



NORTON GRINDWELL NORTON LTD.

DIRECTORS

(As on 18th May, 2010)

Mr. A. C. CHAKRABORTTI

(Chairman)

Ms. M-A. CHUPIN

Mr. J. T. CROWE

Mr. O. DUVAL

Mr. J-P. FLORIS

Mr. P. MILLOT

Mr. M. M. NARANG

Mr. B. S. RAUT

Mr. S. SALGAOCAR

Mr. P. SHAH

Mr. J. A. J. PEREIRA

(Alternate Director to
Ms. M-A. Chupin)

Mr. A. Y. MAHAJAN

(Managing Director)

DIRECTOR EMERITUS

Mr. N. D. SIDHVA

MANAGEMENT COMMITTEE

Mr. J. A. J. Pereira

(Corporate Services)

Mr. H. Bhosale

(Human Resources)

Mr. K. K. Prasad

(Ceramics & Plastics)

Mr. M. A. Puranik

(Finance & IT)

Mr. M. Ramarathnam

(Projects & EHS)

Mr. N. Sreedhar

(Abrasives)

COMPANY SECRETARY

Mr. K. Visweswaran

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Bankers

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

Auditors

Kalyaniwalla & Mistry,
Chartered Accountants

Registrars & Transfer Agents

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

Registered Office

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

Factories

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

NOTICE

NOTICE is hereby given that the 60th Annual General Meeting of the Members of Grindwell Norton Limited will be held on Thursday, 29th July, 2010, at 3.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai – 400 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the Auditors' Report and the Audited Balance Sheet and Profit and Loss Account, together with Schedules, and Cash Flow Statement of the Company for the fifteen months period ended 31st March, 2010.
2. To declare a dividend for the fifteen months period ended 31st March, 2010.
3. To appoint a Director in place of Mr. A. C. Chakraborti who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. J. T. Crowe who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. Kalyaniwalla & Mistry, Chartered Accountants, who are eligible for re-appointment as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Bharat S. Raut, Director, who retires at this Annual General Meeting, by rotation and does not seek re-election, be not re-appointed and the resulting vacancy be not filled up.”

7. Appointment of Mr. Mikhil Malvinder Narang as Director.

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

18th May, 2010

By Order of the Board

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

K. VISWESWARAN
COMPANY SECRETARY

NOTES :

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- (b) **PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- (c) The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, 22nd June, 2010 to Friday, 25th June, 2010 (both days inclusive).
- (d) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item nos. 6 and 7 are annexed hereto.
- (e) As per the amended provisions of the Companies Act, 1956, the interim dividend remaining unclaimed or unpaid for the financial year ended 31st December, 2001 has been transferred to the Investor Education and Protection Fund (Fund) of the Central Government on 20th June, 2009. The unpaid dividend declared for the financial year ended 31st December, 2002 will be due for transfer to the Fund on 29th May, 2010. 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 during the financial year ended 31st December, 2003 and all subsequent financial years, are once again requested to make their claims immediately to the Company or to the Company's Registrars & Transfer Agents – TSR Darashaw Limited. (TSRD).
- (f) The facility for making nomination is available to the Members in respect of the shares held by them.
- (g) All documents referred to in the Notice and Explanatory Statement are open for inspection to the members at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on all working days upto the date of this Annual General Meeting.
- (h) (i) Copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copy of the Annual Report to the meeting.
(ii) Members desirous of seeking any further information about the accounts and/or operations of the Company are requested to address their queries to the Company Secretary of the Company at least ten days in advance of the meeting, so that the information, to the extent practicable, can be made available at the meeting.
(iii) Members holding shares in the same set of names under different Ledger Folios are requested to apply for consolidation of such folios along with relevant share certificates to TSRDL.
(iv) Members are requested to immediately intimate the change, if any, in their registered address to TSRDL.

ANNEXURE TO THE NOTICE

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

ITEM NO. 3

Mr. A. C. Chakraborti is 79 years old. He is an FCA (Eng. & Wales) and an FCA of the Institute of Chartered Accountants of India. Mr. Chakraborti had retired as a Senior Partner of M/s S. R. Batliboi & Co. He has been a Director of your Company since 1983. Presently he is the Chairman of the Board and of the Audit Committee of the Company. He also serves on the Boards of various other Companies. Mr. Chakraborti does not hold any equity shares in Grindwell Norton Limited.

ITEM NO. 4

Mr. J. T. Crowe is 56 years old. He is a Chemical Engineer and has done his MBA from Boston College, USA. In 1978, he joined Norton Inc., which was acquired by Compagnie

de Saint-Gobain (CSG) in 1990. He has gained rich experience in various fields. Presently, he is the President of Abrasives Division, which is a part of High Performance Materials sector of CSG. Mr. Crowe does not hold any equity shares in Grindwell Norton Limited.

