 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 Statement of Profit and Loss.

### 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.

### Tax on Incomes :

Current tax is the amount of tax payable for the year, determined as per the provisions of the tax law.

### 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.

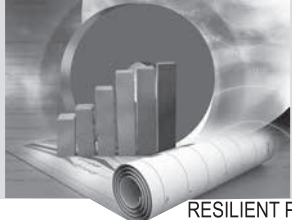
### Provisions and Contingencies :

(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 forming part of the consolidated accounts and Contingent assets are not recognised.

### Earnings Per Share :

Basic and Diluted Earnings Per Share are computed by dividing the net profit attributable to equity shareholders for the year, with the weighted average number of equity shares outstanding during the year.



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### Note : 4

#### SHARE CAPITAL

##### AUTHORISED

5,60,00,000 Equity Shares of ₹ 5/- each

##### ISSUED, SUBSCRIBED AND PAID-UP

5,53,60,000 Equity Shares of ₹ 5/- each, fully paid-up

(Refer Notes 4.1 to 4.4)

As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
<u>28,00.00</u>	<u>28,00.00</u>
<u>27,68.00</u>	<u>27,68.00</u>
<u>27,68.00</u>	<u>27,68.00</u>

### Note : 4.1

Shares held by Subsidiaries of the Ultimate Holding Company (Compagnie de Saint-Gobain) are as below :

Saint-Gobain Abrasives Inc.

Societe de Participations Financieres et Industrielles

Saint-Gobain Glass India Ltd.

#### Total

As at 31st March, 2013		As at 31st March, 2012	
Number of Shares held	% of Holding	Number of Shares held	% of Holding
148,17,760	26.8%	148,17,760	26.8%
135,96,240	24.5%	135,96,240	24.5%
1,50,000	0.3%	1,50,000	0.3%
<u>285,64,000</u>	<u>51.6%</u>	<u>285,64,000</u>	<u>51.6%</u>
15,37,532	2.8%	15,37,532	2.8%
14,18,279	2.6%	13,89,366	2.5%
9,42,719	1.7%	9,42,719	1.7%
<u>38,98,530</u>	<u>7.1%</u>	<u>38,69,617</u>	<u>7.0%</u>

### Note : 4.2

Shareholders holding more than 5% shares in the Company (in addition to those included in Note 4.1 above) are as below :

HDFC Trustee Company Ltd. – HDFC Prudence Fund

HDFC Trustee Company Ltd. – HDFC Mid Cap Opportunities Fund

HDFC Trustee Company Ltd. – HDFC MF Monthly Income Plan – Long Term Plan

#### HDFC Mutual Fund

### Note : 4.3

There is no movement in the number of shares outstanding during the year ended 31st March 2012 & year ended 31st March, 2013.

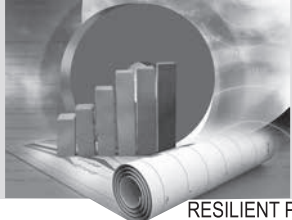
### Note : 4.4

#### Rights and restrictions attached to the shares

Equity Shares: The Company has only one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The shareholders have rights in proportion to their shareholding for dividend as well as for assets, in case of liquidation.

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ Lacs)	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
<b>Note : 5</b>			
<b>RESERVES AND SURPLUS</b>			
<b>1. SECURITIES PREMIUM ACCOUNT</b>		<b>34,82.82</b>	34,82.82
<b>2. REVALUATION RESERVE</b>			
As per last Balance Sheet	3,85.53		4,02.13
<b>Less:</b> Transfer to Depreciation	(16.72)		(16.60)
		<b>3,68.81</b>	3,85.53
<b>3. GENERAL RESERVE</b>			
As per last Balance Sheet	319,46.43		277,65.94
<b>Add:</b> Transfer from Surplus in the Statement of Profit and Loss	35,56.55		41,80.49
		<b>355,02.98</b>	319,46.43
<b>4. SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>			
As per last Balance Sheet	75,36.52		56,03.85
<b>Add:</b> Net Profit for the current year	97,31.49		102,95.31
<b>Less:</b> Appropriations :			
Proposed Dividend [Dividend proposed per share ₹ 6.50 (Previous Year ₹ 6.50)]	(35,98.40)		(35,98.40)
Provision for Tax on Proposed Dividend	(6,11.55)		(5,83.75)
Transfer to General Reserve	(35,56.55)		(41,80.49)
		<b>95,01.51</b>	75,36.52
		<b>488,56.12</b>	433,51.30
<b>Note : 6</b>			
<b>LONG TERM BORROWINGS</b>			
<b>Secured</b>			
Secured by way of mortgage/hypothecation charge created/to be created on all fixed assets of the Subsidiary and Corporate Guarantee given by the Company upto 35% of the sanctioned loan.			
<b>Term loans</b>			
from Banks			
(a) Bank of Bhutan		9,59.82	9,81.62
(b) Bhutan National Bank		4,33.96	5,74.01
Repayment to be made in quarterly instalments with interest of 12% per annum as per the terms agreed upon between the Company and the Banks.			
		<b>13,93.78</b>	15,55.63



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
<b>Note : 7</b>		
<b>DEFERRED TAX LIABILITY (NET)</b>		
<u>Deferred Tax Liability :</u>		
Depreciation on Fixed Assets	25,40.95	20,10.09
<u>Deferred Tax Asset :</u>		
Provision for Doubtful Debts and Advances	(1,56.26)	(1,62.49)
Provision for Contingencies	(1,32.56)	(72.00)
Others	(7,53.81)	(6,95.55)
	<u>14,98.32</u>	<u>10,80.05</u>
<b>Note : 8</b>		
<b>LONG TERM LIABILITIES</b>		
Trade/Security Deposits	5,31.09	4,83.58
Other Liabilities	13.38	97.39
	<u>5,44.47</u>	<u>5,80.97</u>
<b>Note : 9</b>		
<b>LONG TERM PROVISIONS</b>		
Income Tax (Net of Advance Tax)	2,27.42	3,80.04
Leave Encashment (Refer Note 13.1)	8,77.00	9,12.18
Gratuity Payable	6.74	9.12
Power Liabilities (Refer Note 9.1)	3,90.00	2,21.90
	<u>15,01.16</u>	<u>15,23.24</u>
<b>Note : 9.1</b>		
<b>Details of Provision made for 'Power Liabilities' :</b>		
Opening Balance	2,21.90	3,05.00
Provision made during the year	1,68.10	1,76.80
Provision reversed during the year	—	(2,59.90)
Closing Balance	<u>3,90.00</u>	<u>2,21.90</u>
<b>CURRENT LIABILITIES</b>		
<b>Note : 10</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Overdraft with Bank of Bhutan	8,43.09	3,35.39
(Secured by way of Hypothecation charge created on all stocks and book debts and an extension charge on all fixed assets of the subsidiary)		

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### Note : 11

#### TRADE PAYABLES

Due to Micro and Small Enterprises (Refer Note 11.1)  
Others

### Note : 11.1

#### Due to Micro and Small Enterprises :

Principal amount due  
Interest due on above  
Payment made after the due dates  
Interest payable for payments made after due dates  
Interest paid

As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
12.33	1,10.36
<u>55,27.30</u>	<u>69,15.07</u>
<u>55,39.63</u>	<u>70,25.43</u>

