

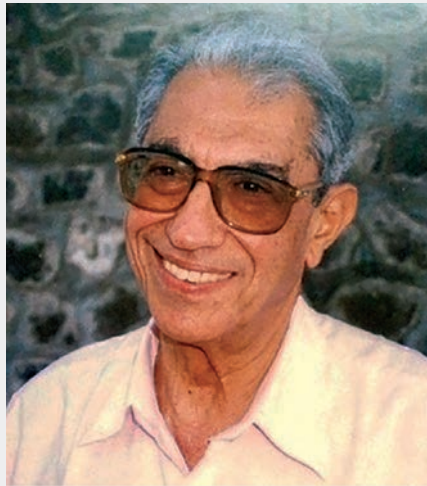
**Resolute  
Performance**



64th  
Annual Report  
2013-2014

# NOSHIR D. SIDHVA

14th October 1923 - 11th May 2014



Former Vice-Chairman and Managing Director,  
Director Emeritus, Grindwell Norton Ltd.

*A strong, visionary leader  
A fountainhead of knowledge  
A sharp mind, an eye for detail*

*You laid a solid foundation  
You challenged us to be the best  
You empowered us to achieve the impossible*

*You will always be our inspiration*

**Bankers**

BNP Paribas  
Deutsche Bank  
HDFC Bank  
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  
Email id:  
csg-unit@tsrdarashaw.com

**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

**Email id:**

sharecmpt.gno@saint-gobain.com

**Website:**

www.grindwellnorton.com

**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. PRADIP SHAH  
(Chairman)

Ms. MARIE-ARMELLE CHUPIN

Mr. KEKI ELAVIA

Mr. JEAN-PIERRE FLORIS

Mr. PATRICK MILLOT

Mr. MIKHIL NARANG

Mr. SHIVANAND SALGAOCAR

Mr. GUILLAUME TEXIER

Mr. ANAND MAHAJAN  
(Managing Director)

**MANAGEMENT COMMITTEE**

Mr. Deepak Chindarkar  
(Finance & IT)

Mr. Krishna Prasad  
(Ceramics & Plastics)

Mr. M. Ramarathnam  
(Projects & EHS)

Mr. N. Sreedhar  
(Abrasives)

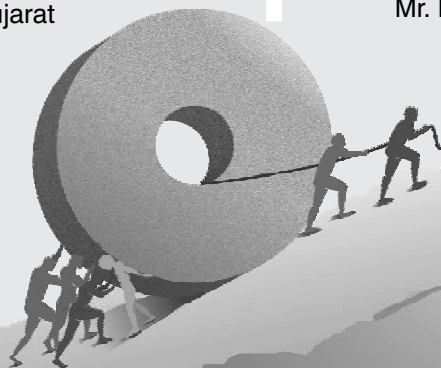
Ms. Anupama Vaidya  
(HR)

**COMPANY SECRETARY**

Mr. K. Visweswaran

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## NOTICE

NOTICE is hereby given that the 64th Annual General Meeting of the Members of Grindwell Norton Limited will be held on Wednesday, 23rd July, 2014 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 businesses.

### ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014, including Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend for the year ended 31st March, 2014.
3. To appoint a Director in place of Ms. Marie-Armelle Chupin (Director Identification No. 00066499) who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. Jean-Pierre Floris (Director Identification No. 02504627) 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. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Shivanand Salgaocar (Director Identification No. 00001402), Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from 23rd July, 2014.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Pradip Shah (Director Identification No. 00066242), Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from 23rd July, 2014.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Keki M. Elavia (Director Identification No. 00003940), Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from 23rd July, 2014.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with applicable Rules, M/s. Rao, Murthy & Associates, Cost Accountants (Firm Registration No. 000065), appointed as Cost Auditors, to audit the cost records maintained by the Company for the financial year 2014-15 on such remuneration as shall be fixed by the Board of Directors.”

23rd May, 2014

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

By Order of the Board

**K. VISWESWARAN**  
COMPANY SECRETARY

**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. A person can act as Proxy on behalf of Members not exceeding fifty (50) Members and holding in the aggregate not more than two percent of the total share capital 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, 15th July, 2014 to Wednesday, 23rd July, 2014 (both days inclusive).
- (d) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Businesses set out in the notice, is annexed hereto.
- (e) As per the amended provisions of the Companies Act, the dividend remaining unclaimed or unpaid for the financial year ended 31st December, 2005 and 31st December, 2006, have been transferred to the Investor Education and Protection Fund (Fund) of the Central Government on 20th June, 2013 and 7th May, 2014, respectively. The unpaid/unclaimed dividend, declared for the financial year ended 31st December, 2007 will be due for transfer to the said Fund after 10th January, 2015. 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, 2007 and all subsequent financial years, are 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. to 1:00 p.m. on all working days up to the date of this Annual General Meeting.
- (h) The Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent in electronic mode, to such members holding shares in dematerialised format and whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the Annual General Meeting.
- (i) (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 financial statements and/or operations of the Company are requested to address their queries to the Company Secretary 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.
- (j) In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company provides facility to its members, to exercise their right to vote at the 64th Annual General Meeting (AGM) by electronic means and the businesses may be transacted through e-Voting services provided by National Securities Depository Limited (NSDL). The e-Voting details are enclosed along with the Annual Report.

## 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

Ms. Marie-Armelle Chupin (Director Identification No. 00066499), a French national, is 57 years old and has done her Masters in Business Law and Labour Law. She joined Saint-Gobain in 1979 and has rich experience in the legal field. Presently, she is the Vice President – Legal Affairs of the High Performance Materials sector of Compagnie de Saint-Gobain (the ultimate holding company of Grindwell Norton Ltd.). Ms. Chupin does not hold any equity shares of the Company.

### Item No. 4

Mr. Jean-Pierre Floris (Director Identification No. 02504627), a French national, is 66 years old. He graduated as an Engineer from the Ecole des Mines de Paris and holds a Master's degree in Mathematics from the University of Paris and a Master's degree in Economic Systems Planning from Stanford University. He joined Saint-Gobain in 1996 and has rich experience in various fields. Currently, he is the President of the Innovative Material sector (which includes the Flat Glass and High Performance Materials sectors) of Saint-Gobain and Senior Vice-President of Compagnie de Saint-Gobain. He is also a Director on the Board of Saint-Gobain Glass India Limited. Mr. Floris does not hold any equity shares of the Company.

### Item No. 6

Mr. Shivanand Salgaocar (Director Identification No. 00001402) is 59 years old and holds a degree in Science from the University of Mumbai and has done his Masters in Management Studies from Jamnalal Bajaj Institute of Management Studies. Presently, he is the Managing Director of V. M. Salgaocar Group of Companies. He serves on the Boards of various companies in India. Mr. Salgaocar does not hold any equity shares of the Company.

### Item No. 7

Mr. Pradip Shah (Director Identification No. 00066242) is 61 years old and has done his MBA from Harvard University, USA. He is also a member of the Institute of Cost and Works Accountants of India and the Institute of Chartered Accountants of India. He was the founder Managing Director of CRISIL. Presently, he is the Chairman of a Finance Consultancy Company. He serves on the Boards of various companies in India. Mr. Shah does not hold any equity shares of the Company.

### Item No. 8

Mr. Keki M. Elavia (Director Identification No. 00003940) is 68 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. He serves on the Boards of various companies in India. Mr. Elavia does not hold any equity shares of the Company.

## EXPLANATORY STATEMENT

### Explanatory Statement as required under Section 102 of the Companies Act, 2013.

### Item No. 6

Mr. Shivanand Salgaocar (Director Identification No. 00001402) had been appointed as a Director of the Company on 6th March, 2006. A brief profile of Mr. Salgaocar is given in Item No. 6 of the Annexure to the Notice.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, Mr. Salgaocar is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation.

Notice has been received from a member proposing candidature of the said Director for the office of Independent Director of the Company.

The Board of Directors considers that Mr. Salgaocar has the requisite qualification and expertise that will be of immense benefit to the Company. The Board opines that he fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company.

Copy of the draft letter of appointment setting out the terms and conditions will be available for inspection, without any fee, by the members at the registered office of the Company during normal business hours on any working day.

Except Mr. Salgaocar, no other director or key managerial personnel (or their relatives) are concerned or interested in the resolution.

Your Directors recommend the appointment of Mr. Salgaocar as an Independent Director of the Company for a term of five consecutive years commencing from 23rd July, 2014.

**Item No. 7**

Mr. Pradip Shah (Director Identification No. 00066242) had been appointed as a Director of the Company on 6th March, 2006. A brief profile of Mr. Shah is given in Item No. 7 of the Annexure to the Notice.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, Mr. Shah is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation.

Notice has been received from a member proposing candidature of the said Director for the office of Independent Director of the Company.

The Board of Directors considers that Mr. Shah has the requisite qualification and expertise that will be of immense benefit to the Company. The Board opines that he fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company.

Copy of the draft letter of appointment setting out the terms and conditions will be available for inspection, without any fee, by the members at the registered office of the Company during normal business hours on any working day.

Except Mr. Shah, no other director or key managerial personnel (or their relatives) are concerned or interested in the resolution.

Your Directors recommend the appointment of Mr. Shah as an Independent Director of the Company for a term of five consecutive years commencing from 23rd July, 2014.

**Item No. 8**

Mr. Keki M. Elavia (Director Identification No. 00003940) had been appointed as a Director of the Company on 26th July, 2012. A brief profile of Mr. Elavia is given in Item No. 8 of the Annexure to the Notice.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, Mr. Elavia is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation.

Notice has been received from a member proposing candidature of the said Director for the office of Independent Director of the Company.

The Board of Directors considers that Mr. Elavia has the requisite qualification and expertise that will be of immense benefit to the Company. The Board opines that he fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company.

Copy of the draft letter of appointment setting out the terms and conditions will be available for inspection, without any fee, by the members at the registered office of the Company during normal business hours on any working day.

Except Mr. Elavia, no other director or key managerial personnel (or their relatives) are concerned or interested in the resolution.

Your Directors recommend the appointment of Mr. Elavia as an Independent Director of the Company for a term of five consecutive years commencing from 23rd July, 2014.

**Item No. 9**

A proposal for appointment of Cost Auditors for the financial year 2014-15 was recommended by the Audit Committee to the Board. It is proposed to appoint M/s. Rao, Murthy & Associates, Cost Accountants, (Firm Registration No. 000065) as Cost Auditors. M/s. Rao, Murthy & Associates, Cost Accountants, have confirmed their eligibility for appointment as Cost Auditors.

As per the Companies Act, 2013 and applicable Rules, the appointment and remuneration payable to the Cost Auditors is to be ratified by the shareholders. Hence this resolution is put for the consideration of the shareholders.

None of the Directors and Key Managerial Personnel (or their relatives) are interested in the said resolution.

Your Directors recommend the resolution for your approval.

23rd May, 2014

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 64th Annual Report of the Company along with the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended 31st March, 2014.

### Financial Highlights

	2013-14	2012-13
		(₹ Crores)
Sale of Products (Gross)	<b>974.28</b>	990.68
Service & Other Operating Income	<b>42.24</b>	31.31
Less: Excise Duty	<b>(74.91)</b>	(76.90)
<b>Revenue from Operations</b>	<b>941.61</b>	945.09
Operating Profit	<b>120.31</b>	136.64
Interest	<b>0.44</b>	0.59
Profit before Tax	<b>119.87</b>	136.05
Provision for Tax	<b>37.55</b>	38.38
Profit after Tax	<b>82.32</b>	97.67
Surplus brought forward	<b>100.00</b>	80.00
	<b>182.32</b>	177.67
<b>Appropriations:</b>		
Proposed Dividend	<b>35.98</b>	35.98
Tax on Proposed Dividend	<b>6.12</b>	6.12
Transfer to General Reserve	<b>20.22</b>	35.57
Surplus Carried to Balance Sheet	<b>120.00</b>	100.00
	<b>182.32</b>	177.67

### 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 judgements 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, 2014 and of the profit of the Company for the 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 industrial sector showed no signs of recovery for a third year in a row. The manufacturing sector, in particular, witnessed contraction during the year compared to minimal growth in the previous year. Not since 1991-92 has the manufacturing sector witnessed such contraction. Consumption and investment demand was weak throughout the year. High inflation, a weak Rupee and lack of Government action aggravated the situation. Against this backdrop of a hostile business environment, your Company's domestic sales (in terms of volumes) and margins witnessed a sharp decline even as input costs increased substantially. Management efforts to increase prices, to grow exports and to contain expenditure were partially successful and, consequently, the drop in sales and operating profit was restricted to 2% and 12% respectively.

### Dividend

In the light of your Company's profits and cash flow 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, 2014. The Cash outgo on account of the dividend (including dividend distribution tax) will be ₹ 42.10 crores (Previous year ₹ 42.10 crores).

### Abrasives

The weakness in demand due to contraction of the manufacturing sector, in general and of many end-user industries (led by auto), in particular, resulted in a decline in domestic volumes of Abrasives. This drop was partly compensated by an increase in exports. High inflation and the depreciation of the Rupee led to a significant increase in costs and a decline in margins. Your Company took the lead in increasing prices, but, in a very competitive market, where suppliers seemed more concerned with maintaining volumes than margins, the improvement in price realization fell significantly short of what was required to offset the cost increases. Under the circumstances, your Company's Management did well to limit the drop in volumes and margins. Input cost increases, due to high inflation and a weak Rupee, could not be fully compensated by the price increase. During the year, the new Non-woven plant in Bangalore was fully commissioned and the Bonded Abrasives' expansion project at Nagpur, which was slowed down last year, was also completed and commissioned.



## **Ceramics & Plastics**

Domestic demand for Silicon Carbide was weak while export demand was stable during the year under review. Overall, there was a drop in sales. Margins were affected mainly due to the increase in the cost of electricity (from APGPCL and from APTRANSCO). The sales of the High Performance Refractories (HPR) business were stable. The order inflow was weak. The new HPR plant in Halol (Gujarat) stabilized during the year and ramp up of production is in progress. The Performance Plastic business registered only marginal growth due to softening of demand in certain sectors, such as auto. Here again, the Rupee depreciation contributed to a decline in margins.

## **Subsidiary in Bhutan**

Operations of your Company's subsidiary in Bhutan were stable. Production in the grain plant, which was commissioned in 2013, stabilized and the Subsidiary started selling Silicon Carbide grains directly to its customers. In terms of general exemption provided under Section 212(8) of the Companies Act, 1956, granted by Ministry of Corporate Affairs vide its Circular 02/2011 dated 8th February, 2011 and in compliance with the conditions enlisted therein, copies of the Balance Sheet, Statement of Profit and 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 financial statements 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 includes financial information of the subsidiary company.

## **Investment in Saint-Gobain Research India Limited**

The transversal Research & Development Centre set up by Saint-Gobain Research India Ltd. (SGRI) has commenced its activities and is supporting the businesses of your Company in various ways. During the year under review, your Company invested ₹ 4.31 crores in the equity capital of SGRI.

## **Amalgamation of Group Companies**

The Scheme of Amalgamation involving the merger of SEPR Refractories India Ltd., Saint-Gobain Crystals & Detectors India Ltd. and Saint-Gobain Sekurit India Ltd. which was approved by the Board of Directors on 19th April, 2013, was approved by the shareholders in the Court Convened Meeting held on 27th November, 2013, with the requisite majority. However as per SEBI Circular dated 4th February, 2013, read with Circular dated 21st May, 2013, the requisite majority of

public shareholders (other than Promoter and Promoter group) did not approve the Scheme. Consequently, the Scheme of Amalgamation was not acted upon.

## **Future Prospects**

Domestic demand continues to be weak and there are no signs of an industrial recovery in the short term. Under the circumstances, your Company's management will focus on growing exports, increasing prices, improving operating performance and containing cost and working capital even as it continues to invest in new products and new markets in order to sustain growth. During the last few years, your Company has invested in expanding capacities, in building capabilities and also in the equity shares of Saint-Gobain Research India Ltd. and is well-placed to benefit from an industrial recovery.