ITEM NO. 7

Mr. M. M. Narang is 31 years old. He is a Commerce graduate from Mumbai University and has done his MBA from INSEAD, France. He has work experience of over eight years. Currently, he is Sales Director (Asia-Pacific) for IMERYS, world leader in Industrial minerals. Mr. Narang holds 331,500 equity shares in Grindwell Norton Limited.

EXPLANATORY STATEMENT

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

ITEM NO. 6

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Bharat S. Raut retires by rotation. As Mr. Raut does not wish to seek re-election, it has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled and accordingly, the Board commends the resolution for approval by the Members.

None of the other Directors of the Company are concerned or interested in this resolution.

ITEM NO. 7

Mr. Mihnil Malvinder Narang was appointed as an additional director of the Company on 24th February, 2010. In terms of the provisions of Section 260 of the Companies Act, 1956, read with Article 112 of the Articles of Association of the Company, Mr. Mihnil Narang holds office upto the date of the forthcoming Annual General Meeting of the Company. Mr. Narang's brief resume has been given at item no. 7 in the Annexure to the notice.

Notice in writing u/s 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received from a member of the Company signifying his intention of proposing Mr. Narang as a candidate for the office of Director.

Except Mr. Mihnil Malvinder Narang and Mr. Anand Mahajan, Managing Director, no other director is concerned or interested in this Resolution.

Your Directors recommend this Ordinary Resolution for your approval.

18th May, 2010
Registered Office:
Leela Business Park,
5th Level,
Andheri-Kurla Road,
Marol, Andheri – East,
Mumbai-400 059

By Order of the Board

K. VISWESWARAN
COMPANY SECRETARY

DIRECTORS' REPORT

The Members,
Grindwell Norton Limited

Your Directors present the 60th Annual Report of the Company along with the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the fifteen months period ended 31st March, 2010.

Financial Highlights

(Rs. Lacs)

	Fifteen Months Period ended 31st March, 2010	Twelve months ended 31st December, 2008
Net Sales	702,36.09	502,11.64
Operating Profit	122,55.64	79,72.11
Interest	25.48	60.55
Profit before Exceptional item	122,30.16	79,11.56
Add : Exceptional Item	7,72.11	-
Profit before Tax and after Exceptional Item	130,02.27	79,11.56
Provision for Tax	42,51.70	24,11.02
Profit after Tax	87,50.57	55,00.54
Surplus Brought Forward	35,00.00	25,00.02
	122,50.57	80,00.56
Appropriations:		
Proposed Dividend	33,21.60	22,14.40
Tax on Proposed Dividend	5,51.68	3,76.34
General Reserve	33,77.29	19,09.82
Surplus carried to Balance Sheet	50,00.00	35,00.00
	122,50.57	80,00.56

Change in Accounting Year

In order to have a uniform accounting year under various legislations, your Company has decided to change the Accounting year from January - December to April - March. Accordingly, the current Annual Accounts and Report of the Company are for a period of fifteen months from 1st January, 2009 to 31st March, 2010. Therefore, the figures for the current period are not comparable with those of the year ended 31st December, 2008.

Responsibility Statement

Your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for that period;
- (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 sharp deceleration of the economy witnessed in the last quarter of 2008 continued in the first half of 2009. The economy started reviving from the middle of the year and industrial growth, in particular, accelerated from the last quarter of 2009. In line with this, your Company's sales witnessed a strong recovery in the second half of 2009 and surged in the first quarter of 2010. Consequently, on an annualized basis, net sales increased by 11.9%. Partly because of this and partly because of higher price realization and lower costs (especially, energy costs and expenses), there was a significant increase in your Company's operating profit (23% higher than 2008 on an annualized basis) and margin (16.4% on annualized basis compared to 14.4% in 2008).

Dividend

Considering the good results, your Directors recommend a dividend of Rs. 6/- per equity share for the period ended 31st March, 2010. The dividend outgo (excluding tax on dividend) will be Rs. 33,21.60 lacs (previous year Rs. 22,14.40 lacs.)

Abrasives

The period under review started with very weak demand conditions. But, the second half of 2009 witnessed a strong and sustained recovery in domestic demand, which continued in the first quarter of 2010. Consequently, on an annualized basis, sales increased by 7.8%. Partly due to this as also on account of higher price levels and lower costs, profits and profitability increased significantly.