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

### Note : 12

#### OTHER CURRENT LIABILITIES

Trade/Security Deposits  
Unclaimed Dividend  
Commission due to Directors  
Statutory Liabilities  
Other Liabilities

As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
2,18.66	1,19.99
75.32	65.98
1,93.46	2,09.68
9,14.87	7,59.57
<u>86,59.51</u>	<u>98,25.88</u>
<u>100,61.82</u>	<u>109,81.10</u>

### Note : 13

#### SHORT TERM PROVISIONS

Income Tax (Net of Advance Tax)  
Dividend Distribution Tax  
Proposed Dividend  
Leave Encashment (Refer Note 13.1)

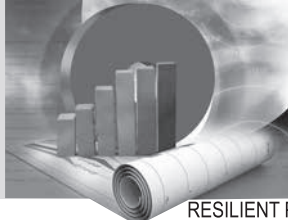
24.10	1,79.83
6,11.55	5,83.75
35,98.40	35,98.40
4,08.60	1,76.15
<u>46,42.65</u>	<u>45,38.13</u>

### Note : 13.1

#### Details of Provision for Leave Encashment :

Opening Balance – Long Term  
Opening Balance – Short Term  
Provision made during the year  
Utilisation during the year  
Closing Balance – Long Term  
Closing Balance – Short Term

9,12.18	8,36.79
1,76.15	1,19.21
4,14.17	2,51.54
<u>(2,16.90)</u>	<u>(1,19.21)</u>
8,77.00	9,12.18
<u>4,08.60</u>	<u>1,76.15</u>



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### Note : 14

### FIXED ASSETS

(₹ Lacs)

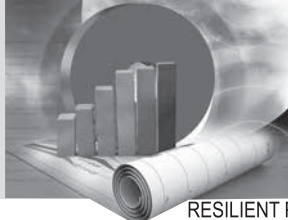
ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	Upto 01.04.2012	For the Year	On Sales	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>TANGIBLE ASSETS</b>										
Land - Freehold	16,20.79	—	—	<b>16,20.79</b>	—	—	—	<b>—</b>	<b>16,20.79</b>	16,20.79
Land - Leasehold	90.85	—	—	<b>90.85</b>	15.29	0.92	—	<b>16.21</b>	<b>74.64</b>	75.56
Buildings #	103,91.77	43,46.26	—	<b>147,38.03</b>	19,57.89	3,29.64	—	<b>22,87.53</b>	<b>124,50.50</b>	84,33.88
Leasehold Improvements	1,02.80	2,35.82	—	<b>3,38.62</b>	15.99	21.98	—	<b>37.97</b>	<b>3,00.65</b>	86.81
Plant & Machinery	216,21.69	68,00.19	3,57.99	<b>280,63.89</b>	107,49.54	16,27.97	2,94.76	<b>120,82.75</b>	<b>159,81.14</b>	108,72.15
Computers	14,13.49	1,43.73	8.10	<b>15,49.12</b>	10,56.76	1,39.63	7.29	<b>11,89.10</b>	<b>3,60.02</b>	3,56.73
Furniture & Fixtures	9,77.74	1,08.30	0.66	<b>10,85.38</b>	4,17.05	66.78	0.14	<b>4,83.69</b>	<b>6,01.69</b>	5,60.69
Office Equipment	6,96.33	1,64.32	3.25	<b>8,57.40</b>	2,50.00	61.52	2.00	<b>3,09.52</b>	<b>5,47.88</b>	4,46.33
Vehicles	2,15.86	26.92	26.60	<b>2,16.18</b>	92.22	21.78	18.15	<b>95.85</b>	<b>1,20.33</b>	1,23.64
<b>Sub-Total</b>	<b>371,31.32</b>	<b>118,25.54</b>	<b>3,96.60</b>	<b>485,60.26</b>	<b>145,54.74</b>	<b>22,70.22</b>	<b>3,22.34</b>	<b>165,02.62</b>	<b>320,57.64</b>	<b>225,76.58</b>
<b>INTANGIBLE ASSETS</b>										
Computer Software	2,39.89	1,73.71	—	<b>4,13.60</b>	1,59.93	54.81	—	<b>2,14.74</b>	<b>1,98.86</b>	79.96
Goodwill	3,23.92	—	—	<b>3,23.92</b>	1,78.02	32.32	—	<b>2,10.34</b>	<b>1,13.58</b>	1,45.90
Technical Know How	3,54.29	—	—	<b>3,54.29</b>	3,54.24	0.05	—	<b>3,54.29</b>	<b>—</b>	0.05
Trade Marks	2,03.95	—	—	<b>2,03.95</b>	1,18.83	20.35	—	<b>1,39.18</b>	<b>64.77</b>	85.12
Non-Compete Fees & Marketing Network	7,86.69	—	—	<b>7,86.69</b>	4,32.99	78.49	—	<b>5,11.48</b>	<b>2,75.21</b>	3,53.70
<b>Sub-Total</b>	<b>19,08.74</b>	<b>1,73.71</b>	<b>—</b>	<b>20,82.45</b>	<b>12,44.01</b>	<b>1,86.02</b>	<b>—</b>	<b>14,30.03</b>	<b>6,52.42</b>	<b>6,64.73</b>
<b>Total</b>	<b>390,40.06</b>	<b>119,99.25</b>	<b>3,96.60</b>	<b>506,42.71</b>	<b>157,98.75</b>	<b>24,56.24</b>	<b>3,22.34</b>	<b>179,32.65</b>	<b>327,10.06</b>	<b>232,41.31</b>
Previous Year's Total	364,57.89	28,10.01	2,27.84	390,40.06	137,90.94	21,60.19	1,52.38	157,98.75		
<b>Capital Work In Progress</b>									<b>61,70.78</b>	<b>84,53.86</b>
									<b>388,80.84</b>	<b>316,95.17</b>

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

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	Nos.	Face Value (₹)	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
<b>Note : 15</b>				
<b>NON-CURRENT INVESTMENTS</b>				
<b>AT COST</b>				
<b><u>TRADE INVESTMENTS</u></b>				
<b>EQUITY SHARES (fully paid-up)</b>				
<b>Unquoted :</b>				
Andhra Pradesh Gas Power Corporation Ltd.	21,86,880	10	<b>2,73.36</b>	273.36
Shivalik Solid Waste Management Ltd.	20,000	10	<b>2.00</b>	2.00
<b><u>NON TRADE INVESTMENTS</u></b>				
<b>EQUITY SHARES (fully paid-up)</b>				
<b>Quoted :</b>				
John Oakey & Mohan Ltd.	1,900	10	<b>0.16</b>	0.16
<b>Unquoted :</b>				
<b><u>In Fellow Subsidiaries :</u></b>				
Saint-Gobain Glass India Ltd.	25,00,000	10	<b>24,99.99</b>	24,99.99
Saint-Gobain Research India Ltd.	10,62,500	10	<b>2,33.75</b>	—
Saint-Gobain India Foundation	100	10	<b>0.01</b>	0.01
<b>OTHER INVESTMENTS</b>				
<b>Quoted :</b>				
<b>TAX FREE BONDS</b>				
8.20% 10 Years NHAI Tax Free Bonds	7,417	1,000	<b>74.17</b>	74.17
			<b>30,83.44</b>	28,49.69
<b>NOTES :</b>				
<b>1. COST</b>				
Quoted			<b>74.33</b>	74.33
Unquoted			<b>30,09.11</b>	27,75.36
<b>2. MARKET VALUE</b>				
Quoted			<b>80.99</b>	76.16





RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ Lacs)	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
<b>Note : 16</b>			
<b>LONG TERM LOANS &amp; ADVANCES</b> (Refer Note 21.1)			
<i>(Unsecured and considered good)</i>			
Capital Advances		6,82.66	18,39.71
Loans due from Directors of the Company		1,20.00	2,35.00
Deposits		6,56.22	5,66.98
Advances recoverable in cash or in kind		2,63.78	2,35.11
<i>(Unsecured and considered doubtful)</i>			
Advances recoverable in cash or in kind	69.59		83.25
<b>Less:</b> Provision for doubtful advances	<u>(69.59)</u>		<u>(83.25)</u>
		<u>—</u>	<u>—</u>
		<u>17,22.66</u>	<u>28,76.80</u>
<b>Note : 17</b>			
<b>OTHER NON-CURRENT ASSETS</b>			
<b>Trade Receivables</b>			
<i>(Unsecured and considered doubtful)</i>			
Overdue by six months	3,27.98		3,41.35
Others	46.26		94.90
	<u>3,74.24</u>		<u>4,36.25</u>
<b>Less:</b> Provision for doubtful debts	<u>(3,74.24)</u>		<u>(4,36.25)</u>
		<u>—</u>	<u>—</u>
<b>Accrued Interest</b>		3.04	1.11
		<u>3.04</u>	<u>1.11</u>
<b>CURRENT ASSETS</b>			
<b>Note : 18</b>			
<b>INVENTORIES</b>			
Raw Materials		47,75.33	60,63.91
Raw Materials in Transit		8,85.21	14,73.31
Work-In-Process		44,33.96	32,32.46
Stores and Spare Parts		9,30.59	9,99.16
Finished Goods :			
Manufactured	38,26.88		36,29.45
Trading	10,81.95		11,92.71
		<u>49,08.83</u>	<u>48,22.16</u>
		<u>159,33.92</u>	<u>165,91.00</u>
<b>Note : 19</b>			
<b>TRADE RECEIVABLES</b>			
<i>(Unsecured and considered good)</i>			
Overdue by six months		3,86.76	57.51
Others		92,23.36	94,88.11
		<u>96,10.12</u>	<u>95,45.62</u>

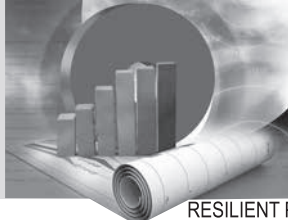
## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ Lacs)	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
<b>Note : 20</b>			
<b>CASH &amp; BANK BALANCES</b>			
<b>Cash &amp; Cash Equivalents</b>			
Cash and Cheques on hand	13,97.07		20,43.46
With Banks :			
Current Account	18,58.21		14,76.19
Deposit Account	15,42.33		16,03.26
With Liquid Mutual Funds	5,57.79		20,00.00
		<b>53,55.40</b>	<b>71,22.91</b>
<b>Other Bank Balances</b>			
Margin money	1,31.35		1,27.31
Earmarked balances with Banks :			
Gratuity Fund	6.74		7.26
Unpaid dividend	75.32		65.98
		<b>2,13.41</b>	<b>2,00.55</b>
		<b>55,68.81</b>	<b>73,23.46</b>
<b>Note : 21</b>			
<b>SHORT TERM LOANS &amp; ADVANCES</b> (Refer Note 21.1)			
<i>(Unsecured and considered good)</i>			
Loans due from Directors of the Company		1,15.00	30.00
Advances recoverable in cash or in kind		16,33.17	17,76.44
Demand Deposits with Excise and Customs Departments		8,74.90	9,20.70
		<b>26,23.07</b>	<b>27,27.14</b>

### Note : 21.1

The Company has not provided any loans and advances in the nature of loans to its subsidiary during the year (Previous Year – ₹ Nil) and hence disclosure under clause 32 of the listing agreement is not made.

	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
<b>Note : 22</b>		
<b>OTHER CURRENT ASSETS</b>		
Accrued Interest	23.63	23.08
Other Receivables	9,11.42	6,84.66
	<b>9,35.05</b>	<b>7,07.74</b>



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

**Note : 23**

**TOTAL REVENUE**

**Revenue from Operations**

Sale of Products (Gross) (Refer Note 23.1)  
Service Income  
Other Operating Revenue

**Less:** Excise Duty

**Other Income**

**Interest Income**

From Long term Investments (Non trade)  
From Others

Dividend Income from Liquid Mutual Funds  
Profit on sale of Investments  
Other Non-operating income

**Note : 23.1**

**Sale of Products (Gross)**

Abrasives  
Ceramics & Plastics  
Others

(₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
	<b>992,29.02</b>	951,31.63
	<b>24,95.20</b>	16,57.48
	<b>6,64.94</b>	5,40.83
	<b>1,023,89.16</b>	973,29.94
	<b>(76,90.46)</b>	(66,97.84)
	<b>946,98.70</b>	906,32.10
	<b>6.09</b>	1.11
	<b>1,43.81</b>	1,41.94
	<b>1,49.90</b>	1,43.05
	<b>1,25.55</b>	4,04.85
	<b>64.05</b>	63.57
	<b>7,44.90</b>	6,01.23
	<b>10,84.40</b>	12,12.70
	<b>957,83.10</b>	918,44.80
	<b>653,89.64</b>	654,15.92
	<b>278,13.29</b>	272,50.62
	<b>60,26.09</b>	24,65.09
	<b>992,29.02</b>	951,31.63

The Sales value mentioned above includes sale of bought out goods of ₹ 85,17.55 Lacs (Previous Year – ₹ 87,75.92 Lacs).

**Note : 23.2**

**Segment Reporting :**

**A. Information about Business Segments :**

(₹ Lacs)

	Abrasives		Ceramics & Plastics		Others		Unallocated		Total	
	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012
<b>Revenue</b>										
Segment Revenue	602,30.92	610,70.54	264,51.95	263,77.96	62,42.76	22,07.73	—	—	929,25.63	896,56.23
Less: Inter-segment Sales	—	—	(13,87.07)	(12,22.44)	—	—	—	—	(13,87.07)	(12,22.44)
<b>Net Sales</b>	<b>602,30.92</b>	610,70.54	<b>250,64.88</b>	251,55.52	<b>62,42.76</b>	22,07.73	—	—	<b>915,38.56</b>	884,33.79
<b>Result</b>										
<b>SEGMENT RESULT</b>	<b>88,26.98</b>	97,36.35	<b>35,79.68</b>	49,13.16	<b>10,27.12</b>	4,93.25	—	—	<b>134,33.78</b>	151,42.76
Unallocated Income/ (Expenditure) – (Net)							79.89	(6,17.41)	79.89	(6,17.41)
Interest expenses							(2,99.73)	(3,17.86)	(2,99.73)	(3,17.86)
Interest Income							1,49.90	1,43.05	1,49.90	1,43.05
Dividend Income							1,25.55	4,04.85	1,25.55	4,04.85
Profit/(Loss) on sale of Investments							64.05	63.57	64.05	63.57
<b>Profit before Tax and after Exceptional Item</b>									<b>135,53.44</b>	148,18.96
Provision for Tax (including Deferred Tax & FBT)							(38,38.35)	(45,35.27)	(38,38.35)	(45,35.27)
<b>Profit after Tax</b>									<b>97,15.09</b>	102,83.69