## **Employee Relations**

Employee relations were generally cordial at all units of the Company. At the end of the year, there were 1676 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 for the new HPR plant in Halol) are certified under ISO 14001:2004 as well as OHSAS 18001:1999. These certifications are recognition of the sustained efforts made by 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 23rd May, 2014 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 applicable Companies Act and Articles of Association of the Company, Ms. Marie-Armelle Chupin and Mr. Jean-Pierre Floris, Directors, retire by rotation and being eligible; offer themselves for re-appointment as Directors of the Company.

As per the provisions of Companies Act, 2013, Independent Directors shall be appointed for a term upto five consecutive years. In accordance with this requirement, Mr. Pradip Shah, Mr. Keki M. Elavia and Mr. Shivanand Salgaocar being Independent Directors shall be appointed for a term of five consecutive years. They will not be liable to retire by rotation.

Mr. Joseph Pereira, appointed as Alternate Director for Ms. Marie-Armelle Chupin, with effect from 2008, retired from the Company after serving the Company for more than 39 years. Your Directors wish to record their immense gratitude to Mr. Pereira and their deep appreciation of the important role played by him and the significant contribution made by him in the development and growth of your Company over the past 39 years.

Your Directors express their profound grief and sorrow on the sad demise of Mr. Noshir D. Sidhva, former Vice-Chairman and Managing Director and Director Emeritus, on 11th May, 2014. In the course of the 63 years that he was closely associated with your Company, he played a major role and had a significant influence on the development, the growth, the culture and the values of your Company. A strong and visionary leader,

he laid the foundation on which your Company has been built. Your Directors pay their respectful homage and tribute to this extraordinary human being and great leader.

### Auditors

M/s. Kalyaniwala & Mistry, Chartered Accountants (Firm Registration No. 104607W), Auditors of your Company, retire on conclusion of the 64th 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, has appointed M/s. Rao, Murthy & Associates, Cost Accountants (Firm Registration No. 000065) for conducting the audit of the cost accounting records maintained by the Company for the financial year ended 31st March, 2014.

### Acknowledgements

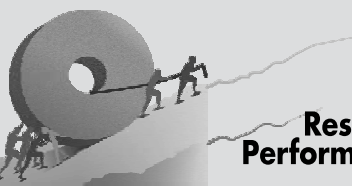
Your Directors take this opportunity to acknowledge with sincere gratitude the support of its esteemed customers, the strength it derives from its association with Compagnie de Saint-Gobain and a number of its subsidiaries, the continued support and co-operation from its Bankers and the loyalty of the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

On behalf of the Board of Directors,

**PRADIP SHAH**  
CHAIRMAN

**ANAND MAHAJAN**  
MANAGING DIRECTOR

Mumbai; 23rd May, 2014



## 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, 2014.

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

	<b>For the Year Ended 31st March, 2014</b>	For the Year Ended 31st March, 2013
<b>Power, Fuel and Gas Consumption</b>		
<b>ELECTRICITY</b>		
Purchased		
Units	<b>1905269</b>	1996669
Total Amount (₹ Crore)	<b>1.25</b>	1.21
Rate/Unit ₹	<b>6.56</b>	6.10
Own generated		
(i) Through DG units	<b>46139</b>	32002
Units per Ltr. of diesel	<b>3.22</b>	3.10
Cost/Unit (₹)	<b>18.52</b>	13.50
(ii) Through Steam Turbine/Generator	<b>Nil</b>	Nil
<b>FUEL OIL</b>		
Quantity (K. Ltrs.)	<b>558</b>	1077
Total Amount (₹ Crore)	<b>2.67</b>	5.08
Average Rate (₹/K. Ltr.)	<b>47845</b>	47139
<b>NATURAL GAS</b>		
Quantity (SCM)	<b>326354</b>	232593
Total Amount (₹ Crore)	<b>1.28</b>	0.78
Average Rate (₹/SCMr)	<b>39.30</b>	33.50
<b>Consumption per Unit of Production</b>		
Electricity (KWH/TON)	<b>356</b>	397
Fuel Oil (KL/TON)	<b>0.96</b>	0.98
Natural Gas (SCM/TON)	<b>998</b>	649

**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 :

- Improved product for bearing industry
- New product for industrial Cut-off Wheel

Improvements in :

- Product safety and quality
- Sharpening Stones

**(b) Ceramics :**

Development of :

- New specification 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, 2014:**

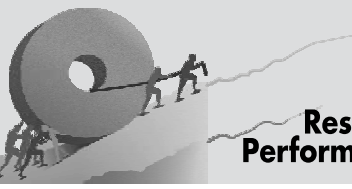
	<b>₹ Crore</b>
(a) Capital	Nil
(b) Recurring	3.49
(c) Total	3.49
(d) Total R&D expenditure as % of Total Turnover	0.36%

**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 its businesses. 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 its customers.

**Disclosure of particulars with respect to Foreign Exchange Earnings and Outgo :**

Total Earnings in foreign exchange for the financial year ended 31st March, 2014 was ₹ 138.05 crores and the total Outflow was ₹ 315.99 crores. Details are given in notes no 19.2, 29, 31 and 32.



## **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 € 42 billion in 2013. 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**

The business environment has been weak for nearly three years now and there are no signs of an early recovery. Led by contraction of the manufacturing sector (and a further contraction of the mining sector for the third consecutive year), the Index of Industrial Production (IIP) declined in the current fiscal. This is the first decline of the IIP in recent history. Besides the lack of growth, high inflation, a high fiscal deficit and a weak 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 engineered composites comprising of a backing, a 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. These products are either 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 two major players in the market, there are a few medium-sized players and a number of 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, a few important 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 a 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 another difficult and challenging year for the business. The business environment turned out to be much tougher than expected. The manufacturing sector contracted. The auto sector (both cars and commercial vehicles production) witnessed a sharp decline for the 2nd successive year. Despite the difficult external environment, the business managed to achieve sales slightly higher than the previous year primarily due to its focus on growing volumes in all identified markets and on introducing many new products. However, the profit margin dropped due to the unprecedented rupee depreciation and very high inflation. Though the management made significant efforts to increase prices, due to competitive pressures, the business was successful in passing on only some part of the cost increases.

The major expansion project of the Bonded Abrasives Plant at Nagpur was completed and commissioned. The Thin Wheels capacity and capability were enlarged at Nagpur and in Bated (Himachal Pradesh) and the new Non-woven plant was commissioned. "The Next Level" initiative continued to engage the employees at all levels to make progress on several dimensions. In addition, overall quality of receivables and inventory remained in good shape. All in all, the business strengthened its market and its financial position during the financial year, in spite of losing some share in certain accounts/markets.

Looking ahead, the outlook for 2014-15 still remains unclear. Under the circumstances, the business will continue to focus on increasing prices, growing volumes (in particular, in export markets and in identified domestic market segments), introducing new products, improving operations, implementing various marketing programmes and "The Next Level" initiatives. Reversing the trend of declining profits and margins will be the top-most priority of the business.

## 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 (as has been the case in the last two years). 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) Centre in the USA with regional R & D centres located elsewhere (including a new Centre in India). Both basic and applied research takes place at these R & D centres. 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. The competitive landscape has become much more dynamic. With the economies in Europe growing very slowly, the attention of many global majors has turned 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.

## 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 a raw material in the manufacture of abrasives, refractories and for stone polishing. SiC is manufactured at the plant located at Tirupati in Andhra Pradesh. This 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 Pvt. 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 2013-14 started on a promising note but demand and prices fell as the year progressed. There was pressure across market segments to drop prices, triggered by a fall in prices from China. However, depreciation of the Rupee offered some protection against this, as the year progressed. On the cost side, there was a major increase in the cost of electricity (from APGPCL and from APTRANSCO) and significant reduction (on account of power cuts) in the availability of grid power in Andhra Pradesh.

The outlook for cost in 2014 is uncertain. The electricity cost from the grid is expected to increase further; this may make production of SiC based on electricity from the grid unviable. Your Company through its investment in AP Gas Power Corporation (APGPCL) has access to gas-based electricity generation too. However, the cost of this electricity will undergo a significant increase

as and when the price of Natural Gas is reset by the Government of India. Given this scenario, the focus in 2014 would be on price and cost management. The business needs to find an economically viable source of crude in order to grow. The feasibility of expanding the SiC crude manufacturing facility in the subsidiary's plant in Bhutan is also under consideration.

#### Risks & Concerns

Major risks foreseen are aggressive pricing by global competitors. The domestic market is expected to show some growth in the latter part of the year. Regarding input costs, electricity costs across India are expected to rise, making it unviable to produce SiC crude in India based on grid power.

### (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 and for wear resistance. 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, which is certified under ISO 9001: 2000, ISO 14001: 2004 and OHSAS 18001:1999 and the new one is located in Halol, Gujarat.

#### Industry

The main customers are the 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

In 2013-14, the HPR business witnessed only marginal growth as there were no project orders. There was low demand for Wear Resistant Technology (WRT) products, because of the downturn in investments in the Power and Mining sectors.

With the depreciation of Rupee, raw material prices have been rising and the attempt has been to neutralize with increased selling price and through manufacturing cost reduction initiatives.

In 2014-15, 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 in export markets.

### Risks & Concerns

Slow start of the exports business and general slow-down in new investments will adversely impact growth. The optimal and economical usage of the production facilities at Bangalore and Halol coupled with competitive price strategies would be critical for the business.

### (iii) PERFORMANCE PLASTICS (PPL)

#### Product, Plant & Industry

Performance Plastics business produces and markets more than 800 standard and custom 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, Tubings & Hoses, Films, Fabrics and Foams. The major markets addressed are Automotive, Pharma & Bio-Pharma, Construction, 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
- Broad-basing of existing applications and markets
- Specification driven approvals at customers

One of the key markets for the PPL business is the Automotive Passenger Vehicle market; this market declined in 2013-14. The focus has been to defend the share in conventional applications, while trying to grow into new applications, this has yielded results. In 2014-15, the main aim would be to strengthen our position in existing markets while accelerating our foray into new markets in industrial, healthcare and construction segments.

The depreciation of Rupee had a major negative impact on the input costs in this business. The low demand in some of the key markets like Automotive and Construction also impacted the business in 2013-14.

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

### Risks & Concerns

Demand stagnation due to the uncertain economic environment is the major risk. Depreciation of Rupee is also a risk as the business is import-intensive. Aggressive pricing action by competition (including low-cost chinese imports) in certain segments is another risk.

### Risks & 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 a well-defined and structured treasury operation, with the emphasis being on security.

#### 2. Legal & 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 2013-14, 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. Once every two to three years, an employee engagement survey is undertaken. Such a survey was conducted in 2012-13. The findings and action plans were communicated in the current fiscal.

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

## **OVERALL PERFORMANCE**

For the year ended 31st March, 2014, GNO sales have declined by 2%. Margins in most of the businesses were under pressure and the overall operating profit fell by 12%.

## **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 on 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 its perceived performance 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 LTD. (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 its dealings. The Company recognises the importance of strong corporate governance which is an important mechanism for investor protection.

### 2. BOARD OF DIRECTORS

#### Composition

As on 31st March, 2014, the Board has nine members comprising a Managing Director and eight Non-Executive Directors out of whom three are independent. The Chairman of the Board is a Non-Executive Independent Director.

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

#### Meetings of the Board

During the year ended 31st March, 2014, six Board Meetings were held. The dates on which the said meetings were held are as follows:

19th April, 2013, 4th May, 2013, 24th July, 2013, 23rd October, 2013, 6th December, 2013 and 5th February, 2014.

None of the Director holds directorships in more than 15 public limited companies and neither hold 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, 2014, are as follows:

Name of the Director	Category of Director	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships held	No. of Committee membership positions held	No. of Committee Chairmanship
Mr. Pradip Shah	Chairman – Non-Executive (Independent)	6	Yes	12	10	1
Ms. Marie-Aremelle Chupin (Mr. Joseph Pereira# appointed as Alternate Director)	Non-Executive	6	Yes	1	NIL	N.A.
Mr. Jean-Pierre Floris	Non-Executive	1	No	2	NIL	N.A.
Mr. Anand Mahajan	Managing Director	6	Yes	8	5	3
Mr. Patrick Millot	Non-Executive	1	No	1	NIL	N.A.
Mr. Mikhil Narang	Non-Executive	5	Yes	1	1	NIL
Mr. Shivanand Salgaocar	Non-Executive (Independent)	4	Yes	2	1	1
Mr. Guillaume Texier	Non-Executive	1	No	1	NIL	N.A.
Mr. Keki M. Elavia	Non-Executive (Independent)	5	Yes	9	7	4

# Mr. Joseph Pereira had been appointed as an Alternate Director to Ms. Marie-Aremelle Chupin. He holds directorships in 5 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 *applicable* Companies Act. Also, the Committee Chairmanships / Memberships are within the limits under 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 *applicable* Companies Act.
- The information related to Committee positions held as stated above, pertains to the Audit Committee and Shareholders / Investors Grievance Committee in accordance with the provisions of Clause 49 of the Listing Agreement.
- Membership of committees includes chairmanship, if any.

### 3. AUDIT COMMITTEE

#### Terms of Reference

The terms of reference of the Audit Committee are in consonance with revised Clause 49 of the Listing Agreement as well as Section 292A of the Act, 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.
- 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 *applicable* Companies Act 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 *applicable* Companies Act. 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	5
Mr. Pradip Shah	Member – Independent	5
Mr. Anand Mahajan	Member	5

Mr. Keki Elavia, an independent Director, is the Chairman of the Committee. Mr. Keki Elavia is a B.Com. (Hons), FCA, CFE. He retired as a Senior Partner of M/s. Kalyaniwalla & Mistry – Chartered Accountants after an 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

Five meetings of the Audit Committee were held during the year ended 31st March, 2014 on 19th April, 2013, 4th May, 2013, 24th July, 2013, 23rd October, 2013 and 5th February, 2014.

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, 2014 are given below :

#### Executive Directors

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

Mr. Anand Mahajan – ₹ 394.30 Lacs

Mr. Joseph Pereira – ₹ 162.49 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. Shivanand Salgaocar	0.30	8.33	8.63
Mr. Pradip Shah	0.55	8.33	8.88
Mr. Mikhail Narang	0.35	23.59	23.94
Mr. Keki M. Elavia	0.50	8.33	8.83

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

Other than Mr. Mikhail Narang, who holds 3,35,500 equity shares (0.61%), no other Non-Executive Director holds any equity 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. Mikhail Narang is a member of the Indian Promoters' Group. Mr. Jean-Pierre Floris, Mr. Patrick Millot, Ms. Marie-Armelle Chupin and Mr. Guillaume Texier are employees of the Saint-Gobain Group (the foreign promoter).

## 5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

#### Composition

As on 31st March, 2014, the Shareholders/Investors Grievance Committee consists of Mr. Shivanand Salgaocar, Mr. Anand Mahajan and Mr. Mikhail Narang as Members. Mr. Shivanand Salgaocar, Non-Executive Independent Director heads the Committee. The Committee has delegated powers to Mr. Anand Mahajan and Mr. Mikhail 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 Agreement with Stock Exchanges. The Company has appointed M/s. TSR Darashaw Private Limited to act as Registrars and Transfer Agents of the Company.

During the year, the Committee met twice on 24th July, 2013 and 5th February, 2014.

#### Complaints

During the year 2013-14, few complaints were received from shareholders / investors regarding transfer of shares, non-receipt of dividend etc. All complaints have generally been resolved 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
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.	Approved Commission payable to Non-Executive Directors other than nominees of Compagnie de Saint-Gobain for a period of five years from 1st April 2013.
24th July, 2013 at 3.00 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai 400 001.	None

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

### (b) Court Convened Meeting :

A Court Convened Meeting was held on 27th November, 2013 at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai - 400 001 where the requisite shareholders approved the proposed Scheme of Amalgamation of SEPR Refractories India Limited ('SEPR'), Saint-Gobain Crystals & Detectors India Limited ('SGCD') and Saint-Gobain Sekurit India Limited ('SEKURIT') with Grindwell Norton Limited ('GNO') and their respective shareholders and creditors. However, as per SEBI Circulars, the requisite majority of Public Shareholders (other than Promoter and Promoter group) did not approve the Scheme by Postal Ballot.