Ceramics & Plastics

With business conditions improving as the year progressed and lower costs, the Silicon Carbide business had an excellent year in terms of sales and profits. While the High Performance

Refractories business had a difficult year, the Performance Plastics business saw a strong recovery in the latter part of the year.

The “wheeling charges” matter is still pending before the Honourable Supreme Court. Based on an internal review of this long pending matter and on legal advice, the provision of Rs. 7,72.11 lacs has been reversed during the period under review and is shown as an exceptional item in the financial statements.

Subsidiary in Bhutan

In May 2009, the Silicon Carbide plant of Saint-Gobain Ceramic Materials Bhutan Private Limited, a subsidiary of your Company, commenced commercial production. The start-up has been smooth and production has been ramped up gradually. The subsidiary has achieved break even at the operating profit level in its first year of operation.

Future Prospects

The strong growth of the economy witnessed in the last few months is likely to be sustained. Your Company is well placed to benefit from this growth. Your Company's priorities have shifted from costs and cash to volumes (penetrating new markets while strengthening position in existing markets).

Financial Statement of the Subsidiary

Under Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs (MCA), has vide approval letter no. 47/252/2010-CL-III dated 23rd April, 2010 granted exemption from attaching the financial statement of the subsidiary Company to your Company's accounts for the period ended 31st March, 2010. However, the consolidated financial statement forms part of this Annual Report and contains information of the subsidiary company pursuant to the approval letter of MCA viz. capital, reserves, total assets, and total liabilities, details of investment, turnover, profit before tax, provision for tax and profit after tax.

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 healthy and safe work place at all plant locations and work sites. In January 2010, the new Abrasives plant in Himachal Pradesh having been certified under Integrated Management System (ISO and OHSAS), all the plants of your Company are certified under ISO 14001:2004 as well as OHSAS 18001:1999. These Certifications are in recognition of the sustained efforts of your Company in improving the Environment, Health and Safety at all its work sites.

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information pertaining to conservation of energy, technology

absorption and foreign exchange earnings and outgo as required in the prescribed format is annexed (Annexure A) and forms part of this Report.

Fixed Deposits

At present, your Company does not accept any fixed deposits.

Employee Relations

Your Directors place on record their appreciation for the contribution made by all the employees in the progress of your Company. Employee Relations were generally cordial at all units of the Company. As at the year-end, there were 1466 employees.

Acknowledgments

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

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 for a copy thereof.

Management Discussion & Analysis Report and Report on Corporate Governance

The Management Discussion and Analysis Report and Report on Corporate Governance, alongwith a Certificate dated 18th May, 2010 of the Auditors of your Company, regarding the compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed (Annexure B) and forms part of this Report.

Directors

Mr. R. K. Bilimoria and Mrs. D. S. Variava resigned as Directors of your Company with effect from 5th June, 2009.

Mr. Bharat S. Raut, Director of your Company, will step down at the conclusion of the forthcoming Annual General Meeting as he has opted not to seek re-election due to personal reasons. Your Board has resolved not to fill the vacancy so caused at this time.

The Board of Directors places on record its deep appreciation of the valuable services and contribution made by Mr. Bilimoria, Mrs. Variava and Mr. Raut during their tenure.

Mr. M. M. Narang was appointed as an additional director, with effect from 24th February, 2010.

Mr. Narang holds office upto the date of the forthcoming 60th Annual General Meeting of the Company. As required under Section 257 of the Companies Act, 1956, the Company has received notice in writing from Members proposing the candidature of Mr. Narang as Director of the Company.

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Mr. A. C. Chakrabortti and Mr. J. T. Crowe retire by rotation and being eligible, offer themselves for reappointment as Directors of your Company.

Auditors

M/s. Kalyaniwalla & Mistry, Chartered Accountants, Auditors of your Company, retire on the conclusion of 60th 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.

On behalf of the Board of Directors,

A. C. CHAKRABORTTI
CHAIRMAN
Mumbai: 18th May, 2010

A. Y. MAHAJAN
MANAGING DIRECTOR

ANNEXURE A TO THE DIRECTORS' REPORT

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

CONSERVATION OF ENERGY:

Various energy conservation initiatives viz. improved combustion efficiency and optimization of power distribution system were completed during the period ended 31st March, 2010.