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(₹ Lacs)

Other Information	Abrasives		Ceramics & Plastics		Others		Unallocated		Total	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Total Assets (gross)	417,92.19	395,07.93	240,17.25	209,80.59	29,37.95	30,70.73	96,13.56	107,58.48	783,60.95	743,17.73
Less: Revaluation Reserve	(1,91.44)	(2,01.64)	(1,77.37)	(1,83.89)	—	—	—	—	(3,68.81)	(3,85.53)
Net Assets	416,00.75	393,06.29	238,39.88	207,96.70	29,37.95	30,70.73	96,13.56	107,58.48	779,92.14	739,32.20
Total Liabilities	97,91.67	104,76.12	75,38.83	73,89.22	10,48.53	25,35.51	76,45.89	72,19.09	260,24.92	276,19.94
Capital Expenditure (during the year)	44,06.29	58,28.90	44,65.20	37,90.76	1,30.25	1,79.19	7,14.43	2,04.87	97,16.17	100,03.72
Depreciation/Amortisation (for the year)	13,58.44	12,63.73	8,83.21	6,96.17	54.68	4.15	1,43.19	1,79.54	24,39.52	21,43.59

### 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, 2013	For the Year Ended 31st March, 2012
India	790,47.55	813,96.45
Outside India	124,91.01	70,37.34
Total	915,38.56	884,33.79

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

(₹ Lacs)

	Net Assets		Total Liabilities	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
India	728,65.61	697,09.23	231,47.01	251,97.70
Outside India	51,26.53	42,22.97	28,77.91	24,22.24
Total	779,92.14	739,32.20	260,24.92	276,19.94

### Notes :

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

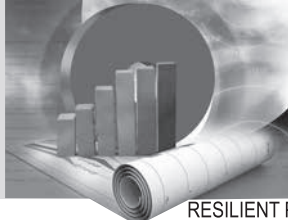
- (a) Abrasives
- (b) Ceramics & Plastics
- (c) Others

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 ₹ 16,51.38 Lacs (Previous Year – ₹ 16,15.66 Lacs), allocated on a reasonable basis.



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
<b>Note : 24</b>			
<b>COST OF MATERIALS CONSUMED</b>			
Opening Stock of			
Raw Materials	60,63.91		43,17.64
Raw Materials in Transit	14,73.31		11,46.38
		<b>75,37.22</b>	54,64.02
<b>Add:</b> Purchases		<b>344,11.13</b>	330,75.59
<b>Less:</b> Closing Stock of			
Raw Materials	(47,75.33)		(60,63.91)
Raw Materials in Transit	(8,85.21)		(14,73.31)
		<b>(56,60.54)</b>	(75,37.22)
		<b>362,87.81</b>	<b>310,02.39</b>
<b>Note : 25</b>			
<b>PURCHASES OF TRADING GOODS</b>			
Abrasives		49,24.67	59,95.86
Ceramics & Plastics		6,34.13	7,00.01
Others		9,83.71	7,78.07
		<b>65,42.51</b>	<b>74,73.94</b>
<b>Note : 26</b>			
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS &amp; TRADING GOODS</b>			
Opening Stock of			
Finished Goods :			
– Manufactured	36,29.45		34,31.98
– Trading	11,92.71		7,12.43
Work-In-Process	32,32.46		28,53.99
		<b>80,54.62</b>	69,98.40
<b>Less:</b> Closing Stock of			
Finished Goods :			
– Manufactured	(38,26.88)		(36,29.45)
– Trading	(10,81.95)		(11,92.71)
Work-In-Process	(44,33.96)		(32,32.46)
		<b>(93,42.79)</b>	(80,54.62)
		<b>(12,88.17)</b>	<b>(10,56.22)</b>
<b>Note : 27</b>			
<b>EMPLOYEE BENEFITS EXPENSE</b> (Refer Note 27.1)			
Salaries, Wages, Bonus and Gratuity		90,03.08	81,73.74
Contribution to Provident and other Funds		5,45.53	5,06.70
Staff Welfare		10,35.91	9,80.40
		<b>105,84.52</b>	<b>96,60.84</b>

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### Note : 27.1

#### Disclosure under AS-15 :

#### Employee Benefits :

##### I. Defined Contribution Plans :

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

Employer's Contribution to Provident Fund

Employer's Contribution to Superannuation Fund

##### 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 31 March, 2013 :

#### Change in present value of obligation

Opening Balance

Interest Cost

Service Cost

Benefits Paid

Cost of Plan Amendment

Actuarial (gain)/loss on obligation

Closing Balance

#### Change in plan assets

Opening Balance

Expected return on plan assets

Contributions

Benefits paid

Actuarial gain/(loss) on plan assets

Closing Balance

#### Net gratuity cost for the year

Current Service Cost

Interest Cost

Expected return on plan assets

Past Service Cost

Net Actuarial (gain)/loss to be recognised

Net Gratuity Cost

#### Amount recognised in the Balance Sheet

Present value of obligation

Fair value of plan assets

Net obligation

#### Assumptions used in accounting for the gratuity plan

Discount Rate

Salary escalation rate

Expected rate of return on plan assets

For the  
Year Ended  
31st March,  
2013  
(₹ Lacs)

For the  
Year Ended  
31st March,  
2012  
(₹ Lacs)

3,05.41  
1,11.24

2,92.16  
1,12.18

For the  
Year Ended  
31st March,  
2013  
(₹ Lacs)

For the  
Year Ended  
31st March,  
2012  
(₹ Lacs)

26,91.04  
2,28.74  
1,66.02  
(1,81.08)  
—  
1,19.75  
30,24.47

23,61.15  
2,00.70  
1,41.67  
(1,22.98)  
—  
1,10.50  
26,91.04

27,15.03  
2,30.78  
3,05.70  
(1,81.08)  
13.07  
30,83.50

22,99.54  
2,09.11  
3,35.00  
(1,22.98)  
(5.64)  
27,15.03

1,66.02  
2,28.74  
(2,30.78)  
—  
1,06.68  
2,70.66

1,41.67  
2,00.70  
(2,09.11)  
—  
1,16.14  
2,49.40

30,24.47  
(30,83.50)  
(59.03)

26,91.04  
(27,15.03)  
(23.99)

%

8.25

7.00

8.70

%

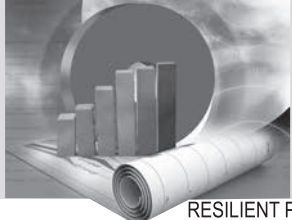
8.50

7.00

8.50

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.