### (c) Passing of Resolutions by Postal Ballot :

During the year, the Company, by postal ballot, had sought consent of the Equity Shareholders (Other than Promoter and Promoter Group Equity Shareholders) for the proposed Scheme of Amalgamation of SEPR Refractories India Limited, Saint-Gobain Crystals & Detectors India Limited and Saint-Gobain Sekurit India Limited with Grindwell Norton Limited and their

respective shareholders and creditors. The resolution had not been passed by the requisite majority.

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

The details of the voting pattern are as under :

Category	No. of Votes	% of Votes
For	44,49,609	29.18
Against	1,07,30,419	70.36
Invalid	69,660	0.46
Total	1,52,49,688	100.00

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

## 7. DISCLOSURES

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

There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large. Transactions with related parties, as per the requirements of Accounting Standard (AS)-18, are disclosed in Note 35 of this Annual Report and 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 website [www.grindwellnorton.com](http://www.grindwellnorton.com)

#### Whether it also displays presentations made to Institutional Investors and Analysts

Presentations made to Institutional Investors and Analysts is displayed on the Company's website.

## 9. GENERAL SHAREHOLDERS' INFORMATION

### (a) Annual General Meeting :

AGM	64th Annual General Meeting
Date	Wednesday, 23rd July, 2014
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 2014 – March 2015 :

#### Calendar of Financial Results for 2014-15 :

- (i) First Quarter Results – July, 2014
- (ii) Half yearly Results – October, 2014
- (iii) Third Quarter Results – January, 2015
- (iv) Results for the year – May, 2015  
ending 31st March, 2015

### (c) Dates of Book Closure :

Tuesday, 15th July, 2014 to Wednesday, 23rd July, 2014 (both days inclusive)

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

On or after 25th July, 2014

### (e) Listing on Stock Exchange(s) :

BSE Limited  
National Stock Exchange of India Limited  
The annual listing fees of BSE Limited and National Stock Exchange of India Limited have been paid for the year 2014-2015

### (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-13	259.55	230.10	260.10	230.15	19,504.18	18,226.48
May-13	263.05	252.04	263.35	252.30	20,286.12	19,575.64
Jun-13	251.95	240.25	251.75	238.05	19,610.48	18,540.89
Jul-13	242.95	219.00	242.75	219.10	20,302.13	19,177.76
Aug-13	233.95	221.80	233.00	219.85	19,367.59	17,905.91
Sep-13	239.00	222.55	238.40	224.05	20,646.64	18,234.66
Oct-13	248.65	222.40	246.40	223.20	21,164.52	19,517.15
Nov-13	267.80	249.10	265.30	248.50	21,239.36	20,194.40
Dec-13	287.30	255.35	288.00	250.85	21,326.42	20,612.14
Jan-14	265.00	240.25	266.85	240.50	21,373.66	20,498.25
Feb-14	243.10	234.05	243.00	233.30	21,120.12	20,193.35
Mar-14	281.50	246.30	283.00	245.75	22,386.27	20,946.65

### (h) Registrars and Transfer Agents :

TSR Darashaw Private Limited  
6-10, Haji Moosa Patrawala Ind. Estate,  
20, Dr. E. Moses Road,  
Mahalaxmi, Mumbai - 400 011  
Email Id: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)

### (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, 2014 :**

Category	No. of Shareholders	No. of Shares	%
Promoters:			
Foreign	2	2,84,14,000	51.33
Indian	19	42,64,352	7.70
Insurance Companies & Banks	7	19,181	0.04
UTI & Mutual Funds	20	48,15,880	8.70
NRIs, OCBs and FIIs	177	12,61,623	2.28
Domestic Companies and Trusts	287	29,75,665	5.37
Resident Individuals	11,525	1,36,09,299	24.58
<b>Total</b>	<b>12,037</b>	<b>5,53,60,000</b>	<b>100.00</b>

**(k) Distribution of Shareholdings :**

No. of equity shares held	No. of Shares	% of Total Shares	No. of Holders	% to Total Holders
Upto 250	8,58,452	1.55	7,527	62.53
251 to 500	10,99,558	1.99	2,786	23.15
501 to 1000	6,84,861	1.24	875	7.27
1001 to 5000	13,41,414	2.42	621	5.16
5001 to 10000	5,77,620	1.04	77	0.64
10001 to 100000	34,54,902	6.24	98	0.81
100001 and above	4,73,43,193	85.52	53	0.44
<b>Grand Total</b>	<b>5,53,60,000</b>	<b>100.00</b>	<b>12,037</b>	<b>100.00</b>
No. of Shareholders in Physical Mode	7,96,695	1.44	2,245	18.65
No. of Shareholders in Electronic Mode	5,45,63,305	98.56	9,792	81.35

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

98.56% of the paid-up capital has been dematerialised as on 31st March, 2014.

**(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 (near Mumbai), Nagpur, Bangalore, Tirupati, Bated (Himachal Pradesh) and Halol (near Vadodara). The Company's subsidiary, Saint-Gobain Ceramic Materials Bhutan Private Limited, has a plant near Phuentsholing in Bhutan.

**(o) Address for correspondence :**

Mr. K. Visweswaran – Company Secretary  
Leela Business Park, 5th Level,  
Andheri-Kurla Road,  
Marol, Andheri (East), Mumbai – 400 059.  
Tel. 022-4021 2121 Fax. 022-4021 2102  
Email id: [sharecmpt.gno@saint-gobain.com](mailto:sharecmpt.gno@saint-gobain.com)

**10. PROMOTERS' GROUPS:**
**I. Indian Promoters :**

- Mrs. A. N. Sidhva
- Mrs. V. A. Mahajan & family
- Mrs. K. M. Narang & family

**II. Foreign Promoters (Collaborators) :**

- (a) Saint-Gobain Abrasives Inc., USA.
- (b) Societe de Participations Financieres et Industrielles, France.

**III. Other Saint-Gobain Group Companies in India:**

- (a) Saint-Gobain Crystals & Detectors India Limited
- (b) Saint-Gobain Glass India Limited
- (c) Saint-Gobain Gyproc India Limited
- (d) Saint-Gobain India Foundation (Section 25 Company)
- (e) Saint-Gobain Norpro India Private Limited (under liquidation)
- (f) Saint-Gobain Sekurit India Limited
- (g) Saint-Gobain Seva Engineering India Limited
- (h) SEPR Refractories India Limited
- (i) Saint-Gobain Research India Limited
- (j) L.M. Van Moppes Diamond Tools India Private Limited
- (k) Accuramech Industrial Engineering Private Limited

**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, 2014.

**(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 ₹ 26.34 lacs towards 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, 2014.

For GRINDWELL NORTON LIMITED

Mumbai; 23rd May, 2014

**ANAND 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, 2014, 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.

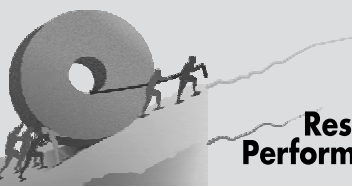
We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **KALYANIWALLA & MISTRY**  
CHARTERED ACCOUNTANTS

Mumbai; 23rd May, 2014

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





## 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 March 31, 2014, 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 judgement, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
- (c) in the case of the Cash Flow Statement, of the cash flows 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 notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
  - (e) on the basis of the written representations received from the Directors as on March 31, 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, 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

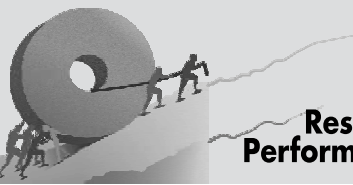
**ERMIN K. IRANI**  
PARTNER  
(Membership No. 35646)

Place: Mumbai  
Dated: May 23, 2014

## 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 period was ₹ 235 lakh and year-end balance of loans granted to such parties was ₹ 205 lakh.
  - (b) The rate of interest and other terms and conditions of the loans granted are not prejudicial to the interest of the Company.
  - (c) The payment of principal amount and interest are regular.
  - (d) There is no overdue amount in respect of loans granted to the parties listed in the register maintained under Section 301 of the Act.
  - (e) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
  - (f) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in internal controls.
- (5)
  - (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 Lakh 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.



- (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 March 31, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues outstanding of Value Added Tax, Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty or Cess on account of any dispute, other than the following :

Name of Statute	Name of Dues	Amount (₹ Lakh)	Period to which the Amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956 and State Sales Tax / VAT Acts	Sales Tax	417.85	1995-1996 to 2010-2011	Deputy Commissioner (Appeals) / Joint Commissioner (Appeals) / Additional Commissioner (Appeals) / Commissioner (Appeals) / Tribunal
Central Excise Act, 1944	Excise Duty	57.17	2001-2002 to 2012-2013	Commissioner (Appeals) / Tribunal
Non Agricultural Land Act	Non Agricultural Land Cess	37.79	1995	Revenue Department
Income Tax Act, 1961	Income Tax	226.56	2006-2007 to 2009-2010	Commissioner (Appeals)

- (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

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

Place: Mumbai  
 Dated: May 23, 2014

## BALANCE SHEET AS AT 31st MARCH, 2014

	Notes	(₹ Lacs)	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	2	27,68.00		27,68.00
Reserves and Surplus	3	533,59.95		493,54.61
			561,27.95	521,22.61
<b>NON-CURRENT LIABILITIES</b>				
Deferred Tax Liability (Net)	4	21,56.58		14,98.32
Long Term Liabilities	5	5,71.70		5,44.47
Long Term Provisions	6	15,96.09		14,94.42
			43,24.37	35,37.21
<b>CURRENT LIABILITIES</b>				
Trade Payables	7	72,33.35		61,71.47
Other Current Liabilities	8	85,80.74		87,95.68
Short Term Provisions	9	45,71.67		46,42.65
			203,85.76	196,09.80
			<u>808,38.08</u>	<u>752,69.62</u>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
<b>Fixed Assets</b>				
Tangible Assets	10	332,38.09		279,61.23
Intangible Assets		5,17.46		6,52.42
Capital Work In Progress		4,18.53		59,64.47
			341,74.08	345,78.12
Non-Current Investments	11		55,49.16	51,17.80
Long Term Loans & Advances	12		14,93.69	17,08.69
Other Non-Current Assets	13		—	—
<b>CURRENT ASSETS</b>				
Inventories	14	178,19.37		153,13.41
Trade Receivables	15	85,75.33		95,32.81
Cash & Bank Balances	16	84,38.18		55,48.42
Short Term Loans & Advances	17	33,83.72		22,79.71
Other Current Assets	18	14,04.55		11,90.66
			396,21.15	338,65.01
			<u>808,38.08</u>	<u>752,69.62</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  
Firm Registration No. 104607W

ERMIN K. IRANI  
Partner  
Membership No. 35646  
Mumbai: 23rd May, 2014

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

PRADIP SHAH

Chairman

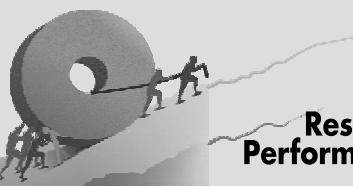
ANAND MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 23rd May, 2014



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

	Notes	(₹ Lacs)	(₹ Lacs)	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
<b>INCOME</b>					
Revenue from Operations (Gross)			1,016,52.34		1,021,99.93
Less: Excise Duty			(74,90.92)		(76,90.46)
				941,61.42	945,09.47
Other Income				14,78.79	12,52.02
<b>Total Revenue</b>	<b>19</b>			<b>956,40.21</b>	<b>957,61.49</b>
<b>EXPENDITURE</b>					
Cost of Materials Consumed	20		369,88.30		394,20.98
Purchases of Trading Goods	21		76,55.13		65,42.51
Changes in Inventories of Finished Goods, Work-In-Process and Trading Goods	22		(13,88.48)		(12,19.55)
Employee Benefits Expense	23		112,11.64		104,27.14
Finance Costs	24		44.30		59.17
Depreciation/Amortisation Expense	10	26,10.84			19,58.72
Less: Transfer from Revaluation Reserve		(16.73)			(16.72)
			25,94.11		19,42.00
Other Expenses	25		265,47.81		249,84.39
<b>Total Expenses</b>				<b>836,52.81</b>	<b>821,56.64</b>
<b>Profit Before Tax</b>				<b>119,87.40</b>	<b>136,04.85</b>
<b>Tax Expenses :</b>					
(1) Current Tax			30,97.12		36,37.64
(2) Deferred Tax			6,58.26		4,18.27
(3) Excess provision for Income Tax of earlier years			—		(2,17.56)
				37,55.38	38,38.35
<b>Profit for the year</b>				<b>82,32.02</b>	<b>97,66.50</b>
<b>Basic &amp; Diluted Earnings Per Share (in ₹)</b>	<b>26</b>			<b>14.87</b>	<b>17.64</b>
<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  
Firm Registration No. 104607W

ERMIN K. IRANI  
Partner  
Membership No. 35646  
Mumbai: 23rd May, 2014

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

PRADIP SHAH

Chairman

ANAND MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 23rd May, 2014

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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.

##### 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).



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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. Export entitlements are recognized when the right to receive credit as per terms of the entitlement is established in respect of the exports made.

### **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 financial statements 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 FINANCIAL STATEMENTS

### 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, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
<b>28,00.00</b>	28,00.00
<b>27,68.00</b>	27,68.00
<b>27,68.00</b>	27,68.00

### Note : 2.1

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

Saint-Gobain Abrasives Inc.

As at 31st March, 2014		As at 31st March, 2013	
Number of Shares held	% of Holding	Number of Shares held	% of Holding
1,48,17,760	26.8%	1,48,17,760	26.8%
1,35,96,240	24.5%	1,35,96,240	24.5%
1,50,000	0.3%	1,50,000	0.3%
<b>2,85,64,000</b>	<b>51.6%</b>	<b>2,85,64,000</b>	<b>51.6%</b>

Societe de Participations Financieres et Industrielles

Saint-Gobain Glass India Ltd.

##### Total

### 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.

<b>36,11,058</b>	<b>6.5%</b>	42,96,537	7.8%
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### Note : 2.3

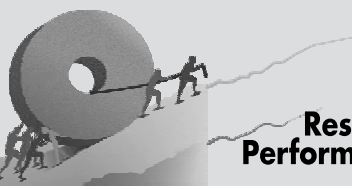
There is no movement in the number of shares outstanding during the year ended 31st March, 2013 & year ended 31st March, 2014.