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

	For the Fifteen months period ended 31st March, 2010	For the Year ended 31st December, 2008
A. Power and Fuel Consumption:		
1. ELECTRICITY		
(a) Purchased:		
Units	1361194	1142009
Total Amount (Rs. Lacs)	67.7	53.7
Rate/Unit Rs.	5.00	4.70
(b) Own Generated		
(i) Through diesel generators:		
Units	64435	114428
Units per Ltr. of diesel	3.23	3.43
Cost/Unit (Rs.)	12.85	13.50
(ii) Through Steam turbine/generator	NIL	NIL
2. FUEL OIL		
Quantity (K. ltrs.)	1045	1040
Total amount (Rs. Lacs)	276.2	293.2
Average rate (Rs.)	26431	28179
B. Consumption per unit of production:		
Electricity KWH/TON	616	880
Fuel oil KL/TON	0.45	0.73

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

Research & Development (R&D):

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

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

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

(a) Abrasives:

Development of:

- Eco friendly bond systems.
- Resin and Metal wheels for Glass grinding.
- Vitrified diamond PCD grinding wheels.

Improvements in:

- Manufacturing process consistency in Cloth finishing and Jumbo Coating line.
- Resin Bond systems.
- Vitrified large wheel finishing.

(b) Ceramics:

Development of:

- Armor plate in Advancer for level III plus.
- MDC set for CFBC boiler in cast and thicker SiC ARC blocks.
- Iron and Steel - general purpose.

Improvements in:

- Environment and Industrial Hygiene.

3. Future plans of action:

- (a) Technology adaptation and absorption from companies and plants of Saint-Gobain group in identified priority areas, the focus being on development of new and improved products.
- (b) Development and utilization of advanced tools which facilitate enhanced grinding system solutions at the customer's end.

4. Expenditure on R & D for the period ended 31st March, 2010:

	Rs. Lacs
(a) Capital	Nil
(b) Recurring	1,21.91
(c) Total	1,21.91
(d) Total R & D expenditure as a percentage of total turnover	0.16%

Technology absorption, adaptation and innovations:

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

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

Total earnings in foreign exchange for the period ended 31st March, 2010 was Rs. 84,57.47 lacs and the total outflow was Rs. 196,54.51 lacs. Details are given in Schedule 12.

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

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

GENERAL REVIEW

Grindwell Norton Limited (GNO) is one of the subsidiaries of Compagnie de Saint-Gobain (Saint-Gobain), a transnational Group, with its headquarters in Paris and with sales of € 37.8 billion in 2009. Saint-Gobain's businesses fall into five broad sectors of activity: Construction Products, Flat Glass, Packaging, Building Distribution and High Performance Materials. GNO's businesses are a part of the High Performance Materials sector of activity. In GNO, the businesses are divided into two Segments:

1. Abrasives
2. Ceramics & Plastics

BUSINESS ENVIRONMENT

After a dismal start in 2009 which saw contraction in several sectors, the Indian economy rallied as the year progressed and witnessed sustained growth in the second half of 2009 which strengthened further in 2010. The Manufacturing (especially auto) and Mining sectors led economic growth in 2009-10. Looking ahead, improved demand conditions and a revival in investments should sustain growth. Inflation remains the main concern.

1. ABRASIVES SEGMENT REVIEW

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

Product & Plants

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

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

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

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

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

Being a large manufacturer of coated abrasives in the country, GNO offers the widest range of indigenously made products – right from conventional coated abrasives (fiber discs, rolls, belts, specialties, etc.) to Non Woven abrasives. Apart from bringing to the Indian market, high end products imported from various Saint-Gobain affiliate companies around the world, GNO has also been at the forefront in introducing technologically advanced indigenous products.

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

Industry

The industry currently has two major players, one of which is GNO. GNO has a leadership position in several product-market segments. Apart from the major players in the market, there are a few medium sized players and many small, local players. Besides, imports from China are present in many categories, particularly, at the lower end. Some of the players from Europe and Japan have marketing networks to service mainly the precision grinding market. In the case of Coated Abrasives, some international players have set up conversion facilities.

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

Abrasives – Development & Outlook

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

In the first half of 2009, there was a contraction in demand as a number of important end-users cut back production.

Recovery (led by auto) saw significant improvement in demand conditions and sales during the second half of 2009; this further strengthened in the first quarter of 2010. Profits and profitability saw an increase as price realization improved and costs declined (energy costs and expenses).

GNO is putting in concerted efforts to make its manufacturing plants world class. Apart from the on-going initiatives on cost reduction, service improvement and productivity enhancement, systematic efforts have been made to improve safety standards and plant operating conditions (including ergonomics and environmental conditions).

Looking ahead, the current situation is much better than last year. Indications are that demand for much of 2010-11 will remain strong with increasing consumption in domestic markets and export markets slowly reviving through the course of the year. Higher inflation (led by energy costs which had declined in 2009) will, however, put pressure on margins. The competitive situation will become tougher. GNO will focus on strengthening its position in existing markets and penetrating new markets.