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
<b>Note : 28</b>			
<b>FINANCE COSTS</b>			
Interest on Loans/Deposits		2,99.73	3,17.86
<b>Note : 29</b>			
<b>OTHER EXPENSES</b>			
Consumption of Stores and Spare Parts		19,24.77	22,33.90
Processing Charges		21,19.93	21,58.07
Power and Fuel (Refer Note 9.1)		76,22.18	72,24.04
Freight, Octroi and Packing Expenses		49,71.23	46,29.69
Rent/Lease Payments		3,92.33	2,73.94
Repairs and Maintenance :			
Buildings	85.30		1,01.80
Machinery	3,80.50		3,39.24
Others	2,51.42		2,23.18
		7,17.22	6,64.22
Insurance		2,22.62	1,60.26
Rates and Taxes		1,56.85	1,43.21
Travelling and Conveyance		11,81.82	11,67.25
Commission and Discount on Sales		25,82.70	28,37.52
Royalties		6,20.49	7,21.56
Loss on assets discarded/sold (Net)		65.27	72.61
External Service charges		17,07.56	14,14.78
Bad Debts written off		61.27	61.75
Provision for Doubtful Debts & Advances written back		(75.68)	—
Miscellaneous Expenses (Refer Note 29.1)		30,93.18	37,20.64
		<b>273,63.74</b>	<b>274,83.44</b>

### Note : 29.1

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 ₹ 2,15.99 Lacs (Previous Year – ₹ 3,14.22 Lacs), being the difference between the opening and closing stock of finished goods is debited to Miscellaneous Expenses.

### Note : 30

#### EARNINGS PER SHARE :

	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012
(a) Profit for the period after Minority Interest (₹ Lacs)	97,31.49	102,95.31
(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 ₹	17.58	18.60

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### Note : 31

#### CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

	As at 31st March, 2013 (₹ Lacs)	As at 31st March, 2012 (₹ Lacs)
(a) Excise & Custom Duty demands/show cause notices pending with the appropriate authorities and disputed by the Company	9,35.20	8,35.62
(b) Sales Tax demands pending with the Commissionerate/High Court and disputed by the Company	2,50.90	2,49.42
(c) Claims against the Company under the Labour Laws for disputed cases	1,14.70	1,00.73
(d) Guarantees given by Banks, of which ₹ 6,04.21 Lacs (Previous Year – ₹ 4,28.44 Lacs) are counter guaranteed by the Company	6,04.21	4,28.44
(e) Guarantees given on behalf of Subsidiary Company	9,44.33	8,39.08
(f) Letters of credit issued by banks on behalf of the Company	—	1.89
(g) Non-Agricultural Land Cess	37.79	37.79
(h) Other Claims against the Company not acknowledged as debts	1,83.50	1,12.04
(i) Demand raised by A.P Transco on increase in power cost, disputed by the Company & subjudice in Honourable Supreme Court	28,47.90	26,27.55
(j) Demand raised by A.P Transco on surplus units allocated, disputed by the Company & subjudice in High Court (Net)	8,55.00	6,95.48
(k) Demand raised by A.P Transco for fuel surcharge adjustment for Financial years 2008-09 & 2009-10 disputed by the Company & subjudice in Honourable Supreme Court	2,59.80	1,64.00
(l) Income tax liability on account of disputed disallowances	91.25	91.25
	<b>6,15.51</b>	<b>31,35.67</b>
	<b>4,96.00</b>	<b>—</b>

### Note : 32

#### COMMITMENTS :

Capital Commitments	6,15.51	31,35.67
Subscription to Equity Shares of Saint-Gobain Research India Ltd.	4,96.00	—

### Note : 33

#### EXPENDITURE IN FOREIGN CURRENCY :

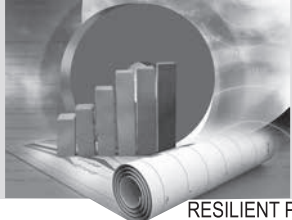
	For the Year Ended 31st March, 2013 (₹ Lacs)	For the Year Ended 31st March, 2012 (₹ Lacs)
(i) Export Sales Commission	20.51	42.47
(ii) Foreign Travel	67.24	79.70
(iii) Royalties	6,12.76	7,14.83
(iv) Others	1,55.73	1,46.70

### Note : 34

#### AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF :

	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012
Dividend (₹ Lacs)	18,46.91	17,04.84
Number of Non-Resident Shareholders	2	2
Number of Shares held	2,84,14,000	2,84,14,000
Period to which Dividend relates	2011-12	2010-11





RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### Note : 35

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 2013 :

Currency	No. of Contracts	Value in Lacs	Equivalent ₹ Lacs
USD	19 (42)	29.60 (50.53)	16,15.11 (25,74.20)
EURO	27 (20)	16.95 (16.20)	11,86.14 (11,09.68)
GBP	1 (1)	0.15 (0.49)	12.75 (39.29)

Currency	No. of Contracts	Value in Lacs	Equivalent ₹ Lacs
JPY	3 (2)	16.91 (13.83)	9.86 (8.61)
AUD	— (2)	— (0.18)	— (9.65)

Previous Year'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, 2013. Foreign currency exposure (net) not hedged by forward contracts as at 31st March, 2013 is ₹ 2,10.20 Lacs (Previous Year – ₹ 5,30.82 Lacs).

	As at 31st March, 2013		As at 31st March, 2012	
	Value in Lacs	Equivalent ₹ Lacs	Value in Lacs	Equivalent ₹ Lacs
USD	3.17	1,72.86	6.48	3,33.83
EURO	0.53	37.34	1.61	1,10.97
GBP	—	—	1.04	86.02
Total		2,10.20		5,30.82