### 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.





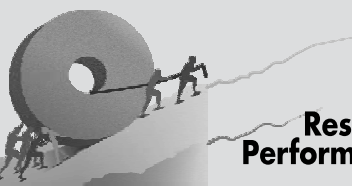
## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	(₹ Lacs)	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
<b>Note : 3</b>			
<b>RESERVES AND SURPLUS</b>			
<b>1. SECURITIES PREMIUM ACCOUNT</b>			
As per last Balance Sheet		34,82.82	34,82.82
<b>2. REVALUATION RESERVE</b>			
As per last Balance Sheet	3,68.81		3,85.53
Less: Transfer to Depreciation	(16.73)		(16.72)
		3,52.08	3,68.81
<b>3. GENERAL RESERVE</b>			
As per last Balance Sheet	355,02.98		319,46.43
Add: Transfer from Surplus in the Statement of Profit and Loss	20,22.07		35,56.55
		375,25.05	355,02.98
<b>4. SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>			
As per last Balance Sheet	100,00.00		80,00.00
Add: Net Profit for the current year	82,32.02		97,66.50
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)		(6,11.55)
Transfer to General Reserve	(20,22.07)		(35,56.55)
		120,00.00	100,00.00
		533,59.95	493,54.61
<b>Note : 4</b>			
<b>DEFERRED TAX LIABILITY (NET)</b>			
<u>Deferred Tax Liability :</u>			
Depreciation on Fixed Assets		32,25.77	25,40.95
<u>Deferred Tax Asset :</u>			
Provision for Doubtful Debts and Advances		(1,28.30)	(1,56.26)
Provision for Contingencies		(48.85)	(1,32.56)
Others		(8,92.04)	(7,53.81)
		21,56.58	14,98.32

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
<b>Note : 5</b>		
<b>LONG TERM LIABILITIES</b>		
Trade/Security Deposits	5,58.32	5,31.09
Other Liabilities	13.38	13.38
	<u>5,71.70</u>	<u>5,44.47</u>
<b>Note : 6</b>		
<b>LONG TERM PROVISIONS</b>		
Income Tax (Net of Advance Tax)	3,72.40	2,27.42
Leave Encashment (Refer Note 9.1)	10,96.90	8,77.00
Power Liabilities (Refer Note 6.1)	1,26.79	3,90.00
	<u>15,96.09</u>	<u>14,94.42</u>
<b>Note : 6.1</b>		
<b>Details of Provision made for 'Power Liabilities' :</b>		
Opening Balance	3,90.00	2,21.90
Provision made during the year	7.57	1,68.10
Provision utilised during the year	(2,70.78)	—
Closing Balance	<u>1,26.79</u>	<u>3,90.00</u>
<b>Note : 7</b>		
<b>TRADE PAYABLES</b>		
Due to Micro and Small Enterprises (Refer Note 7.1)	1.07	12.33
Others	72,32.28	61,59.14
	<u>72,33.35</u>	<u>61,71.47</u>
<b>Note : 7.1</b>		
<b>Due to Micro and Small Enterprises :</b>		
Principal amount due	1.07	12.33
Interest due on above	—	0.58
Payment made after the due dates	2,01.79	3,38.38
Interest payable for payments made after due dates	1.82	3.64
Interest paid	—	—

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note : 8

#### OTHER CURRENT LIABILITIES

	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
Trade/Security Deposits	97.42	1,50.30
Unclaimed Dividend*	84.29	75.32
Commission due to Directors	1,74.39	1,93.46
Statutory Liabilities	10,47.13	9,12.88
Other Liabilities	71,77.51	74,63.72
	<b>85,80.74</b>	<b>87,95.68</b>

\* There is no amount due and outstanding to be credited to the Investor Education and Protection Fund.

### Note : 9

#### SHORT TERM PROVISIONS

	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
Income Tax (Net of Advance Tax)	—	24.10
Dividend Distribution Tax	6,11.55	6,11.55
Proposed Dividend	35,98.40	35,98.40
Leave Encashment (Refer Note 9.1)	3,61.72	4,08.60
	<b>45,71.67</b>	<b>46,42.65</b>

### Note : 9.1

#### Details of Provision for Leave Encashment :

Opening Balance – Long Term	8,77.00	9,12.18
Opening Balance – Short Term	4,08.60	1,76.15
Provision made during the year	3,44.39	4,14.17
Utilisation during the year	(1,71.37)	(2,16.90)
Closing Balance – Long Term	10,96.90	8,77.00
Closing Balance – Short Term	3,61.72	4,08.60

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

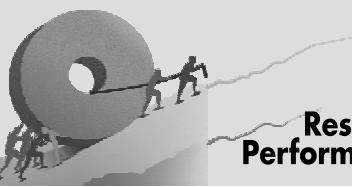
### Note : 10

### FIXED ASSETS

(₹ Lacs)

ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION			NET BLOCK		
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Upto 01.04.2013	For the Year	On Sales	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
<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	5.67	—	<b>96.52</b>	16.21	0.93	—	<b>17.14</b>	<b>79.38</b>	74.64
Buildings #	121,75.55	5,74.53	1.18	<b>127,48.90</b>	20,43.59	3,55.37	0.48	<b>23,98.48</b>	<b>103,50.42</b>	101,31.96
Leasehold Improvements	3,38.62	32.21	—	<b>3,70.83</b>	37.97	29.55	—	<b>67.52</b>	<b>3,03.31</b>	3,00.65
Plant & Machinery	248,23.75	68,46.21	2,92.39	<b>313,77.57</b>	105,60.23	17,08.56	1,84.46	<b>120,84.33</b>	<b>192,93.24</b>	142,63.52
Computers	15,31.54	1,72.04	43.03	<b>16,60.55</b>	11,79.78	1,63.11	41.21	<b>13,01.68</b>	<b>3,58.87</b>	3,51.76
Furniture & Fixtures	10,67.81	1,12.67	9.01	<b>11,71.47</b>	4,75.05	79.11	6.54	<b>5,47.62</b>	<b>6,23.85</b>	5,92.76
Office Equipment	7,80.55	44.81	6.16	<b>8,19.20</b>	2,70.25	38.25	3.71	<b>3,04.79</b>	<b>5,14.41</b>	5,10.30
Vehicles	1,94.45	3.29	16.43	<b>1,81.31</b>	79.60	17.91	10.02	<b>87.49</b>	<b>93.82</b>	1,14.85
<b>Sub-total</b>	<b>426,23.91</b>	<b>77,91.43</b>	<b>3,68.20</b>	<b>500,47.14</b>	<b>146,62.68</b>	<b>23,92.79</b>	<b>2,46.42</b>	<b>168,09.05</b>	<b>332,38.09</b>	<b>279,61.23</b>
<b>INTANGIBLE ASSETS</b>										
Computer Software	4,13.60	83.08	—	<b>4,96.68</b>	2,14.74	86.58	—	<b>3,01.32</b>	<b>1,95.36</b>	1,98.86
Goodwill	3,23.92	—	—	<b>3,23.92</b>	2,10.34	32.39	—	<b>2,42.73</b>	<b>81.19</b>	1,13.58
Technical Know How	3,54.29	—	—	<b>3,54.29</b>	3,54.29	—	—	<b>3,54.29</b>	—	—
Trade Marks	2,03.95	—	—	<b>2,03.95</b>	1,39.18	20.40	—	<b>1,59.58</b>	<b>44.37</b>	64.77
Non-Compete Fees & Marketing Network	7,86.69	—	—	<b>7,86.69</b>	5,11.48	78.67	—	<b>5,90.15</b>	<b>1,96.54</b>	2,75.21
<b>Sub-total</b>	<b>20,82.45</b>	<b>83.08</b>	<b>—</b>	<b>21,65.53</b>	<b>14,30.03</b>	<b>2,18.04</b>	<b>—</b>	<b>16,48.07</b>	<b>5,17.46</b>	<b>6,52.42</b>
<b>Total</b>	<b>447,06.36</b>	<b>78,74.51</b>	<b>3,68.20</b>	<b>522,12.67</b>	<b>160,92.71</b>	<b>26,10.83</b>	<b>2,46.42</b>	<b>184,57.12</b>	<b>337,55.55</b>	
Previous Year's Total	341,61.48	109,40.17	3,95.29	447,06.36	144,55.41	19,58.72	3,21.42	160,92.71		286,13.65
<b>Capital Work In Progress</b>									<b>4,18.53</b>	59,64.47
									<b>341,74.08</b>	<b>345,78.12</b>

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

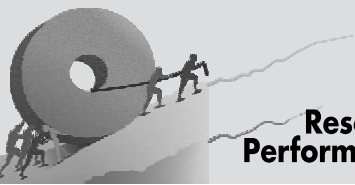


## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Nos.	Face Value (₹)	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ 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	100	20,34.36	20,34.36
<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.	27,87,924	10	6,65.11	2,33.75
	(10,62,500)			
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>55,49.16</b>	<b>51,17.80</b>
<b>NOTES :</b>				
<b>1. COST</b>				
Quoted			74.33	74.33
Unquoted			54,74.83	50,43.47
<b>2. MARKET VALUE</b>				
Quoted			77.37	80.99
3. Previous year's figures are in brackets.				

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	(₹ Lacs)	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
<b>Note : 12</b>			
<b>LONG TERM LOANS &amp; ADVANCES</b> (Refer Note 17.1)			
<u>(Unsecured and considered good)</u>			
Capital Advances		1,55.25	6,82.66
Loans due from Directors of the Company		90.00	1,20.00
Deposits		8,25.89	6,42.25
Advances recoverable in cash or in kind		4,22.55	2,63.78
<u>(Unsecured and considered doubtful)</u>			
Advances recoverable in cash or in kind	55.45		69.59
<b>Less:</b> Provision for doubtful advances	(55.45)		(69.59)
		<u>14,93.69</u>	<u>17,08.69</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		2,48.68	3,27.98
Others		73.34	46.26
		<u>3,22.02</u>	<u>3,74.24</u>
<b>Less:</b> Provision for doubtful debts		<u>(3,22.02)</u>	<u>(3,74.24)</u>
		<u>—</u>	<u>—</u>
<b>Note : 14</b>			
<b>INVENTORIES</b>			
Raw Materials		55,98.95	46,55.74
Raw Materials in Transit		10,43.88	8,85.21
Work-In-Process		51,46.33	42,63.01
Stores and Spare Parts		7,05.77	6,90.17
Finished Goods :			
Manufactured	42,25.24		37,37.33
Trading	10,99.20		10,81.95
		<u>53,24.44</u>	<u>48,19.28</u>
		<u>178,19.37</u>	<u>153,13.41</u>
<b>Note : 15</b>			
<b>TRADE RECEIVABLES</b>			
<u>(Unsecured and considered good)</u>			
Overdue by six months		3,95.34	3,86.76
Others		81,79.99	91,46.05
		<u>85,75.33</u>	<u>95,32.81</u>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	(₹ Lacs)	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
<b>Note : 16</b>			
<b>CASH &amp; BANK BALANCES</b>			
<b>Cash &amp; Cash Equivalents</b>			
Cash and Cheques on hand	15,16.51		13,96.65
With Banks :			
Current Account	12,94.12		18,47.66
Deposit Account	71.83		15,42.33
With Liquid Mutual Funds	53,41.84		5,57.79
		<b>82,24.30</b>	<b>53,44.43</b>
<b>Other Bank Balances</b>			
Margin money	1,29.59		1,28.67
Earmarked balances with Banks :			
Unpaid dividend	84.29		75.32
		<b>2,13.88</b>	<b>2,03.99</b>
		<b>84,38.18</b>	<b>55,48.42</b>
<b>Note : 17</b>			
<b>SHORT TERM LOANS &amp; ADVANCES</b> (Refer Note 17.1)			
<i>(Unsecured and considered good)</i>			
Advances Tax (Net of Provision for Income Tax)		1,76.29	—
Loans due from Directors of the Company		1,15.00	1,15.00
Advances recoverable in cash or in kind		20,66.38	12,89.81
Demand Deposits with Excise and Customs Departments		10,26.05	8,74.90
		<b>33,83.72</b>	<b>22,79.71</b>

### **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 required.

	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
<b>Note : 18</b>		
<b>OTHER CURRENT ASSETS</b>		
Accrued Interest	40.56	26.67
Other Receivables	13,63.99	11,63.99
	<b>14,04.55</b>	<b>11,90.66</b>

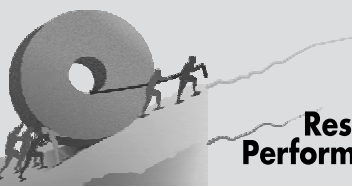
## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	(₹ Lacs)	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
<b>Note : 19</b>			
<b>TOTAL REVENUE</b>			
<b>Revenue from Operations</b>			
Sale of Products (Gross) (Refer Note 19.1)	974,27.96		990,68.34
Service Income	35,37.66		25,35.65
Other Operating Revenue	6,86.72		5,95.94
		<b>1,016,52.34</b>	1,021,99.93
<b>Less: Excise Duty</b>		<b>(74,90.92)</b>	<b>(76,90.46)</b>
		<b>941,61.42</b>	<b>945,09.47</b>
<b>Other Income</b>			
<b>Interest Income</b>			
From Long term Investments (Non trade)	6.08		6.09
From Others	86.70		1,43.81
		<b>92.78</b>	1,49.90
Dividend Income from Liquid Mutual Funds		<b>1,25.96</b>	1,25.55
Profit on sale of Investments		<b>1,41.52</b>	64.05
Other Non-operating income		<b>11,18.53</b>	9,12.52
		<b>14,78.79</b>	12,52.02
		<b>956,40.21</b>	<b>957,61.49</b>
<b>Note : 19.1</b>			
<b>Sale of Products (Gross)</b>			
Abrasives		<b>688,62.73</b>	653,89.64
Ceramics & Plastics		<b>248,40.74</b>	276,52.61
Others		<b>37,24.49</b>	60,26.09
		<b>974,27.96</b>	<b>990,68.34</b>

The sales value mentioned above includes sale of trading goods of ₹ 92,66.99 Lacs (Previous Year – ₹ 85,17.55 Lacs).

		For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
<b>Note : 19.2</b>			
<b>Earnings in Foreign Exchange :</b>			
(i) Exports of goods on FOB Basis		<b>102,77.64</b>	123,72.27
(ii) Freight on Exports		<b>96.86</b>	1,18.74
(iii) Commission		<b>15.55</b>	51.04
(iv) Export of Services		<b>31,62.72</b>	21,33.70
(v) Other Income		<b>2,52.16</b>	2,66.72





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	(₹ Lacs)	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
<b>Note : 20</b>			
<b>COST OF MATERIALS CONSUMED</b>			
(Refer Notes 20.1 & 20.2)			
Opening Stock of			
Raw Materials	46,55.74		57,97.42
Raw Materials in Transit	8,85.21		14,73.31
		<b>55,40.95</b>	72,70.73
<b>Add:</b> Purchases		<b>380,90.18</b>	376,91.20
<b>Less:</b> Closing Stock of			
Raw Materials	(55,98.95)		(46,55.74)
Raw Materials in Transit	(10,43.88)		(8,85.21)
		<b>(66,42.83)</b>	(55,40.95)
		<b>369,88.30</b>	394,20.98

### Note : 20.1

#### Cost of Materials Consumed\* :

	%	(₹ Lacs)	%	(₹ Lacs)
(i) Imported Raw Materials	50.05	196,38.29	54.38	229,26.70
(ii) Indigenous Raw Materials	49.95	196,01.22	45.62	192,34.70
	<b>100.00</b>	<b>392,39.51</b>	100.00	421,61.40

### Note : 20.2

#### Cost of Materials Consumed\* :

	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
(i) Abrasive Grains	105,51.32	129,71.48
(ii) Carbon Materials	6,07.62	6,48.83
(iii) Others	280,80.57	285,41.09
	<b>392,39.51</b>	421,61.40

\* Materials Consumed includes captive consumption.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	(₹ Lacs)	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
<b>Note : 21</b>			
<b>PURCHASES OF TRADING GOODS</b>			
Abrasives		46,05.00	49,24.67
Ceramics & Plastics		11,14.20	6,34.13
Others		19,35.93	9,83.71
		<u>76,55.13</u>	<u>65,42.51</u>
<b>Note : 22</b>			
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND TRADING GOODS</b>			
Opening 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>
<b>Less:</b> Closing Stock of			
Finished Goods :			
– Manufactured	(42,25.24)		(37,37.33)
– Trading	(10,99.20)		(10,81.95)
Work-In-Process	(51,46.33)		(42,63.01)
		<u>(104,70.77)</u>	<u>(90,82.29)</u>
		<u>(13,88.48)</u>	<u>(12,19.55)</u>
<b>Note : 23</b>			
<b>EMPLOYEE BENEFITS EXPENSE</b> (Refer Note 23.1)			
Salaries, Wages, Bonus and Gratuity		95,08.11	88,65.02
Contribution to Provident and Other Funds		5,81.64	5,43.99
Staff Welfare		11,21.89	10,18.13
		<u>112,11.64</u>	<u>104,27.14</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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, 2014 :

#### 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,  
2014  
(₹ Lacs)

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

3,60.08  
1,17.85

3,11.82  
1,11.24

For the  
Year Ended  
31st March,  
2014  
(₹ Lacs)

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

30,24.47  
2,49.52  
1,55.81  
(2,74.83)  
—  
2,96.03  
34,51.00

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

30,83.50  
2,68.27  
1,19.97  
(2,74.83)  
(3.03)  
31,93.88

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

1,55.81  
2,49.52  
(2,68.27)  
—  
2,99.07  
4,36.13

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

34,51.00  
(31,93.88)  
2,57.12

30,24.47  
(30,83.50)  
(59.03)

%

9.33

8.00

8.70

%

8.25

7.00

8.70

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.