2. CERAMICS & PLASTICS SEGMENT

The major businesses in this segment are:

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

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

(i) SILICON CARBIDE

Product & Plant

Silicon Carbide grains are used primarily as raw material in the manufacture of abrasives, refractories and for stone polishing. Silicon Carbide is manufactured at Tirupati in Andhra Pradesh. The Tirupati Plant is certified under ISO 9001:2000, ISO 14001:2008 and OHSAS 18001:1999.

Industry

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

Development & Outlook

The business is expected to see improved demand conditions driven by increased growth in the Steel and Crucible industry. With the demand picking up in the domestic market and the export market limping back to normalcy from the economic slow down in 2008 and the first half of 2009, silicon carbide volumes should witness growth in 2010-11. GNO will focus on volumes and on increasing market share. Increase in the costs of raw petroleum coke and electricity will put pressure on margins.

GNO's subsidiary in Bhutan commissioned its new silicon carbide plant in May 2009. Production was ramped up during the rest of the year and reached capacity by December 2009. The subsidiary supplies silicon carbide crude to GNO's Tirupati plant.

(ii) HIGH PERFORMANCE REFRACTORIES (HPR)

Product & Plant

Refractories are used for processing ferrous and non-ferrous metals and as kiln furniture to fire ceramic wares. They are also used as filtering media. GNO manufactures mostly silicon carbide refractories. The plant is located at Bangalore, Karnataka and is certified under ISO 9001: 2000, ISO 14001: 2004 and OHSAS 18001:1999.

Industry

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

Development & Outlook

In 2009, the business was able to retain sales volume at 2008 level despite lower sales in the first half. Metallurgy and Wear Resistant Applications (WRT) business has seen growth and the trend is likely to continue. The Ceramic and Energy markets were affected due to the economic slow down; these sectors seem to have bottomed out and initial signs of revival are visible. New business development partially compensated the effect of the slow down. In 2010, investments in power and metallurgical industries will be driving the growth in Metallurgy and WRT market segments. Stabilized or slightly improved situation in Ceramic and Energy sectors will provide stable sales.

RISKS & CONCERNS

1. Industry, Market, Technology & Competition:

(a) Abrasives:

- (i) **Industry & Market:** The Abrasives business caters to a number of industries such as Steel, Automobiles, Auto components, General Metal Fabrication and Woodworking. The dependence on any single industry segment is less than 15%. Demand for abrasive products can get affected if all sub-segments of the industry perform badly at the same time. Normally, this happens in an economic slowdown. In order to minimize the impact of such a downturn, GNO has been putting in efforts to develop export markets. Over the years, exports have grown and now account for nearly 10% of total abrasives sales. These sales are not concentrated in any single country, but are spread over 32 countries. Within India, sales are spread across 11 branch offices located across all parts of India, without any single branch having a very high weightage. Similarly, there are a number of large customers serviced directly and several dealers for servicing small and medium customers. The largest customer accounts for less than 2% of the total sales and the largest dealer accounts for less than 3% of the total sales.
- (ii) **Technology:** Abrasives have been used over a very long period of time and technological changes in terms of applications are gradual. Since India typically lags in these, GNO knows likely changes much before they reach India, which enables GNO to be prepared well in-time. Saint-Gobain is the World Leader in Abrasives. It has a very strong Research and Development (R & D) set up in USA with regional R & D centers located elsewhere. Both basic and applied research takes place at these R & D centers. GNO has access to all the research and technology developments.
- (iii) **Competition:** The entry of Global players in Bonded and Coated, as well as substantial expansion/modernization by key local competitors continues to put pressure on our market position. The competition from imports will further increase with reduction in import duties and more international players entering the market as the Indian economy grows rapidly. This necessarily means that we need to make products of global standards at reasonable cost to remain competitive.

(b) Ceramics & Plastics

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

2. Financial:

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

3. Legal and Statutory:

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

HUMAN RESOURCES

In 2009, GNO's focus continued to be on building the organisation through the induction and development of talent to meet current and future needs. While 2009 saw a reduction in attrition rates, the economic revival will cause attrition to rise in 2010 and efforts to retain talent and skills will be sustained.

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 fifteen months period ended 31st March, 2010, GNO net sales have increased by over 11.9% on an annualised basis. With price realization improving and costs declining (led by energy costs and expenses) in the period under review, operating profit increased by 23% on an annualized basis.