### Note : 36

#### RELATED PARTY DISCLOSURE :

##### 1. Relationships :

##### (i) HOLDING COMPANY :

Compagnie de Saint-Gobain

##### (ii) FELLOW SUBSIDIARIES :

Saint-Gobain Abrasives Inc., USA  
 Societe de Participations Financieres et Industrielles  
 Saint-Gobain Glass India Ltd.  
 ABC Superabrasives, USA  
 Certaineed Corporation, USA  
 L.M.Van Moppes Diamond Tools India Pvt. Ltd.  
 Norton Abrasives PTY Ltd.  
 PT Saint-Gobain Norton Hamplas, Indonesia  
 PT Saint-Gobain Winter Diamas, Indonesia  
 PT Saint-Gobain Abrasives Indonesia  
 Placopatre  
 Point.P Development  
 Saint-Gobain Ceramics & Plastics Inc.  
 Saint-Gobain Abrasives, France  
 Saint-Gobain Abrasives, Poland  
 Saint-Gobain Ceramiques Informatique Et Organisation  
 Saint-Gobain DSI Groupe  
 Saint-Gobain Industriekeramik Rodental GMBH  
 Saint-Gobain Abrasifs Dubai  
 Saint-Gobain Abrasifs Maroc, Morocco  
 Saint-Gobain Abrasifs, France  
 Saint-Gobain Abrasifs UAE  
 Saint-Gobain Abrasives International Trading (Shanghai)  
 Saint-Gobain Abrasives (Australia) PTY Ltd.  
 Saint-Gobain Abrasives (PTY) Ltd., South Africa  
 Saint-Gobain Abrasives (Sea) Pte. Ltd.  
 Saint-Gobain Abrasives (Shanghai) Co Ltd., Shanghai  
 Saint-Gobain Abrasives (Suzhou) Co. Ltd.  
 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 Diamantwerkzeuge GMBH & Co  
 Saint-Gobain Distribution Denmark  
 Saint-Gobain Do Brasil Produtos Ind. E Para Const Ltda  
 Saint-Gobain Formula Thai Gypsum Product  
 Saint-Gobain Gelva, BV  
 Saint-Gobain Glass Egypt  
 Saint-Gobain Gyproc India Ltd.  
 Saint-Gobain High Performance Materials, France  
 Saint-Gobain HPM Polska Sp. z o.o  
 Saint-Gobain Isover G+H AG  
 Saint-Gobain ICASA S.A.  
 Saint-Gobain Industrial Ceramics Pty Ltd.,  
 Saint-Gobain Industrial Ceramics, UK  
 Saint-Gobain Industrie Keramik Dusseldorf GMBH  
 Saint-Gobain Materials Ceramicos Ltda. Brazil  
 Saint-Gobain Materials Ceramicos, Venezuela  
 Saint-Gobain Materiaux Ceramics, Belgium  
 Saint-Gobain PAM, France  
 Saint-Gobain Performance Plastics Portage  
 Saint-Gobain Performance Plastics, New Jersey, USA  
 Saint-Gobain Performance Plastics, Worcester, USA  
 Saint-Gobain Performance Plastics, Taunton, USA  
 Saint-Gobain PPL Corporation Mexico  
 Saint-Gobain PPL Shanghai  
 Saint-Gobain Performance Plastics, Korea  
 Saint-Gobain Produtos Industriais E Para Construcão Ltda  
 Saint-Gobain Sekurit India Ltd  
 Saint-Gobain Sekurit (Thailand) Co., Ltd  
 Saint-Gobain Seva Engineering India Limited  
 Saint-Gobain Seva, France  
 Saint-Gobain Tech Fab Hongfa (Changzhou) Ltd.  
 Saint-Gobain Technical Fabrics, S.A

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### Note : 36 RELATED PARTY DISCLOSURE (Continued) :

Saint-Gobain Abrasives Inc, Worcester USA	Saint-Gobain Universal Superabrasives, Inc
Saint-Gobain Abrasives Korea	Saint-Gobain Vibros S.A.
Saint-Gobain Abrasives Ltd – Stafford-UK	Savoi Refractories
Saint-Gobain Abrasives Ltd., New Zealand	SEPR Refractories India Ltd.
Saint-Gobain Abrasives Ltda., Brazil	SEPR, France
Saint-Gobain Abrasives Ltda., Portugal	Saint-Gobain Advanced Ceramics (Shanghai) Co Ltd
Saint-Gobain Abrasives Singapore (PTE) Ltd.	Saint-Gobain Materiaux Ceramiques Benelux SA
Saint-Gobain Abrasives SP. Z.O.O	Saint-Gobain Performance Plastics - Bristol
Saint-Gobain Abrasives SP.Z	Saint-Gobain Performance Plastics (Shanghai) Co. Ltd.
Saint-Gobain Abrasives Thailand	Saint-Gobain Performance Plastics Corby, UK
Saint-Gobain Abrasives Indonesia	Saint-Gobain Performance Plastics KK, JAPAN
Saint-Gobain Abrasives Netherlands B.V.	Saint-Gobain Performance Plastics, Les Macon, France
Saint-Gobain Abrasivi S.P.A.(Micromold)	Saint-Gobain Performance Plastics Pampus GMBH
Saint-Gobain Abrasivi S.P.A.(Ral-Sud)	Saint-Gobain Performance Plastics Verneret, France
Saint-Gobain Abrasivi S.P.A., Italy	Saint-Gobain Performance Plastics, Akron, USA
Saint-Gobain Abrasivos SA, Argentina	Saint-Gobain Performance Plastics, Beaverton, USA
Saint-Gobain Achats	Saint-Gobain Performance Plastics, Chaineux, Belgium
Saint-Gobain Advanced Ceramics, Niagara	Saint-Gobain Performance Plastics, Florida, USA
Saint-Gobain Advanced Materials (M) SDN BHD	Saint-Gobain Performance Plastics, Garden Groove, USA
Saint-Gobain Advanced Materials (Taiwan) Co. Ltd.	Saint-Gobain Performance Plastics, Granville, USA
Saint-Gobain Building Distribution	Saint-Gobain Performance Plastics, Ireland
Saint-Gobain Ceramic Materials (Liyanguang) Co. Ltd., China	Saint-Gobain Performance Plastics, Kontich, Belgium
Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	Saint-Gobain Performance Plastics, Mickleton, USA
Saint-Gobain Ceramic Materials (Zhengzhou) Co. Ltd., China	Saint-Gobain Performance Plastics, New York, USA
Saint-Gobain Ceramic Materials, Australia	Saint-Gobain Performance Plastics, Pittsburg, USA
Saint-Gobain Ceramic Materials AS., Norway	Saint-Gobain Performance Plastics, Poestenkill, USA
Saint-Gobain Ceramic Materials Weilerswist GMBH	Saint-Gobain Performance Plastics, Rencol., UK
Saint-Gobain Ceramic Materials, USA	Saint-Gobain Performance Plastics, Taiwan
Saint-Gobain Ceramicas Industrialces S.A, Spain	Saint-Gobain Performance Plastics, Gembloux, Belgium
Saint-Gobain Ceramicas Industriales S.A.	Saint-Gobain Research India Ltd.
Saint-Gobain Ceramics & Plastics, Brazil	Saint-Gobain Technical Fabrics (Changzhou) Co. Ltd.
Saint-Gobain Ceramics Inc, USA	Weber Netservices
Saint-Gobain Construction Products Vietnam Ltd.	Universal Superabrasives., USA
Saint-Gobain Crystals & Detectors India Ltd.	

### (iii) KEY MANAGEMENT PERSONNEL

A. Y. Mahajan - Managing Director

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

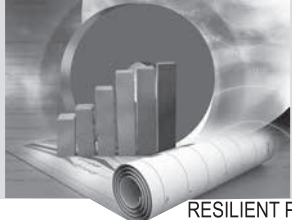
2. The following transactions were carried out with the related parties in the ordinary course of business :

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

(₹ Lacs)

Sr. No.	Particulars	Holding Company		Fellow Subsidiaries	
		For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012
1.	Sales	—	—	15,44.14	20,56.78
2.	Agency Commission received	—	—	50.63	12.80
3.	Service Income	—	—	22,16.47	13,28.61
4.	Other Income	67.50	67.50	3,04.97	3,49.77
5.	Purchase of Goods	—	—	115,80.72	122,52.16
6.	Expenses charged to other companies	—	11.03	15,42.28	15,13.77
7.	Expenses charged by other companies	3,09.43	2,78.51	1,94.41	1,74.76
8.	Royalty Paid	—	—	6,53.95	7,14.83
9.	Other Expenses	—	—	18.00	16.70
10.	Purchase of Fixed Assets from other companies	—	—	9.57	4,70.92
11.	Dividend Paid	—	—	18,56.66	17,13.84
12.	Outstanding receivables (net of payables)*	7.22	—	(4,44.54)	(14,07.82)
13.	Outstanding deposits*	—	—	39.00	39.00
14.	Investments made	—	—	2,33.75	—