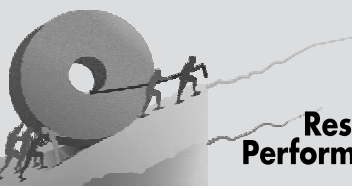
## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	(₹ Lacs)	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
<b>Note : 24</b>			
<b>FINANCE COSTS</b>			
Interest on Loans/Deposits		44.30	59.17
<b>Note : 25</b>			
<b>OTHER EXPENSES</b>			
Consumption of Stores and Spare Parts (Refer Note 25.1)		20,69.23	18,93.37
Processing Charges		21,00.80	21,19.93
Power and Fuel (Refer Note 6.1)		57,78.32	59,34.88
Freight, Octroi and Packing Expenses		53,99.96	49,71.23
Rent/Lease Payments		5,48.46	3,58.78
Repairs and Maintenance :			
Buildings	51.30		70.78
Machinery	3,27.39		2,84.53
Others	3,26.36		2,51.42
		7,05.05	6,06.73
Insurance		1,73.53	1,93.56
Rates and Taxes		2,36.17	1,56.85
Travelling and Conveyance		12,56.47	11,81.82
Commission and Discount on Sales		25,53.59	25,82.70
Royalties		7,37.83	6,20.49
Loss on assets discarded/sold (Net)		84.85	65.19
External Service Charges		20,32.87	17,07.56
Bad Debts & Advances written off		62.43	61.27
Provision for Doubtful Debts & Advances written back		(66.36)	(75.68)
Miscellaneous Expenses (Refer Note 25.2 & 25.3)		28,74.61	26,05.71
		<b>265,47.81</b>	<b>249,84.39</b>

### Note : 25.1

#### Value of Stores & Spares Consumed :

	For the Year Ended 31st March, 2014		For the Year Ended 31st March, 2013	
	%	(₹ Lacs)	%	(₹ Lacs)
(i) Imported Stores & Spares	4.07	84.24	4.20	79.55
(ii) Indigenous Stores & Spares	95.93	19,84.99	95.80	18,13.82
	<b>100.00</b>	<b>20,69.23</b>	<b>100.00</b>	<b>18,93.37</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note : 25.2

#### Miscellaneous Expenses include :

Amounts paid to Auditors :

	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
(i) Audit Fees	17.00	15.00
(ii) Audit under other Statutes	2.00	2.00
(iii) Tax representation before Authorities	0.75	1.20
(iv) Certification	5.36	6.48
(v) Reimbursement of Expenses	1.30	1.06

### 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 ₹ 1,91.23 Lacs (Previous Year – ₹ 2,15.99 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, 2014	For the Year Ended 31st March, 2013
(a) Profit for the year (₹ Lacs)	82,32.02	97,66.50
(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 ₹	14.87	17.64

### Note : 27

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

	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
(a) Excise & Custom Duty demands/show cause notices pending with the appropriate authorities and disputed by the Company	8,61.50	9,35.20
(b) Sales Tax demands pending with the Commissionerate/High Court and disputed by the Company	4,17.85	2,50.90
(c) Claims against the Company under the Labour Laws for disputed cases	1,42.60	1,14.70
(d) Guarantees given by Banks, of which ₹ 9,91.18 Lacs (Previous Year – ₹ 6,04.21 Lacs) are counter guaranteed by the Company	9,91.18	6,04.21
(e) Guarantees given on behalf of Subsidiary Company	9,44.33	9,44.33
(f) Non-Agricultural Land Cess	37.79	37.79
(g) Other Claims against the Company not acknowledged as debts	1,95.56	1,83.50
(h) Demand raised by A.P Transco on increase in power cost, disputed by the Company & subjudice in Honourable Supreme Court	30,04.89	28,47.90
(i) Demand raised by A.P Transco on surplus units allocated, disputed by the Company & subjudice in High Court (Net)	9,14.53	8,55.00
(j) 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	2,59.80
(k) Income tax liability on account of disputed disallowances	2,26.90	91.25

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note : 28

#### COMMITMENTS :

Capital Commitments

Subscription to Equity Shares of Saint-Gobain Research India Ltd.

As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
7,80.21	6,15.51
—	4,96.00

### 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, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
259,17.19	271,33.85
4,15.86	3,61.49
7,82.66	37,60.09
15,40.17	9,87.35

### Note : 30

Exchange difference arising on foreign currency transactions amounting to ₹ 32.27 Lacs (Previous Year – ₹ 62.79 Lacs) (net loss) has been accounted under respective heads.

### Note : 31

#### EXPENDITURE IN FOREIGN CURRENCY :

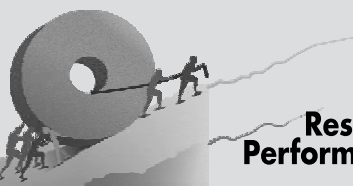
(i) Export Sales Commission

(ii) Foreign Travel

(iii) Royalties

(iv) Others

For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
82.80	20.51
59.16	67.24
6,70.15	6,12.76
2,84.44	1,55.73



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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, 2014	For the Year Ended 31st March, 2013
	<b>18,46.91</b>	18,46.91
	<b>2</b>	2
	<b>2,84,14,000</b>	2,84,14,000
	<b>2012-13</b>	2011-12

### 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, 2014 :

Currency	No. of Contracts	Value in Lacs	Equivalent ₹ Lacs
USD	58 (19)	47.70 (29.60)	28,62.13 (16,15.11)
EURO	35 (27)	18.84 (16.95)	15,45.94 (11,86.14)
GBP	1 (1)	0.44 (0.15)	43.31 (12.75)
JPY	3 (3)	30.11 (16.91)	17.88 (9.86)
AUD	1 (—)	0.19 (—)	10.53 (—)

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, 2014. Foreign currency exposure (net) not hedged by forward contracts as at 31st March, 2014 is ₹ 3,47 Lacs (Previous Year – ₹ 2,10.20 Lacs).

	As at 31st March, 2014		As at 31st March, 2013	
	Value in Lacs	Equivalent ₹ Lacs	Value in Lacs	Equivalent ₹ Lacs
USD	3.98	237.75	3.17	1,72.86
EURO	0.03	8.28	0.53	37.34
JPY	100.38	59.62	—	—
AUD	0.31	16.75	—	—

	As at 31st March, 2014		As at 31st March, 2013	
	Value in Lacs	Equivalent ₹ Lacs	Value in Lacs	Equivalent ₹ Lacs
CAD	0.16	8.79	—	—
GBP	0.16	15.81	—	—
Total		<b>3,47.00</b>		<b>2,10.20</b>

### Note : 34

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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 Abrasives Korea

Saint-Gobain Abrasives Ltd. – Stafford-UK

Saint-Gobain Crystals & Detectors India 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

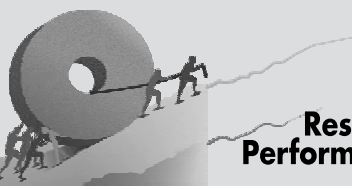
Saint-Gobain Tech Fab Hongfa (Changzhou) Ltd.

Saint-Gobain Technical Fabrics, S.A

Saint-Gobain Universal Superabrasives, Inc

Saint-Gobain Vibros S.A.





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Saint-Gobain Abrasives Ltd., New Zealand	Savoi Refractories
Saint-Gobain Abrasives Ltda., Brazil	SEPR Refractories India Ltd.
Saint-Gobain Abrasives Ltda., Portugal	SEPR, France
Saint-Gobain Abrasives Singapore (PTE) Ltd.	Saint-Gobain Advanced Ceramics (Shanghai) Co. Ltd.
Saint-Gobain Abrasives SP. Z.O.O.	Saint-Gobain Materiaux Ceramiques Benelux SA
Saint-Gobain Abrasives SP.Z	Saint-Gobain Performance Plastics – Bristol
Saint-Gobain Abrasives, Thailand	Saint-Gobain Performance Plastics (Shanghai) Co. Ltd.
Saint-Gobain Abrasives, Indonesia	Saint-Gobain Performance Plastics Corby, UK
Saint-Gobain Abrasives Netherlands B.V.	Saint-Gobain Performance Plastics KK, JAPAN
Saint-Gobain Abrasivi S.P.A. (Micromold)	Saint-Gobain Performance Plastics, Les Macon, France
Saint-Gobain Abrasivi S.P.A. (Ral-Sud)	Saint-Gobain Performance Plastics Pampus GMBH
Saint-Gobain Abrasivi S.P.A., Italy	Saint-Gobain Performance Plastics Verneret, France
Saint-Gobain Abrasivos SA, Argentina	Saint-Gobain Performance Plastics, Akron, USA
Saint-Gobain Achats	Saint-Gobain Performance Plastics, Beaverton, USA
Saint-Gobain Adfors	Saint-Gobain Performance Plastics, Chainieux, Belgium
Saint-Gobain Advanced Ceramics, Niagara	Saint-Gobain Performance Plastics, Florida, USA
Saint-Gobain Advanced Materials (M) SDN BHD	Saint-Gobain Performance Plastics, Garden Grove, 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	Saint-Gobain Weber Netservices
Saint-Gobain Centre De Recherches Et Detudes Europeen	Saint-Gobain Zipro
Saint-Gobain Construction Products Vietnam Ltd.	Universal Superabrasives., USA

(iii) **SUBSIDIARY COMPANY :**

Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.

(iv) **KEY MANAGEMENT PERSONNEL :**

Anand Mahajan – Managing Director

Joseph Pereira – Executive Director – Human Resources & Corporate Services

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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, 2014	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
1.	Sales	—	—	18,91.29	15,44.14	—	—
2.	Agency Commission received	—	—	15.55	50.63	—	—
3.	Service Income	—	—	32,36.15	22,16.47	—	40.45
4.	Other Income	62.25	67.50	4,01.05	3,04.97	2,01.50	1,67.67
5.	Purchase of Goods	—	—	110,64.66	115,80.72	38,28.73	51,75.61
6.	Expenses charged to other companies	4.86	—	16,02.67	15,42.28	5.98	6.33
7.	Expenses charged by other companies	2,61.50	3,09.43	4,29.16	1,94.41	—	—
8.	Royalty Paid	—	—	6,61.70	6,53.95	—	—
9.	Other Expenses	—	—	18.00	18.00	—	—
10.	Purchase of Fixed Assets from other companies	—	—	—	9.57	—	—
11.	Transfer of Fixed Assets to other companies	—	—	—	—	—	1.04
12.	Dividend Paid	—	—	18,56.66	18,56.66	—	—
13.	Outstanding Receivables (net of payables)*	(8.56)	7.22	(3,05.87)	(4,44.54)	3,84.09	(88.88)
14.	Other Liabilities	—	—	(7,20.92)	—	—	—
15.	Outstanding Deposits*	—	—	39.00	39.00	—	—
16.	Investments made	—	—	4,31.36	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, 2014	For the Year Ended 31st March, 2013
Remuneration	5,56.79	5,73.64
Outstanding Loan	2,05.00	2,35.00
Commission Payable	1,25.81	1,42.31

(iii) Significant transactions with related parties :

(₹ Lacs)

Sr. No.	Nature of Transactions	Name of the Companies	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
1.	Sales	Saint-Gobain Abrasives, Inc. USA	3,91.88	2,10.22
		Saint-Gobain Glass India Ltd.	12.36	2,12.33
		Saint-Gobain Abrasives SP. Z.O.O.	4,29.49	2,32.35
		Saint-Gobain Industrial Ceramics Pty Ltd.	1,08.34	3,25.48
		Saint-Gobain Do Brasil Produtos Ind. E Para Const Ltda	2,71.68	—
2.	Agency Commission received	Certainteed Corporation, USA	12.55	50.63
		Saint-Gobain Adfors	3.00	—

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

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

(₹ Lacs)

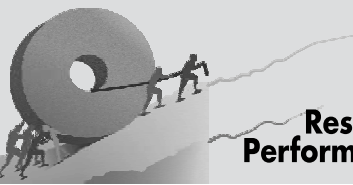
Sr. No.	Nature of Transactions	Name of the Companies	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
3.	Service Income	Saint-Gobain PAM, France	2,53.08	2,63.31
		Saint Gobain DSI Groupe	7,46.90	4,64.45
		Saint Gobain Ceramiques Informatique Et Organisation	9,94.03	5,88.67
		Saint-Gobain Weber Netservices	3,73.44	1,01.10
		Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	—	40.45
4.	Other Income	Compagnie de Saint-Gobain (Liaison Office)	62.25	67.50
		Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	2,01.50	1,67.67
		Saint-Gobain Gyproc India Ltd.	1,89.91	1,72.89
		Saint-Gobain Glass India Ltd.	—	35.32
		Saint-Gobain Seva Engineering India Ltd.	50.00	56.18
5.	Purchase of Goods	Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	38,28.73	51,75.61
6.	Expenses charged to other companies	Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	5.98	6.33
		Saint-Gobain Gyproc India Ltd.	2,56.85	2,17.52
		Saint-Gobain Glass India Ltd.	3,20.82	3,23.01
		Saint-Gobain Building & Distribution	2,27.74	1,94.20
		Compagnie de Saint-Gobain (Liaison Office)	4.86	—
7.	Expenses charged by other companies	Saint-Gobain PAM, France	1,87.84	1,56.29
		Compagnie de Saint-Gobain (Liaison Office)	2,61.50	3,09.43
		Saint-Gobain Glass India Ltd.	2,62.33	1,55.06
		Saint-Gobain Crystals & Detectors India Ltd.	—	21.06
8.	Royalty Paid	Saint-Gobain Centre De Recherches Et Detudes Europeen	61.96	—
		Saint-Gobain Abrasives Inc., USA	4,55.01	4,49.97
		Saint-Gobain Abrasifs, France	1,51.73	1,45.88
9.	Other Expenses	Saint-Gobain Abrasifs, France	18.00	18.00
10.	Purchase/Transfer of Fixed Assets	Saint-Gobain Industrie Keramik Dusseldorf GMBH	—	9.57
		Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	—	1.04
11.	Dividend Paid	Saint-Gobain Abrasives Inc., USA	9,63.15	9,63.15
		Societe de Participations Financieres et Industrielles	8,83.76	8,83.76
12.	Investments made	Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	—	3,49.60
		Saint-Gobain Research India Ltd.	4,31.36	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, 2014

	For the Year Ended 31st March, 2014		For the Year Ended 31st March, 2013	
	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Profit before Tax after Exceptional Item		119,87.40		136,04.85
<b>Adjustments for :</b>				
Depreciation/Amortisation Expense	25,94.11		19,42.00	
Unrealised Foreign Exchange (Gain)/Loss (Net)	21.68		(5.11)	
Loss on assets discarded/sold (Net)	84.85		65.19	
Profit on Sale of Investments	(1,41.52)		(64.05)	
Dividend Received	(1,25.96)		(125.55)	
Interest (Net)	(48.48)	23,84.68	(90.73)	17,21.75
<b>Operating Profit Before Working Capital Changes</b>		<b>143,72.08</b>		<b>153,26.60</b>
<b>Adjustments for :</b>				
Trade and Other Receivables (Current & Non-current)	(5,15.14)		1,72.35	
Inventories	(25,05.96)		6,86.03	
Trade and Other Payables (Current & Non-current)	14,14.29	(16,06.81)	(24,00.68)	(15,42.30)
<b>Cash Generated from Operations</b>		<b>127,65.27</b>		<b>137,84.30</b>
Direct Taxes Paid (Net of Tax Refund)		(31,52.54)		(37,28.47)
<b>Net cash from Operating Activities</b>		<b>96,12.73</b>		<b>100,55.83</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	(24,29.64)		(73,51.80)	
Proceeds of Sale of Fixed Assets	36.94		8.69	
Proceeds of Sale of Investments	1,41.52		64.05	
Purchase of Investments	(4,31.36)		(5,83.35)	
Interest Received	78.89		1,47.41	
Dividend Received	1,25.96		1,25.55	
<b>Net cash flow used in investing activities before extraordinary item</b>		<b>(24,77.69)</b>		<b>(75,89.45)</b>