INTERNAL CONTROL SYSTEMS

GNO has an effective internal control environment which ensures that operations are executed efficiently & effectively, assets are safeguarded, regulatory requirements are complied with and transactions are recorded after appropriate authorizations. The Company's strong and independent Internal Audit function performs regular audits. The internal

controls are constantly upgraded based on internal audit recommendations. Every quarter the significant audit findings, the corrective steps recommended and the implementation status are presented to the Audit Committee.

SEGMENTAL FINANCIALS

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

CAUTIONARY STATEMENT

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

ANNEXURE B TO THE DIRECTORS' REPORT (Continued) REPORT ON CORPORATE GOVERNANCE

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

1. CORPORATE GOVERNANCE AT GRINDWELL NORTON LIMITED (GNO)

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

2. BOARD OF DIRECTORS

The present strength of the Board is twelve Directors. The Board comprises of one Executive Director and eleven Non-Executive Directors. The Chairman is Non-Executive. Out of eleven Non-Executive Directors, four are independent directors.

During the period ended 31st March, 2010, six Board Meetings were held. The dates on which the said meetings were held are as follows:

6th March, 2009, 28th April, 2009, 24th July, 2009, 30th October, 2009, 4th December, 2009 and 25th January, 2010.

Details of attendance of each Director at the Board Meetings, the last Annual General Meeting, and directorships held by them in other Indian Companies and committee memberships are as follows:

Name of the Director	Category of Directorship	No. of Board Meetings attended in the fifteen months period ended 31st March 2010	Attendance at the last AGM	No. of Directorships held as on 31st March, 2010 in other Public Companies. (excluding Foreign Companies)	No. of Committee positions held as on 31st March, 2010 in Companies (including GNO)*
Mr. A. C. Chakrabortti (a)	Chairman – Non-Executive (Independent)	6	Yes	11	7**
Mr. R. K. Bilimoria (b)	Non-Executive	2	Yes	N.A.	N.A.
Ms. M-A. Chupin	Non-Executive	Nil	No	Nil	Nil
Mr. J. T. Crowe	Non-Executive	2	No	Nil	Nil
Mr. O. Duval	Non-Executive	Nil	No	Nil	Nil
Mr. J-P. Floris (c)	Non-Executive	1	No	1	N.A.
Mr. A. Y. Mahajan	Managing Director	6	Yes	8	5***
Mr. P. Millot	Non-Executive	Nil	No	Nil	Nil
Mr. M. M. Narang (d)	Non-Executive	Nil	N.A.	Nil	Nil
Mr. J. A. J. Pereira	Alternate Director to Ms. M-A. Chupin	6	Yes	6	2
Mr. B. S. Raut	Non-Executive (Independent)	6	Yes	4	4****
Mr. S. Salgaocar	Non-Executive (Independent)	4	Yes	2	1*****
Mr. P. Shah	Non-Executive (Independent)	6	Yes	13	9*****
Mrs. D. S. Variava (b)	Non-Executive	2	Yes	N.A.	N.A.

(a) Appointed as Chairman w.e.f. 24th July, 2009.

(b) Resigned as Director w.e.f. 5th June, 2009.

(c) Remained as Chairman till 24th July, 2009.

(d) Appointed as Additional Director w.e.f. 24th February, 2010.

* Committee positions include positions held only in Audit Committee and Shareholders/Investors Grievance Committee.

** Out of the 7 Committee Memberships, Mr. A. C. Chakrabortti is the Chairman in 4 Committees.

*** Out of the 5 Committee Memberships, Mr. A. Y. Mahajan is the Chairman in 3 Committees.

**** Out of the 4 Committee Memberships, Mr. B. S. Raut is the Chairman in 3 Committees.

***** Mr. S. Salgaocar is the Chairman of the Committee.

***** Out of the 9 Committee Memberships, Mr. P. Shah is the Chairman in 3 Committees.

3. AUDIT COMMITTEE

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

Mr. A. C. Chakrabortti	Chairman – Independent
Mr. B. S. Raut	Member – Independent
Mr. A.Y. Mahajan	Member

The Chairman of the Committee, Mr. A.C. Chakrabortti is a FCA (Eng. & Wales) and FCA of the Institute of Chartered Accountants of India. He has requisite and adequate financial and accounting expertise. All the members of audit committee are financially literate. 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.