\* Closing balance



RESILIENT PERFORMANCE

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### Note : 36 RELATED PARTY DISCLOSURE (Continued) :

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

(₹ Lacs)

	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012
Remuneration	5,73.64	4,72.73
Outstanding Loan	2,35.00	2,65.00
Commission Payable	1,42.31	1,54.36

(iii) Significant transactions with related parties :

(₹ Lacs)

Sr. No.	Nature of Transactions	Name of the Companies	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2012
1.	Sales	Saint-Gobain Abrasives, Inc. USA	2,10.22	2,96.14
		Saint-Gobain Glass India Ltd.	2,12.33	4,03.20
		Saint-Gobain Abrasives SP. Z.O.O	2,32.35	4,02.36
		Saint-Gobain Industrial Ceramics Pty Ltd	3,25.48	—
		Saint-Gobain Ceramic Materials AS., Norway	—	3,27.92
2.	Agency Commission received	Certainteed Corporation, USA	50.63	10.33
		Saint-Gobain Diamantwerkzeuge GMBH & Co	—	2.47
3.	Service Income	Saint-Gobain PAM, France	2,63.31	—
		Saint Gobain DSI Groupe	4,64.45	3,94.62
		Saint Gobain Ceramiques Informatique Et Organisation	5,88.67	2,65.19
4.	Other Income	Compagnie de Saint-Gobain (Liaison Office)	67.50	67.50
		Saint-Gobain SEVA Engineering India Ltd.	56.18	55.15
		Saint-Gobain Abrasives Inc., USA	—	64.53
		Saint-Gobain Gyproc India Ltd.	1,72.89	1,51.33
5.	Purchase of Goods	Saint-Gobain Glass India Ltd.	35.32	34.44
		Saint-Gobain Abrasives (Shanghai) Co. Ltd.	—	16,31.87
		Saint-Gobain Materials Ceramicos Ltda. Brazil	—	21,37.79
6.	Expenses charged to other companies	Saint-Gobain Gyproc India Ltd.	2,17.52	1,96.17
		Saint-Gobain Glass India Ltd.	3,23.01	5,74.70
		Saint Gobain Building & Distribution	1,94.20	—
		Compagnie de Saint-Gobain (Liaison Office)	—	11.03
7.	Expenses charged by other companies	Saint-Gobain PAM, France	1,56.29	—
		Compagnie de Saint-Gobain (Liaison Office)	3,09.43	2,78.51
		Saint-Gobain Glass India Ltd.	1,55.06	1,19.13
		Saint-Gobain Crystals & Detectors India Ltd.	21.06	—
8.	Royalty Paid	Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	—	20.75
		Saint-Gobain Abrasives Inc., USA	4,49.97	4,85.20
		Saint-Gobain Abrasifs, France	1,45.88	1,59.09
9.	Other Expenses	Saint-Gobain Abrasifs, France	18.00	16.70
		Saint-Gobain Industrie Keramik Dusseldorf GMBH	9.57	55.95
10.	Purchase/Transfer of Fixed Assets	Saint-Gobain Tech Fab Hongfa (Changzhou) Ltd.	—	1,74.45
		Saint-Gobain PPL Seoul	—	50.85
		Saint Gobain Abrasives, Poland	—	1,35.88
		Saint-Gobain Abrasives Inc., USA	9,63.15	8,89.07
11.	Dividend Paid	Societe de Participations Financieres et Industrielles	8,83.76	8,15.77
		Saint-Gobain Research India Ltd.	2,33.75	—

### Note : 37

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

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	For the Year Ended 31st March, 2013		For the Year Ended 31st March, 2012	
	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Profit before Tax after Exceptional Item		135,53.44		148,18.96
<b>Adjustments for :</b>				
Depreciation/Amortisation Expense	24,39.52		21,43.59	
Unrealised Foreign Exchange (Gain)/Loss (Net)	(5.11)		22.91	
Loss on Sale of Fixed Assets	65.27		72.61	
Profit on Sale of Investments	(64.05)		(63.57)	
Dividend Received	(1,25.55)		(4,04.85)	
Interest (Net)	1,49.83	24,59.91	1,74.81	19,45.50
<b>Operating Profit Before Working Capital Changes</b>		<b>160,13.35</b>		<b>167,64.46</b>
<b>Adjustments for :</b>				
Trade and other Receivables (Current & Non-Current)	(2,23.98)		(18,91.49)	
Inventories	6,57.08		(34,40.76)	
Trade and other Payables (Current & Non-Current)	(22,90.85)	(18,57.75)	44,43.73	(8,88.52)
<b>Cash Generated from Operations</b>		<b>141,55.60</b>		<b>158,75.94</b>
Direct Taxes Paid (Net of Income Tax Refund)		(37,28.47)		(40,07.86)
<b>Net cash from Operating Activities</b>		<b>104,27.13</b>		<b>118,68.08</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	(83,19.10)		(109,76.54)	
Proceeds of Sale of Fixed Assets	8.97		2.85	
Proceeds of Sale of Investments	64.05		8,64.36	
Purchase of Investments	(2,33.75)		(74.17)	
Payment from Minority Interest	1,49.83		—	
Interest Received	1,49.35		1,45.30	
Dividend Received	1,25.55		4,04.85	
<b>Net cash flow used in Investing Activities</b>		<b>(80,55.10)</b>		<b>(96,33.35)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net Increase/(Decrease) in Borrowing	3,45.87		(2,13.94)	
Interest	(2,99.73)		(3,17.86)	
Dividends Paid	(35,98.40)		(33,21.60)	
Tax on Dividend	(5,83.75)		(5,38.84)	
Margin Money and Others	(3.53)		(25.76)	
<b>Net cash used in Financing Activities</b>		<b>(41,39.54)</b>		<b>(44,18.00)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(17,67.51)</b>		<b>(21,83.27)</b>
<b>CASH AND CASH EQUIVALENTS – OPENING BALANCE</b>				
Cash and Bank Balances	51,22.91		92,06.08	
Cash Equivalents (Investment in Liquid Mutual Funds)	20,00.00	71,22.91	1,00.10	93,06.18
<b>CASH AND CASH EQUIVALENTS – CLOSING BALANCE</b>				
Cash and Bank Balances	47,97.61		51,22.91	
Cash Equivalents (Investment in Liquid Mutual Funds)	5,57.79	53,55.40	20,00.00	71,22.91
		<b>(17,67.51)</b>		<b>(21,83.27)</b>

NOTES : 1. The Company has undrawn borrowing facilities amounting to ₹ 87,06.91 Lacs (Previous year – ₹ 27,64.61 Lacs).  
2. Previous year's figures have been regrouped to conform with the current year's presentation.

As per our Report of even date

For KALYANIWALLA & MISTRY  
Chartered Accountants

E. K. IRANI  
Partner

Mumbai: 4th May, 2013

For and on behalf of board of directors of  
Grindwell Norton Limited

PRADIP SHAH

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 4th May, 2013

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

**PROXY FORM**

REGD. FOLIO No.	
DP ID No.	
CLIENT ID No.	
No. of Shares	

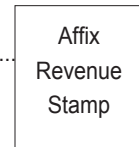
I/We, Mr./Mrs./Miss/Messrs.....  
of.....in the district of .....  
.....being a member/members of **GRINDWELL NORTON LIMITED**,  
hereby appoint .....of.....  
.....in the district of .....or failing him/her  
.....of.....  
in the district of .....as my/our proxy to attend and vote for me/us and on my/our behalf at  
the 63rd ANNUAL GENERAL MEETING of the Company to be held on **Wednesday, 24th day of July, 2013 at 3.00 p.m.** and at any  
adjournment thereof.