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014 (Continued)**

	For the Year Ended 31st March, 2014		For the Year Ended 31st March, 2013	
	<u>(₹ Lacs)</u>	<u>(₹ Lacs)</u>	<u>(₹ Lacs)</u>	<u>(₹ Lacs)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Interest	(44.30)		(59.17)	
Dividends Paid	(35,98.40)		(35,98.40)	
Tax on Dividend	(6,11.55)		(5,83.75)	
Margin Money and Others	(0.92)		(1.36)	
<b>Net cash used in Financing Activities</b>		<b>(42,55.17)</b>		<b>(42,42.68)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>28,79.87</b>		<b>(17,76.30)</b>
<b>CASH AND CASH EQUIVALENTS – OPENING 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>CASH AND CASH EQUIVALENTS – CLOSING BALANCE</b>				
Cash and Bank Balances	28,82.46		47,86.64	
Cash Equivalents (Investment in Liquid Mutual Funds)	53,41.84	82,24.30	5,57.79	53,44.43
		<b>28,79.87</b>		<b>(17,76.30)</b>

As per our Report of even date

For KALYANIWALLA & MISTRY  
Chartered Accountants  
Firm Registration No. 104607W

ERMIN K. IRANI  
Partner  
Membership No. 35646  
Mumbai: 23rd May, 2014

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

PRADIP SHAH

Chairman

ANAND MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 23rd May, 2014

**Information regarding Saint-Gobain Ceramic Materials Bhutan Private Limited :**

	<b>As at/For the year ended 31st December, 2013 (₹ Lacs)</b>
Capital	<b>28,99.42</b>
Reserves	<b>(6,96.87)</b>
Total Assets	<b>55,34.47</b>
Total Liabilities	<b>55,34.47</b>
Investments (except subsidiaries)	<b>NIL</b>
Turnover	<b>57,56.52</b>
Profit before Tax	<b>(27.76)</b>
Provision for Tax	<b>180.41</b>
Profit after Tax	<b>(208.17)</b>
Proposed Dividend	<b>NIL</b>

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

1. Name of the Subsidiary	<b>Saint-Gobain Ceramic Materials Bhutan Private Limited</b>	
2. The Company's interest in the subsidiary	<b>As at 31st December, 2013</b>	As at 31st December, 2012
a. Number of Equity Shares	<b>20,29,597</b>	20,29,597
Total Number of Shares	<b>28,99,424</b>	28,99,424
b. Face Value	<b>Nu 100</b>	Nu 100
c. Extent of Holding	<b>70.00%</b>	70.00%
3. Net aggregate profits/(loss) of the Subsidiary Company so far as it concerns the members of the Company	<b>For the year ended 31st December, 2013 (₹ Lacs)</b>	For the year ended 31st December, 2012 (₹ Lacs)
A. For the current financial year		
i. Not dealt with in the books of account of the Company	<b>(2,08.17)</b>	(12.31)
ii. Dealt with in the books of account of the Company	<b>—</b>	—
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	<b>(4,88.70)</b>	(4,76.39)
ii. Dealt with in the books of account of the Company	<b>—</b>	—

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

PRADIP SHAH

Chairman

ANAND MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 23rd May, 2014



## **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 subsidiary, which comprise the Consolidated Balance Sheet as at March 31, 2014, 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.

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 subsidiary 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 March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date.
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows 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 ₹ 25,39.33 Lakh as at March 31, 2014, total revenues of ₹ 62,18.21 Lakh and net cash outflows amounting to ₹ 7.95 Lakh 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.

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

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

Place: Mumbai  
Dated: May 23, 2014

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2014

	Notes	(₹ Lacs)	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	4	27,68.00		27,68.00
Reserves and Surplus	5	530,21.81		488,56.12
			557,89.81	516,24.12
			7,61.80	7,11.91
<b>MINORITY INTEREST</b>				
<b>NON-CURRENT LIABILITIES</b>				
Long Term Borrowings	6	11,76.95		13,93.78
Deferred Tax Liability (Net)	7	18,90.51		14,98.32
Long Term Liabilities	8	5,71.70		5,44.47
Long Term Provisions	9	16,06.52		15,01.16
			52,45.68	49,37.73
<b>CURRENT LIABILITIES</b>				
Short Term Borrowings	10	4,64.18		8,43.09
Trade Payables	11	70,62.82		58,94.23
Other Current Liabilities	12	94,49.56		97,07.22
Short Term Provisions	13	45,71.67		46,42.65
			215,48.23	210,87.19
			833,45.52	783,60.95
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
<b>Fixed Assets</b>				
Tangible Assets	14	369,78.67		320,57.64
Intangible Assets		5,17.46		6,52.42
Capital Work In Progress		5,52.39		61,70.78
			380,48.52	388,80.84
Non-Current Investments	15		35,14.80	30,83.44
Long Term Loans & Advances	16		15,07.50	17,22.66
Other Non-Current Assets	17		—	—
<b>CURRENT ASSETS</b>				
Inventories	18	184,53.04		159,33.92
Trade Receivables	19	89,95.94		96,10.12
Cash & Bank Balances	20	84,70.78		55,68.81
Short Term Loans & Advances	21	33,70.58		26,23.07
Other Current Assets	22	9,84.36		9,38.09
			402,74.70	346,74.01
			833,45.52	783,60.95
<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

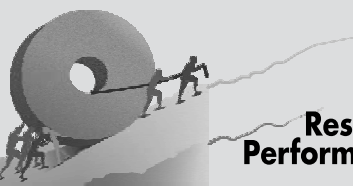
For KALYANIWALLA & MISTRY  
Chartered Accountants  
Firm Registration No. 104607W

ERMIN K. IRANI  
Partner  
Membership No. 35646  
Mumbai: 23rd May, 2014

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

PRADIP SHAH Chairman  
ANAND MAHAJAN Managing Director  
K. VISWESWARAN Company Secretary  
Mumbai: 23rd May, 2014





## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

	Notes	(₹ Lacs)	(₹ Lacs)	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
<b>INCOME</b>					
Revenue from Operations (Gross)			1,040,41.23		1,023,89.16
Less: Excise Duty			(74,90.92)		(76,90.46)
				965,50.31	946,98.70
Other Income				12,77.88	10,84.40
<b>Total Revenue</b>	<b>23</b>			<b>978,28.19</b>	<b>957,83.10</b>
<b>EXPENDITURE</b>					
Cost of Materials Consumed	24		351,26.50		362,87.81
Purchases of Trading Goods	25		76,55.13		65,42.51
Changes in Inventories of Finished Goods, Work-In-Process and Trading Goods	26		(14,83.19)		(12,88.17)
Employee Benefits Expense	27		114,23.28		105,84.52
Finance Costs	28		3,05.13		2,99.73
Depreciation/Amortisation Expense	14	31,99.62			24,56.24
Less: Transfer from Revaluation Reserve		(16.73)			(16.72)
			31,82.89		24,39.52
Other Expenses	29		294,28.23		273,63.74
				856,37.97	822,29.66
<b>Profit Before Tax</b>				<b>121,90.22</b>	<b>135,53.44</b>
<b>Tax Expenses :</b>					
(1) Current Tax			32,51.47		36,37.64
(2) Deferred Tax			3,92.19		4,18.27
(3) Provision for Income Tax of earlier years			1,04.30		(2,17.56)
				37,47.96	38,38.35
<b>Profit for the year</b>				<b>84,42.26</b>	<b>97,15.09</b>
<b>Share of Minority Interest</b>				<b>(49.89)</b>	<b>16.40</b>
<b>Profit for the year after Minority Interest</b>				<b>83,92.37</b>	<b>97,31.49</b>
<b>Basic &amp; Diluted Earnings Per Share (in ₹)</b>	<b>30</b>			<b>15.16</b>	<b>17.58</b>
<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  
Firm Registration No. 104607W

ERMIN K. IRANI  
Partner  
Membership No. 35646  
Mumbai: 23rd May, 2014

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

PRADIP SHAH Chairman  
ANAND MAHAJAN Managing Director  
K. VISWESWARAN Company Secretary  
Mumbai: 23rd May, 2014

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 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, 2014 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.

##### 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.

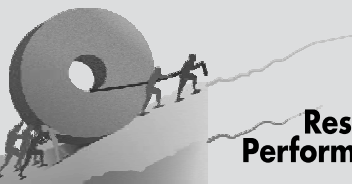
Actual results may differ from these estimates & assumptions; such differences are recognised in the period in which the results materialise/are known.

##### 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.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 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. Export entitlements are recognized when the right to receive credit as per terms of the entitlement is established in respect of the exports made.

### 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 FINANCIAL STATEMENTS

### 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.

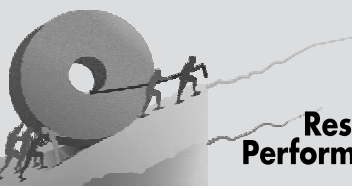
### Provisions and Contingencies :

(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 financial statements 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 CONSOLIDATED FINANCIAL STATEMENTS

### 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, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
<b>28,00.00</b>	28,00.00
<b>27,68.00</b>	27,68.00
<b>27,68.00</b>	27,68.00

### Note : 4.1

Shares held by Subsidiaries of 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, 2014		As at 31st March, 2013	
Number of Shares held	% of Holding	Number of Shares held	% of Holding
1,48,17,760	26.8%	1,48,17,760	26.8%
1,35,96,240	24.5%	1,35,96,240	24.5%
1,50,000	0.3%	1,50,000	0.3%
<b>2,85,64,000</b>	<b>51.6%</b>	<b>2,85,64,000</b>	<b>51.6%</b>
36,11,058	6.5%	42,96,537	7.8%

### 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.

### Note : 4.3

There is no movement in the number of shares outstanding during the year ended 31st March, 2013 & year ended 31st March, 2014.

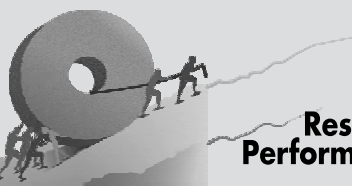
### Note : 4.4

#### 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 FINANCIAL STATEMENTS

	(₹ Lacs)	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
<b>Note : 5</b>			
<b>RESERVES AND SURPLUS</b>			
<b>1. SECURITIES PREMIUM ACCOUNT</b>			
As per last Balance Sheet		34,82.82	34,82.82
<b>2. REVALUATION RESERVE</b>			
As per last Balance Sheet	3,68.81		3,85.53
<b>Less:</b> Transfer to Depreciation	(16.73)		(16.72)
		3,52.08	3,68.81
<b>3. GENERAL RESERVE</b>			
As per last Balance Sheet	355,02.98		319,46.43
<b>Add:</b> Transfer from Surplus in the Statement of Profit and Loss	20,22.07		35,56.55
		375,25.05	355,02.98
<b>4. SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>			
As per last Balance Sheet	95,01.51		75,36.52
<b>Add:</b> Net Profit for the current year	83,92.37		97,31.49
<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)		(6,11.55)
Transfer to General Reserve	(20,22.07)		(35,56.55)
		116,61.86	95,01.51
		530,21.81	488,56.12
<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 Guarantees given by the Company upto 35% of the sanctioned loan.			
<b>Term loans</b>			
from Banks			
(a) Bank of Bhutan		7,07.30	9,59.82
(b) Bhutan National Bank		4,69.65	4,33.96
Repayment to be made in quarterly installments with interest of 12% per annum as per the terms agreed upon between the Company and the Banks.			
		11,76.95	13,93.78



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
<b>Note : 7</b>		
<b>DEFERRED TAX LIABILITY (NET)</b>		
<u>Deferred Tax Liability :</u>		
Depreciation on Fixed Assets	30,37.61	25,40.95
<u>Deferred Tax Asset :</u>		
Provision for Doubtful Debts and Advances	(1,28.30)	(1,56.26)
Provision for Contingencies	(48.85)	(1,32.56)
Others	(9,69.95)	(7,53.81)
	<u>18,90.51</u>	<u>14,98.32</u>
<b>Note : 8</b>		
<b>LONG TERM LIABILITIES</b>		
Trade/Security Deposits	5,58.32	5,31.09
Other Liabilities	13.38	13.38
	<u>5,71.70</u>	<u>5,44.47</u>
<b>Note : 9</b>		
<b>LONG TERM PROVISIONS</b>		
Income Tax (Net of Advance Tax)	3,72.40	2,27.42
Leave Encashment (Refer Note 13.1)	10,96.90	8,77.00
Gratuity Payable	10.43	6.74
Power Liabilities (Refer Note 9.1)	1,26.79	3,90.00
	<u>16,06.52</u>	<u>15,01.16</u>
<b>Note : 9.1</b>		
<b>Details of Provision made for 'Power Liabilities' :</b>		
Opening Balance	3,90.00	2,21.90
Provision made during the year	7.57	1,68.10
Provision utilised during the year	(2,70.78)	—
Closing Balance	<u>1,26.79</u>	<u>3,90.00</u>
<b>Note : 10</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Overdraft with Bank of Bhutan	4,64.18	8,43.09
(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 FINANCIAL STATEMENTS

### 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

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

As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
1.07	12.33
<b>70,61.75</b>	<b>58,81.90</b>
<b>70,62.82</b>	<b>58,94.23</b>

### Note : 12

#### OTHER CURRENT LIABILITIES

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

As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
97.42	1,50.30
84.29	75.32
1,74.39	1,93.46
10,56.81	9,14.87
<b>80,36.65</b>	<b>83,73.27</b>
<b>94,49.56</b>	<b>97,07.22</b>

\* There is no amount due and outstanding to be credited to the Investor Education and Protection Fund.

### Note : 13

#### SHORT TERM PROVISIONS

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

As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
—	24.10
6,11.55	6,11.55
35,98.40	35,98.40
3,61.72	4,08.60
<b>45,71.67</b>	<b>46,42.65</b>

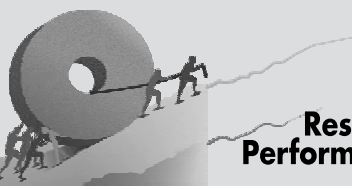
### Note : 13.1

#### 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

8,77.00	9,12.18
4,08.60	1,76.15
3,44.39	4,14.17
(1,71.37)	(2,16.90)
<b>10,96.90</b>	<b>8,77.00</b>
<b>3,61.72</b>	<b>4,08.60</b>





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note : 14

### FIXED ASSETS

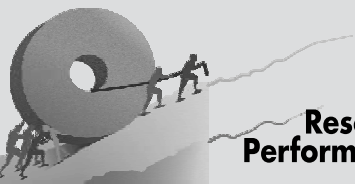
(₹ Lacs)

ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Upto 01.04.2013	For the Year	On Sales	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
<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	5.67	—	<b>96.52</b>	16.21	0.93	—	<b>17.14</b>	<b>79.38</b>	74.64
Buildings #	147,38.03	7,27.68	42.13	<b>154,23.58</b>	22,87.53	4,34.45	4.10	<b>27,17.88</b>	<b>127,05.70</b>	124,50.50
Leasehold Improvements	3,38.62	32.21	—	<b>3,70.83</b>	37.97	29.55	—	<b>67.52</b>	<b>3,03.31</b>	3,00.65
Plant & Machinery	280,63.89	69,41.68	3,06.61	<b>346,98.96</b>	120,82.75	21,96.40	1,92.10	<b>140,87.05</b>	<b>206,11.91</b>	159,81.14
Computers	15,49.12	1,72.25	43.03	<b>16,78.34</b>	11,89.10	1,65.59	41.21	<b>13,13.48</b>	<b>3,64.86</b>	3,60.02
Furniture & Fixtures	10,85.38	1,15.07	9.01	<b>11,91.44</b>	4,83.69	81.97	6.54	<b>5,59.12</b>	<b>6,32.32</b>	6,01.69
Office Equipment	8,57.40	70.45	6.16	<b>9,21.69</b>	3,09.52	51.78	3.71	<b>3,57.59</b>	<b>5,64.10</b>	5,47.88
Vehicles	2,16.18	3.29	16.43	<b>2,03.04</b>	95.85	20.91	10.02	<b>1,06.74</b>	<b>96.30</b>	1,20.33
<b>Sub-Total</b>	<b>485,60.26</b>	<b>80,68.30</b>	<b>4,23.37</b>	<b>562,05.19</b>	<b>165,02.62</b>	<b>29,81.58</b>	<b>2,57.68</b>	<b>192,26.52</b>	<b>369,78.67</b>	<b>320,57.64</b>
<b>INTANGIBLE ASSETS</b>										
Computer Software	4,13.60	83.08	—	<b>4,96.68</b>	2,14.74	86.58	—	<b>3,01.32</b>	<b>1,95.36</b>	1,98.86
Goodwill	3,23.92	—	—	<b>3,23.92</b>	2,10.34	32.39	—	<b>2,42.73</b>	<b>81.19</b>	1,13.58
Technical Know How	3,54.29	—	—	<b>3,54.29</b>	3,54.29	—	—	<b>3,54.29</b>	—	—
Trade Marks	2,03.95	—	—	<b>2,03.95</b>	1,39.18	20.40	—	<b>1,59.58</b>	<b>44.37</b>	64.77
Non-Compete Fees & Marketing Network	7,86.69	—	—	<b>7,86.69</b>	5,11.48	78.67	—	<b>5,90.15</b>	<b>1,96.54</b>	2,75.21
<b>Sub-Total</b>	<b>20,82.45</b>	<b>83.08</b>	<b>—</b>	<b>21,65.53</b>	<b>14,30.03</b>	<b>2,18.04</b>	<b>—</b>	<b>16,48.07</b>	<b>5,17.46</b>	<b>6,52.42</b>
<b>Total</b>	<b>506,42.71</b>	<b>81,51.38</b>	<b>4,23.37</b>	<b>583,70.72</b>	<b>179,32.65</b>	<b>31,99.62</b>	<b>2,57.68</b>	<b>208,74.59</b>	<b>374,96.13</b>	
Previous Year's Total	390,40.06	119,99.25	3,96.60	506,42.71	157,98.75	24,56.24	3,22.34	179,32.65		327,10.06
<b>Capital Work In Progress</b>									<b>5,52.39</b>	61,70.78
									<b>380,48.52</b>	388,80.84

# 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 FINANCIAL STATEMENTS

	Nos.	Face Value (₹)	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ 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	2,73.36	2,73.36
Shivalik Solid Waste Management Ltd.	20,000	10	2.00	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	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.	27,87,924	10	6,65.11	2,33.75
	(10,62,500)			
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>35,14.80</b>	<b>30,83.44</b>
<b>NOTES :</b>				
<b>1. COST</b>				
Quoted			74.33	74.33
Unquoted			34,40.47	30,09.11
<b>2. MARKET VALUE</b>				
Quoted			77.37	80.99
<b>3. Previous year's figures are in brackets.</b>				



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	(₹ Lacs)	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
<b>Note : 16</b>			
<b>LONG TERM LOANS AND ADVANCES</b> (Refer Note 21.1)			
<i>(Unsecured and considered good)</i>			
Capital Advances		1,55.25	6,82.66
Loans due from Directors of the Company		90.00	1,20.00
Deposits		8,39.70	6,56.22
Advances recoverable in cash or in kind <i>(Unsecured and considered doubtful)</i>		4,22.55	2,63.78
Advances recoverable in cash or in kind	55.45		69.59
<b>Less:</b> Provision for doubtful advances	<u>(55.45)</u>		<u>(69.59)</u>
		<u>15,07.50</u>	<u>17,22.66</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		2,48.68	3,27.98
Others		73.34	46.26
		<u>3,22.02</u>	<u>3,74.24</u>
<b>Less:</b> Provision for doubtful debts		<u>(3,22.02)</u>	<u>(3,74.24)</u>
		<u>—</u>	<u>—</u>
<b>Note : 18</b>			
<b>INVENTORIES</b>			
Raw Materials		56,17.54	47,75.33
Raw Materials in Transit		10,43.88	8,85.21
Work-In-Process		54,73.35	44,33.96
Stores and Spare Parts		9,65.63	9,30.59
Finished Goods :			
Manufactured	42,53.44		38,26.88
Trading	<u>10,99.20</u>		<u>10,81.95</u>
		<u>53,52.64</u>	<u>49,08.83</u>
		<u>184,53.04</u>	<u>159,33.92</u>
<b>Note : 19</b>			
<b>TRADE RECEIVABLES</b>			
<i>(Unsecured and considered good)</i>			
Overdue by six months		3,95.34	3,86.76
Others		86,00.60	92,23.36
		<u>89,95.94</u>	<u>96,10.12</u>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	(₹ Lacs)	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
<b>Note : 20</b>			
<b>CASH &amp; BANK BALANCES</b>			
<b>Cash &amp; Cash Equivalents</b>			
Cash and Cheques on hand	15,16.93		13,97.07
With Banks :			
Current Account	13,12.62		18,58.21
Deposit Account	71.83		15,42.33
With Liquid Mutual Funds	53,41.84		5,57.79
		<b>82,43.22</b>	<b>53,55.40</b>
<b>Other Bank Balances</b>			
Margin money	1,32.44		1,31.35
Earmarked balances with Banks :			
Gratuity Fund	10.83		6.74
Unpaid dividend	84.29		75.32
		<b>2,27.56</b>	<b>2,13.41</b>
		<b>84,70.78</b>	<b>55,68.81</b>
<b>Note : 21</b>			
<b>SHORT TERM LOANS AND ADVANCES</b> (Refer Note 21.1)			
<i>(Unsecured and considered good)</i>			
Advance Tax (Net of Provision for Income Tax)		1,06.53	—
Loans due from Directors of the Company		1,15.00	1,15.00
Advances recoverable in cash or in kind		21,23.00	16,33.17
Demand Deposits with Excise and Customs Departments		10,26.05	8,74.90
		<b>33,70.58</b>	<b>26,23.07</b>

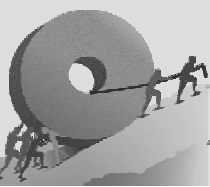
### Note : 21.1

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 required.

### Note : 22

#### OTHER CURRENT ASSETS

	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
Accrued Interest	40.56	26.67
Other Receivables	9,43.80	9,11.42
	<b>9,84.36</b>	<b>9,38.09</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	(₹ Lacs)	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
<b>Note : 23</b>			
<b>TOTAL REVENUE</b>			
<b>Revenue from Operations</b>			
Sale of Products (Gross) (Refer Note 23.1)	997,88.50		992,29.02
Service Income	35,37.66		24,95.20
Other Operating Revenue	7,15.07		6,64.94
		<b>1,040,41.23</b>	<b>1,023,89.16</b>
		<b>(74,90.92)</b>	<b>(76,90.46)</b>
		<b>965,50.31</b>	<b>946,98.70</b>
<b>Less: Excise Duty</b>			
<b>Other Income</b>			
<b>Interest Income</b>			
From Long term Investments (Non trade)	6.08		6.09
From Others	86.70		1,43.81
		<b>92.78</b>	<b>1,49.90</b>
Dividend Income from Liquid Mutual Funds		<b>1,25.96</b>	<b>1,25.55</b>
Profit on sale of Investments		<b>1,41.52</b>	<b>64.05</b>
Other Non-operating income		<b>9,17.62</b>	<b>7,44.90</b>
		<b>12,77.88</b>	<b>10,84.40</b>
		<b>978,28.19</b>	<b>957,83.10</b>
<b>Note : 23.1</b>			
<b>Sale of Products (Gross)</b>			
Abrasives		<b>688,62.73</b>	653,89.64
Ceramics & Plastics		<b>272,01.28</b>	278,13.29
Others		<b>37,24.49</b>	60,26.09
		<b>997,88.50</b>	<b>992,29.02</b>

The sales value mentioned above includes sale of trading goods of ₹ 92,66.99 Lacs (Previous Year – ₹ 85,17.55 Lacs).

### **Note : 23.2** **Segment Reporting :**

#### **A. Information about Business Segments :**

(₹ Lacs)

	Abrasives		Ceramics & Plastics		Others		Unallocated		Total	
	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
<b>REVENUE</b>										
Segment Revenue	633,00.00	602,30.92	264,20.94	264,51.95	37,70.60	62,42.76	—	—	934,91.54	929,25.63
Less: Inter-segment Sales	—	—	(11,93.96)	(13,87.07)	—	—	—	—	(11,93.96)	(13,87.07)
<b>Net Sales</b>	<b>633,00.00</b>	<b>602,30.92</b>	<b>252,26.98</b>	<b>250,64.88</b>	<b>37,70.60</b>	<b>62,42.76</b>	<b>—</b>	<b>—</b>	<b>922,97.58</b>	<b>915,38.56</b>
<b>RESULT</b>										
<b>Segment Result</b>	<b>77,64.00</b>	88,26.98	<b>36,68.62</b>	35,79.68	<b>3,11.00</b>	10,27.12	—	—	<b>117,43.62</b>	134,33.78
Unallocated Income/ (Expenditure) – (Net)							3,91.47	79.89	3,91.47	79.89
Interest Expenses							(3,05.13)	(2,99.73)	(3,05.13)	(2,99.73)
Interest Income							92.78	1,49.90	92.78	1,49.90
Dividend Income							1,25.96	1,25.55	1,25.96	1,25.55
Profit/(Loss) on sale of Investments							1,41.52	64.05	1,41.52	64.05
<b>Profit before Tax &amp; after Exceptional Item</b>									<b>121,90.22</b>	135,53.44
Provision for Tax (including Deferred Tax)							(37,47.96)	(38,38.35)	(37,47.96)	(38,38.35)
<b>Profit for the year</b>									<b>84,42.26</b>	97,15.09

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ Lacs)

Other Information	Abrasives		Ceramics & Plastics		Others		Unallocated		Total	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Total Assets (gross)	431,69.04	417,92.19	239,08.62	240,17.25	25,14.23	29,37.95	137,53.63	96,13.56	833,45.52	783,60.95
Less: Revaluation Reserve	(1,81.24)	(1,91.44)	(1,70.84)	(1,77.37)	—	—	—	—	(3,52.08)	(3,68.81)
Net Assets	429,87.80	416,00.74	237,37.78	238,39.88	25,14.23	29,37.95	137,53.63	96,13.56	829,93.44	779,92.14
Total Liabilities	106,93.27	97,91.67	61,32.78	75,38.83	10,90.58	10,48.53	88,77.28	76,45.89	267,93.91	260,24.92
Capital Expenditure (during the year)	19,14.53	44,06.29	5,56.73	44,65.20	41.53	1,30.25	20.20	7,14.43	25,32.99	97,16.16
Depreciation/Amortisation (for the year)	17,28.60	13,58.44	11,62.22	8,83.21	63.46	54.68	2,28.61	1,43.19	31,82.89	24,39.52

### 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, 2014	For the Year Ended 31st March, 2013
India	820,19.94	790,47.55
Outside India	102,77.64	124,91.01
Total	922,97.58	915,38.56

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

(₹ Lacs)

	Net Assets		Total Liabilities	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
India	784,50.81	728,65.61	205,00.18	231,47.01
Outside India	45,42.63	51,26.53	62,93.73	28,77.91
Total	829,93.44	779,92.14	267,93.91	260,24.92

### Notes :

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

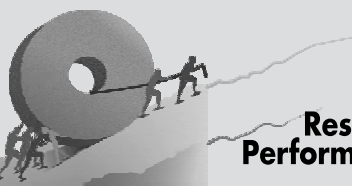
- (a) Abrasives
- (b) Ceramics & Plastics
- (c) Others

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 ₹ 16,95.42 Lacs (Previous Year – ₹ 16,51.38 Lacs), allocated on a reasonable basis.



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

	(₹ Lacs)	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
<b>Note : 24</b>			
<b>COST OF MATERIALS CONSUMED</b>			
Opening 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>	<b>75,37.22</b>
<b>Add:</b> Purchases		<b>361,27.38</b>	<b>344,11.13</b>
<b>Less:</b> Closing Stock of			
Raw Materials	(56,17.54)		(47,75.33)
Raw Materials in Transit	(10,43.88)		(8,85.21)
		<b>(66,61.42)</b>	<b>(56,60.54)</b>
		<b>351,26.50</b>	<b>362,87.81</b>
<b>Note : 25</b>			
<b>PURCHASES OF TRADING GOODS</b>			
Abrasives		46,05.00	49,24.67
Ceramics & Plastics		11,14.20	6,34.13
Others		19,35.93	9,83.71
		<b>76,55.13</b>	<b>65,42.51</b>
<b>Note : 26</b>			
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND TRADING GOODS</b>			
Opening Stock of			
Finished Goods :			
– Manufactured	38,26.88		36,29.45
– Trading	10,81.95		11,92.71
Work-In-Process	44,33.97		32,32.46
		<b>93,42.80</b>	<b>80,54.62</b>
<b>Less:</b> Closing Stock of			
Finished Goods :			
– Manufactured	(42,53.44)		(38,26.88)
– Trading	(10,99.20)		(10,81.95)
Work-In-Process	(54,73.35)		(44,33.96)
		<b>(108,25.99)</b>	<b>(93,42.79)</b>
		<b>(14,83.19)</b>	<b>(12,88.17)</b>
<b>Note : 27</b>			
<b>EMPLOYEE BENEFITS EXPENSE (Refer Note 27.1)</b>			
Salaries, Wages, Bonus and Gratuity		96,87.99	90,03.08
Contribution to Provident and Other Funds		5,90.39	5,45.53
Staff Welfare		11,44.90	10,35.91
		<b>114,23.28</b>	<b>105,84.52</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 31st March, 2014 :

#### 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, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
3,64.74	3,15.73
1,17.85	1,11.24

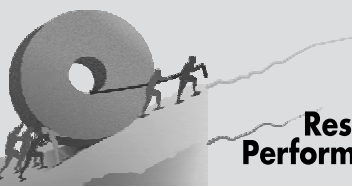
For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
30,24.47	26,91.04
2,49.52	2,28.74
1,55.81	1,66.02
(2,74.83)	(1,81.08)
—	—
2,96.03	1,19.75
<u>34,51.00</u>	<u>30,24.47</u>
30,83.50	27,15.03
2,68.27	2,30.78
1,19.97	3,05.70
(2,74.83)	(1,81.08)
(3.03)	13.07
<u>31,93.88</u>	<u>30,83.50</u>
1,55.81	1,66.02
2,49.52	2,28.74
(2,68.27)	(2,30.78)
—	—
2,99.07	1,06.68
<u>4,36.13</u>	<u>2,70.66</u>
34,51.00	30,24.47
(31,93.88)	(30,83.50)
<u>2,57.12</u>	<u>(59.03)</u>

%	%
9.33	8.25
8.00	7.00
8.70	8.70

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.