B. The Audit Committee held 5 meetings during the period ended 31st March 2010.

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

Name of Director	No. of Meetings attended
Mr. A. C. Chakrabortti	5
Mr. B. S. Raut	5
Mr. A. Y. Mahajan	5

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

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

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the Directors' Responsibility Statement, to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgement by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
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. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

4. REMUNERATION OF DIRECTORS

- (a) The details of remuneration of Directors, for the period ended 31st March, 2010 are given below:

All elements of remuneration package i.e. salary, benefits, perquisites, profit commission, pension etc.
Mr. A. Y. Mahajan – Rs. 3,05.48 Lacs Mr. J. A. J. Pereira – Rs. 1,35.58 Lacs
Fixed component and performance linked incentives along with the performance criteria
Fixed component is paid as Salary and other perquisites. In addition, a profit commission wherever applicable, is paid within the maximum ceiling on remuneration, based on certain pre-agreed performance parameters.
Stock option with details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable
Presently, the Company does not have a scheme for grant of stock options either to the Managing Director or any other employees.

- (b) The details of sitting fees and commission paid/payable for the period ended 31st March, 2010 are given below:

Non-Executive Directors	Sitting Fees (Rs. Lacs)	Profit Commission (Rs. Lacs)	Total (Rs. Lacs)
Mr. A. C. Chakrabortti	0.55	20.83	21.38
Mr. B.S. Raut	0.65	10.42	11.07
Mr. S. Salgaocar	0.20	10.42	10.62
Mr. P. Shah	0.40	10.42	10.82
Mr. M. M. Narang	0.00	21.56	21.56
Mr. R. K. Bilimoria	0.10	8.25	8.35
Mrs. D. S. Variava	0.10	4.51	4.61

- (c) Criteria of making payment to Directors :

Except for the Non-Executive Directors who are nominees of Compagnie de Saint-Gobain (CSG), the Company pays a sitting fee of Rs. 5,000/- per Non-Executive Director for attending each Meeting of the Board or Audit committee or Shareholders/ Investors Grievance Committee.

The Board of Directors has been authorised by the Shareholders of the Company in the 58th Annual General Meeting held on 24th April, 2008, to pay Commission upto 1% of the net profits of the Company to its Non-Executive Directors for a period of five years commencing from

1st January, 2009, except for the Non-Executive Directors who are nominees of CSG. The Company also pays a Commission upto 1% to the Managing Director.

- (d) Pecuniary relationship or transactions 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.

However, Mr. R. K. Bilimoria and Mrs. D. S. Variava who have resigned on 5th June, 2009, were members of the Promoters' Group. Mr. M. M. Narang is a member of the Promoters' Group. Mr. J. T. Crowe, Mr. Jean-Pierre Floris, Mr. P. Millot, Mr. O. Duval and Ms. M-A. Chupin are employees of CSG which is the ultimate holding company of Grindwell Norton Limited.

- (e) Equity shareholding of the Non-Executive Directors in the Company as on 31st March, 2010:

Name of the Non-Executive Director	No. of Shares held
Mr. M. M. Narang	3,31,500
Mr. A. C. Chakrabortti	Nil
Mr. B. S. Raut	Nil
Mr. S. Salgaocar	Nil
Mr. P. Shah	Nil
Mr. J-P. Floris	Nil
Mr. J. T. Crowe	Nil
Mr. P. Millot	Nil
Mr. O. Duval	Nil
Ms. M-A. Chupin	Nil

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Company's Shareholders/Investors Grievance Committee functioned under the Chairpersonship of Mrs. D. S. Variava, a Non-Executive Director. Subsequent to her resignation w.e.f. 5th June, 2009, Mr. B. S. Raut, a Non-Executive Director, was appointed as the Chairman of the Committee. The other Members of the Committee are Mr. P. Shah and Mr. A. Y. Mahajan. Mr. K. Visweswaran – Company Secretary is the Compliance Officer of the Committee. The Committee met two times during the period ended 31st March, 2010. The Company had received few complaints from the Shareholders and all of them had been resolved by furnishing the requisite information/documents. There were no transfers pending at the close of the financial period ended 2010.

6. GENERAL BODY MEETINGS

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

Date and Time	Venue
23rd April, 2007 at 3 p.m.	Kohinoor Continental, Andheri-Kurla Road, Andheri-East, Mumbai – 400 059.
24th April, 2008 at 2:30 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai – 400 001.
28th April, 2009 at 3:30 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai – 400 001.

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

- (b) Special Resolutions passed at last three AGMs:

Date of Annual General Meeting	Special Resolutions passed
23rd April, 2007	To keep the Register and Index of Members and other related documents at the offices of TSR Darashaw Limited., Registrar and Transfer Agents of the Company.
24th April, 2008	Authorization to pay a commission to the non whole-time directors (excluding the directors who are nominees of Compagnie de Saint-Gobain or its subsidiaries) to be divided among them in such manner as the Board of Directors may from time to time determine, of such amount not exceeding one percent of the net profits of the Company, computed in the manner prescribed under the provisions of the Companies Act, 1956, for a period of not more than five years commencing from 1st January, 2009.
28th April, 2009	Amendment to old Article 141 of Articles of Association amending the casting vote of Chairman by adding a new clause stating that 'Questions arising at any meeting of the Board shall be decided by a majority of votes. In case of equality of votes, the Chairman of any meeting shall not have a second or casting vote.'