Signed this ..... day of.....2013.

Registered Folio/DP ID/Client ID: .....

Signature.....

No. of Shares held:.....



This form is to be used \*in favour of/against the resolution. Unless otherwise instructed, the proxy will act as he/she thinks fit.

\*Strike out whichever is not desired.

**Note: This proxy must be returned so as to reach the Registered Office of the Company at Leela Business Park, 5th Level, Andheri-Kurla Road, Marol, Andheri (East), Mumbai – 400 059, not less than 48 hours before the time for holding the aforesaid meeting.**



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

**ATTENDANCE SLIP**

63rd Annual General Meeting  
Wednesday, 24th July 2013, at 3.00 p.m.

REGD. FOLIO No.	
DP ID No.	
CLIENT ID No.	
No. of Shares	

I/We, Mr./Mrs./Miss/Messrs.....  
certify that I am a registered shareholder/proxy for the registered shareholder(s) of **GRINDWELL NORTON LIMITED**.

I/We hereby record my/our presence at the 63rd ANNUAL GENERAL MEETING of the Company held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg (Rampart Row), Mumbai – 400 001, on **Wednesday, 24th July, 2013, at 3.00 p.m.**

.....  
Member's/Proxy's name in Block Letters

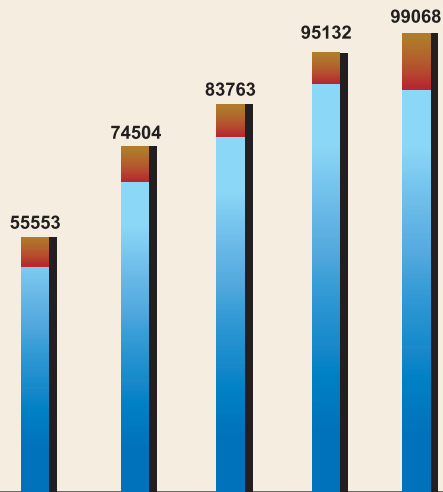
.....  
Member's/Proxy's Signature

- Notes:**
1. Shareholder/Proxy wishing to attend the meeting must bring this Attendance Slip duly signed, to the meeting and hand it over at the entrance.
  2. Shareholder/Proxy desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

# FINANCIAL PERFORMANCE

## Sale of Products

(₹ Lacs)

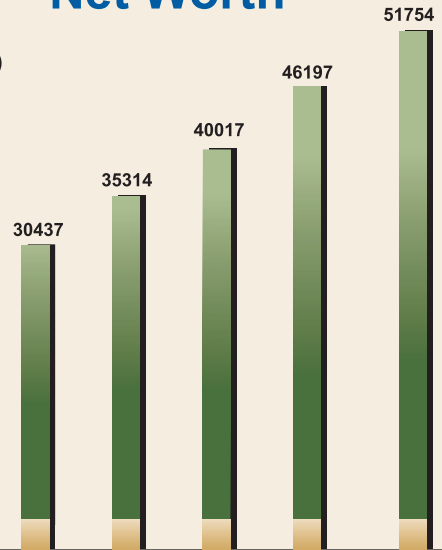


Year	2008	2009-10 <sup>^</sup>	2010-11	2011-12	2012-13
Export	6762	7764	7108	7058	12372
Domestic	48791	66740	76655	88074	86696

<sup>^</sup> for 15 Months

## Net Worth

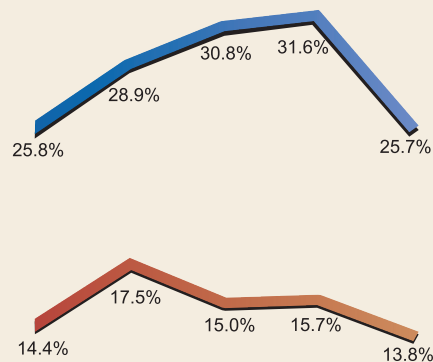
(₹ Lacs)



Year	2008	2009-10	2010-11	2011-12	2012-13
Share Capital	2768	2768	2768	2768	2768
Reserves* & Surplus	27669	32546	37249	43429	48986

\* Excluding Revaluation Reserve

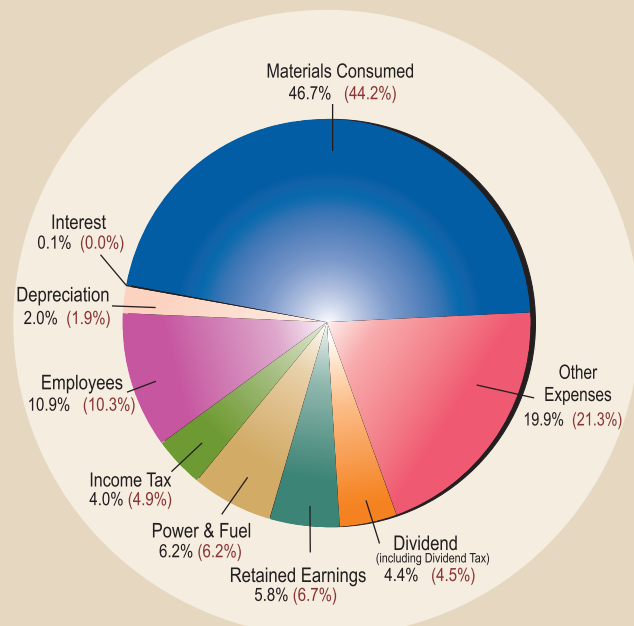
## Operating Margin (%), ROI (%) & Asset Turnover



Year	2008	2009-10	2010-11	2011-12	2012-13
Asset Turnover	1.80	1.65 <sup>@</sup>	2.05	2.01	1.86

<sup>@</sup> Annualised      ■ Operating Margin      ■ ROI

## Distribution of Income



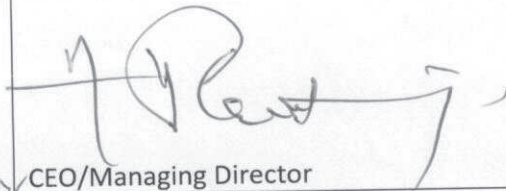

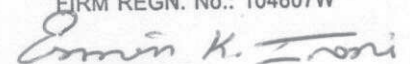
\* Figures in brackets are for the year 2011-12

**NORTON** *GRINDWELL NORTON LTD.*

  
**SAINT-GOBAIN**

Form A

Covering letter of the annual audit report to be filed with the Stock Exchanges

1.	Name of the Company	Grindwell Norton Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by-	
	by CEO/Managing Director	
	by CFO	
	Auditor of the Company	For KALYANIWALLA AND MISTRY CHARTERED ACCOUNTANTS FIRM REGN. No.: 104607W  ERMIN K. IRANI PARTNER MEMB. No. 35646
	Audit Committee Chairman	