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	(₹ Lacs)	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
<b>Note : 28</b>			
<b>FINANCE COSTS</b>			
Interest on Loans/Deposits		3,05.13	2,99.73
<b>Note : 29</b>			
<b>OTHER EXPENSES</b>			
Consumption of Stores and Spare Parts		21,41.81	19,24.77
Processing Charges		21,00.80	21,19.93
Power and Fuel (Refer Note 9.1)		74,79.59	76,22.18
Freight, Octroi and Packing Expenses		55,90.04	49,94.23
Rent/Lease Payments		5,81.79	3,92.33
Repairs and Maintenance :			
Buildings	94.81		85.30
Machinery	5,72.80		3,80.50
Others	3,26.36		2,51.42
		9,93.97	7,17.22
Insurance		2,04.05	2,22.62
Rates and Taxes		2,36.17	1,56.85
Travelling and Conveyance		12,56.47	11,81.82
Commission and Discount on Sales		25,53.59	25,82.70
Royalties		7,37.83	6,20.49
Loss on assets discarded/sold (Net)		84.85	65.27
External Service Charges		20,32.87	17,07.56
Bad Debts & Advances written off		62.43	61.27
Provision for Doubtful Debts & Advances written back		(66.36)	(75.68)
Miscellaneous Expenses (Refer Note 29.1)		34,38.33	30,70.18
		<b>294,28.23</b>	<b>273,63.74</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 ₹ 1,91.23 Lacs (Previous Year – ₹ 2,15.99 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, 2014	For the Year Ended 31st March, 2013
(a) Profit for the year after Minority Interest (₹ Lacs)	83,92.37	97,31.49
(b) Weighted Average Number of Equity Shares outstanding (Nominal Value of Shares ₹ 5)	5,53,60,000	5,53,60,000
(c) Earnings per share (Basic & Diluted) in ₹	15.16	17.58

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note : 31

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

	As at 31st March, 2014 (₹ Lacs)	As at 31st March, 2013 (₹ Lacs)
(a) Excise & Custom Duty demands/show cause notices pending with the appropriate authorities and disputed by the Company	8,61.50	9,35.20
(b) Sales Tax demands pending with the Commissionerate/High Court and disputed by the Company	4,17.85	2,50.90
(c) Claims against the Company under the Labour Laws for disputed cases	1,42.60	1,14.70
(d) Guarantees given by Banks, of which ₹ 991.18 Lacs (Previous Year – ₹ 6,04.21 Lacs) are counter guaranteed by the Company	9,91.18	6,04.21
(e) Guarantees given on behalf of Subsidiary Company	9,44.33	9,44.33
(f) Non-Agricultural Land Cess	37.79	37.79
(g) Other Claims against the Company not acknowledged as debts	1,95.56	1,83.50
(h) Demand raised by A.P Transco on increase in power cost, disputed by the Company & subjudice in Honourable Supreme Court	30,04.89	28,47.90
(i) Demand raised by A.P Transco on surplus units allocated, disputed by the Company & subjudice in High Court (Net)	9,14.53	8,55.00
(j) 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	2,59.80
(k) Income tax liability on account of disputed disallowances	2,26.90	91.25
	<b>7,80.21</b>	6,15.51
	—	4,96.00

### Note : 32

#### COMMITMENTS :

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

### Note : 33

#### EXPENDITURE IN FOREIGN CURRENCY :

	For the Year Ended 31st March, 2014 (₹ Lacs)	For the Year Ended 31st March, 2013 (₹ Lacs)
(i) Export Sales Commission	82.80	20.51
(ii) Foreign Travel	59.16	67.24
(iii) Royalties	6,70.15	6,12.76
(iv) Others	2,84.44	1,55.73

### Note : 34

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

	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
Dividend (₹ Lacs)	18,46.91	18,46.91
Number of Non-Resident Shareholders	2	2
Number of Shares held	2,84,14,000	2,84,14,000
Year to which Dividend relates	2012-13	2011-12

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 2014 :

Currency	No. of Contracts	Value in Lacs	Equivalent ₹ Lacs
USD	58 (19)	47.70 (29.60)	28,62.13 (16,15.11)
EURO	35 (27)	18.84 (16.95)	15,45.94 (11,86.14)
GBP	1 (1)	0.44 (0.15)	43.31 (12.75)

Currency	No. of Contracts	Value in Lacs	Equivalent ₹ Lacs
JPY	3 (3)	30.11 (16.91)	17.88 (9.86)
AUD	1 (—)	0.19 (—)	10.53 (—)

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, 2014. Foreign currency exposure (net) not hedged by forward contracts as at 31st March, 2014 is ₹ 3,47 Lacs (Previous Year – ₹ 2,10.20 Lacs).

	Year ending 31st March, 2014		Year ending 31st March, 2013	
	Value in Lacs	Equivalent ₹ Lacs	Value in Lacs	Equivalent ₹ Lacs
USD	3.98	237.75	3.17	1,72.86
EURO	0.03	8.28	0.53	37.34
JPY	100.38	59.62	—	—
AUD	0.31	16.75	—	—

	Year ending 31st March, 2014		Year ending 31st March, 2013	
	Value in Lacs	Equivalent ₹ Lacs	Value in Lacs	Equivalent ₹ Lacs
CAD	0.16	8.79	—	—
GBP	0.16	15.81	—	—
Total		3,47.00		2,10.20

### 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  
 Certainteed 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 Crystals & Detectors India 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 FINANCIAL STATEMENTS

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

Saint-Gobain Abrasives Korea	Saint-Gobain Universal Superabrasives, Inc
Saint-Gobain Abrasives Ltd – Stafford-UK	Saint-Gobain Vibros S.A.
Saint-Gobain Abrasives Ltd., New Zealand	Savoi Refractories
Saint-Gobain Abrasives Ltda., Brazil	SEPR Refractories India Ltd.
Saint-Gobain Abrasives Ltda., Portugal	SEPR, France
Saint-Gobain Abrasives Singapore (PTE) Ltd.	Saint-Gobain Advanced Ceramics (Shanghai) Co. Ltd.
Saint-Gobain Abrasives SP. Z.O.O.	Saint-Gobain Materiaux Ceramiques Benelux SA
Saint-Gobain Abrasives SP.Z	Saint-Gobain Performance Plastics - Bristol
Saint-Gobain Abrasives Thailand	Saint-Gobain Performance Plastics (Shanghai) Co. Ltd.
Saint-Gobain Abrasives Indonesia	Saint-Gobain Performance Plastics Corby, UK
Saint-Gobain Abrasives Netherlands B.V.	Saint-Gobain Performance Plastics KK, JAPAN
Saint-Gobain Abrasivi S.P.A.(Micromold)	Saint-Gobain Performance Plastics, Les Macon, France
Saint-Gobain Abrasivi S.P.A.(Ral-Sud)	Saint-Gobain Performance Plastics Pampus GMBH
Saint-Gobain Abrasivi S.P.A., Italy	Saint-Gobain Performance Plastics Verneret, France
Saint-Gobain Abrasivos SA, Argentina	Saint-Gobain Performance Plastics, Akron, USA
Saint-Gobain Achats	Saint-Gobain Performance Plastics, Beaverton, USA
Saint-Gobain Adfors	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	Saint-Gobain Weber Netservices
Saint-Gobain Centre De Recherches Et Detudes European	Saint-Gobain Zipro
Saint-Gobain Construction Products Vietnam Ltd.	Universal Superabrasives., USA

#### (iii) KEY MANAGEMENT PERSONNEL

Anand Mahajan – Managing Director

Joseph Pereira – Executive Director – Human Resources & Corporate Services

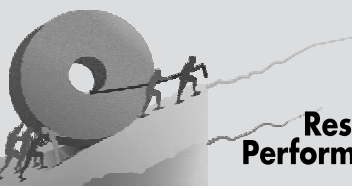
#### 2. The following transactions were carried out with the related parties in the ordinary course of business :

##### (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, 2014	For the Year Ended 31st March, 2013	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
1.	Sales	—	—	18,91.29	15,44.14
2.	Agency Commission received	—	—	15.55	50.63
3.	Service Income	—	—	32,36.15	22,16.47
4.	Other Income	62.25	67.50	4,01.05	3,04.97
5.	Purchase of Goods	—	—	110,64.66	115,80.72
6.	Expenses charged to other companies	4.86	—	16,02.67	15,42.28
7.	Expenses charged by other companies	2,61.50	3,09.43	4,29.16	1,94.41
8.	Royalty Paid	—	—	6,61.70	6,53.95
9.	Other Expenses	—	—	18.00	18.00
10.	Purchase of Fixed Assets from other companies	—	—	—	9.57
11.	Dividend Paid	—	—	18,56.66	18,56.66
12.	Outstanding Receivables (net of payables)*	(8.56)	7.22	(3,05.87)	(4,44.54)
13.	Other Liabilities	—	—	(7,20.92)	—
14.	Outstanding Deposits*	—	—	39.00	39.00
15.	Investments made	—	—	4,31.36	2,33.75

\* Closing balance



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 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, 2014	For the Year Ended 31st March, 2013
Remuneration	5,56.79	5,73.64
Outstanding Loan	2,05.00	2,35.00
Commission Payable	1,25.81	1,42.31

(iii) Significant transactions with related parties :

(₹ Lacs)

Sr. No.	Nature of Transactions	Name of the Companies	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
1.	Sales	Saint-Gobain Abrasives, Inc. USA	3,91.88	2,10.22
		Saint-Gobain Glass India Ltd.	12.36	2,12.33
		Saint-Gobain Abrasives SP. Z.O.O.	4,29.49	2,32.35
		Saint-Gobain Industrial Ceramics Pty Ltd.	1,08.34	3,25.48
		Saint-Gobain Do Brasil Produtos Ind. E Para Const Ltda	2,71.68	—
2.	Agency Commission received	Certainteed Corporation, USA	12.55	50.63
		Saint-Gobain Adfors	3.00	—
3.	Service Income	Saint-Gobain PAM, France	2,53.08	2,63.31
		Saint-Gobain DSI Groupe	7,46.90	4,64.45
		Saint-Gobain Ceramiques Informatique Et Organisation	9,94.03	5,88.67
		Saint-Gobain Weber Netservices	3,73.44	1,01.10
4.	Other Income	Compagnie de Saint-Gobain (Liaison Office)	62.25	67.50
		Saint-Gobain Gyproc India Ltd.	1,89.91	1,72.89
		Saint-Gobain Glass India Ltd.	—	35.32
		Saint-Gobain Seva Engineering India Ltd.	50.00	56.18
5.	Expenses charged to other companies	Saint-Gobain Gyproc India Ltd.	2,56.85	2,17.52
		Saint-Gobain Glass India Ltd.	3,20.82	3,23.01
		Saint-Gobain Building & Distribution	2,27.74	1,94.20
		Compagnie de Saint-Gobain (Liaison Office)	4.86	—
		Saint-Gobain PAM, France	1,87.84	1,56.29
6.	Expenses charged by other companies	Compagnie de Saint-Gobain (Liaison Office)	2,61.50	3,09.43
		Saint-Gobain Glass India Ltd.	2,62.33	1,55.06
		Saint-Gobain Crystals & Detectors India Ltd.	—	21.06
		Saint-Gobain Centre De Recherches Et Detudes Europeen	61.96	—
7.	Royalty Paid	Saint-Gobain Abrasives Inc., USA	4,55.01	4,49.97
		Saint-Gobain Abrasifs, France	1,51.73	1,45.88
8.	Other Expenses	Saint-Gobain Abrasifs, France	18.00	18.00
9.	Purchase of Fixed Assets	Saint-Gobain Industrie Keramik Dusseldorf GMBH	—	9.57
10.	Dividend Paid	Saint-Gobain Abrasives Inc., USA	9,63.15	9,63.15
		Societe de Participations Financieres et Industrielles	8,83.76	8,83.76
11.	Investments made	Saint-Gobain Research India Ltd.	4,31.36	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, 2014

	For the Year Ended 31st March, 2014		For the Year Ended 31st March, 2013	
	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)	(₹ Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Profit before Tax after Exceptional Item		121,90.22		135,53.44
<b>Adjustments for :</b>				
Depreciation/Amortisation Expense	31,82.88		24,39.52	
Unrealised Foreign Exchange (Gain)/Loss (Net)	21.68		(5.11)	
Loss on Sale of Fixed Assets	84.85		65.27	
Profit on Sale of Investments	(1,41.52)		(64.05)	
Dividend Received	(1,25.96)		(1,25.55)	
Interest (Net)	2,12.35	32,34.28	1,49.83	24,59.91
<b>Operating Profit Before Working Capital Changes</b>		<b>154,24.50</b>		<b>160,13.35</b>
<b>Adjustments for :</b>				
Trade and Other Receivables (Current & Non-current)	(4,03.91)		(2,23.98)	
Inventories	(25,19.12)		657.08	
Trade and Other Payables (Current & Non-current)	14,81.97	(14,41.06)	(22,90.85)	(18,57.75)
<b>Cash Generated from Operations</b>		<b>139,83.44</b>		<b>141,55.60</b>
Direct Taxes Paid (Net of Income Tax Refund)		(33,41.42)		(37,28.47)
<b>Net cash from Operating Activities</b>		<b>106,42.02</b>		<b>104,27.13</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	(26,34.06)		(83,19.10)	
Proceeds of Sale of Fixed Assets	80.85		8.97	
Proceeds of Sale of Investments	1,41.52		64.05	
Purchase of Investments	(4,31.36)		(2,33.75)	
Payment from Minority Interest	—		1,49.83	
Interest Received	78.89		1,49.35	
Dividend Received	1,25.96		1,25.55	
<b>Net cash flow used in Investing Activities</b>		<b>(26,38.20)</b>		<b>(80,55.10)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net Increase/(Decrease) in Borrowing	(5,95.74)		3,45.87	
Interest	(3,05.13)		(2,99.73)	
Dividend Paid	(35,98.40)		(35,98.40)	
Tax on Dividend	(6,11.55)		(5,83.75)	
Margin Money and Others	(5.18)		(3.53)	
<b>Net cash used in Financing Activities</b>		<b>(51,16.00)</b>		<b>(41,39.54)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>28,87.82</b>		<b>(17,67.51)</b>
<b>CASH AND CASH EQUIVALENTS – OPENING 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>CASH AND CASH EQUIVALENTS – CLOSING BALANCE</b>				
Cash and Bank Balances	29,01.38		47,97.61	
Cash Equivalents (Investment in Liquid Mutual Funds)	53,41.84	82,43.22	5,57.79	53,55.40
		<b>28,87.82</b>		<b>(17,67.51)</b>

As per our Report of even date

For KALYANIWALLA & MISTRY  
Chartered Accountants  
Firm Registration No. 104607W

ERMIN K. IRANI  
Partner

Membership No. 35646

Mumbai: 23rd May, 2014

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

PRADIP SHAH

Chairman

ANAND MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 23rd May, 2014



# TEN YEAR CONSOLIDATED FINANCIAL HIGHLIGHTS

(₹ Lacs)

	2004	2005	2006	2007	2008	Jan 2009- Mar 2010 (15 Months)	2010-11	2011-12	2012-13	2013-14
Sale of Products (Net)	26572	31788	37292	44083	50162	70222	78075	88434	91539	92298
Operating Profit (Profit Before Interest, Tax and Extraordinary Items)	4378	5368	6865	8244	7892	13107	12621	15137	13853	12495
Profit After Tax and Extraordinary Items	2918	3540	4602	13340 <sup>+</sup>	5421	8605	8274	10284	9715	8442
Share Capital	1384	1384	2768	2768	2768	2768	2768	2768	2768	2768
Reserves and Surplus *	13779	15579	16590	24749	27589	32352	36853	42966	48487	52670
Total Debts	139	61	227	227	1647	2611	2105	1891	2237	1641
Net Fixed Assets *	6377	6898	12116	15915	21603	22928	23525	31310	38512	37696
Net Working Capital	5355	6982	4824	7573	8442	12823	16923	15124	14107	18520
Earnings Per Share (₹) #	5.27	6.40	8.31	10.19 <sup>^</sup>	9.81	15.60	15.10	18.60	17.58	15.16
Dividend Per Share (₹) #	2.50	2.75	3.50	8.00 <sup>□</sup>	4.00	6.00	6.00	6.50	6.50	6.50
Book Value Per Share (₹) * #	27.38	30.64	34.97	49.71	54.84	63.44	71.57	82.61	92.59	100.14

## KEY RATIOS

Operating Margin (%)	16.48	16.89	18.41	18.70	15.73	18.67	16.17	17.12	15.13	13.54
Asset Turnover	1.70	1.83	1.87	1.56	1.52	1.43 <sup>@</sup>	1.81	1.79	1.64	1.55
Return on Capital Employed (%)	27.93	30.84	34.48	29.17	23.94	26.77 <sup>@</sup>	29.20	30.71	24.87	20.92
Debt Equity Ratio	0.01	-	0.01	0.01	0.05	0.07	0.05	0.04	0.04	0.03
Current Ratio	1.68	1.80	1.43	1.51	1.58	1.78	1.89	1.61	1.63	1.80

Figures re-cast wherever necessary.

+ PAT without Extraordinary Item ₹ 5640 Lacs

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

□ Includes special interim dividend of ₹ 4.00

\* Without Revaluation Reserve

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

<sup>@</sup> Annualised

**NORTON** *GRINDWELL NORTON LTD.*

  
**SAINT-GOBAIN**