- (c) Passing of Resolutions by Postal Ballot:

No Resolutions were put through Postal Ballot in the period ended 31st March, 2010. Resolutions, if required, shall be passed by Postal Ballot during the year 2010-11, as per the prescribed procedures.

7. DISCLOSURES

- (a) Materially significant related party transactions:

Transactions with related parties as per the requirements of Accounting Standard-18 are disclosed in Schedule 13 of this Annual Report and they are not in conflict with the interest of the Company.

- (b) Compliance:

The Company has complied with the requirements of Stock Exchanges/Securities and Exchange Board of India/statutory authorities on all matters relating to capital markets, 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

<p>Half Yearly Report</p> <p>Whether Half-yearly report sent to each household of Shareholders – No.</p> <p>The results of the Company are published in the Newspapers and displayed on Company's website.</p>
<p>Quarterly Results</p> <p>In which newspapers the financial results are normally published</p> <p>(i) Economic Times – Mumbai edition</p> <p>(ii) Maharashtra Times – Mumbai edition</p>
<p>Website(s):</p> <p>Any website (s) where financial results are displayed http://www.grindwellnorton.co.in</p>
<p>Whether it also displays the official news releases; and the presentations made to Institutional Investors and Analysts</p> <p>No</p>
<p>Whether MD&A is a part of annual report or not</p> <p>Yes</p>

9. GENERAL SHAREHOLDERS' INFORMATION

AGM : 60th Annual General Meeting
Date : Thursday, 29th July, 2010
Time : 3.00 p.m.
Venue : M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushru Dubash Marg, (Rampart Row), Mumbai – 400 001.
Calendar of Financial Results for 2010-11
(i) First Quarter Results – July, 2010
(ii) First Half Results – October, 2010
(iii) Third Quarter Results – January, 2011
(iv) Results for the year ending 31st March, 2011 – May, 2011
Dates of Book Closure
Tuesday, 22nd June, 2010 to Friday, 25th June, 2010 (both days inclusive)
Date of payment of Dividend
On or after 29th July, 2010.
Listing on Stock Exchange(s)
Bombay Stock Exchange Limited. National Stock Exchange of India Limited. The annual listing fees of Bombay Stock Exchange Limited and National Stock Exchange of India Limited have been paid for the year 2009-2010.
BSE-Stock Code
Physical - 506076
NSE – Symbol
Physical – GRINDWELL
ISIN FOR NSDL/CDSL
INE536A01023
Distribution of Shareholdings and Shareholding Pattern as on 31st March, 2010
Please see Annexure '1'
Market Price Data: High, Low during each month in the last financial year
Please see Annexure '2'
Performance in comparison to BSE Sensex (broad based index)
Please see Annexure '2'
Share Transfer System
All the transfers are processed by TSR Darashaw Limited and approved by the Share Transfer Committee of Directors which normally meets twice in a month.

Dematerialisation of shares and liquidity

41.15% of the paid-up capital has been dematerialised as on 31st March, 2010.

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

Not issued.

Promoters' Groups:

I. Indian Promoters

Mr. N. D. Sidhva Group:

- Mr. N. D. Sidhva & Family
- Mr. A. Y. 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) L. M. Van Moppes Diamond Tools India Private Limited.
- (j) Accuramech Industrial Engineering Private Limited.

Address for correspondence:

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

Annexure '1'

The Distribution of Shareholdings as on 31st March, 2010.

No. of equity shares held	No. of Holders	% of Total Holders	No. of Shares	% to Total Shares
Upto 250	9007	62.15	1069593	1.93
251 to 500	3429	23.66	1359714	2.46
501 to 1000	1067	7.36	847419	1.53
1001 to 5000	715	4.93	1556759	2.81
5001 to 10000	116	0.80	840357	1.52
10001 to 100000	108	0.75	3461617	6.25
100001 and above	50	0.35	46224541	83.50
Grand Total	14492	100.00	55360000	100.00
No. of Shareholders in Physical Mode	2803	19.34	32580231	58.85
No. of Shareholders in Electronic Mode	11689	80.66	22779769	41.15

Shareholding Pattern as on 31st March, 2010

Category	No. of Shareholders	No. of Shares	%
Promoters:			
Foreign	2	28414000	51.33
Indian	39	4043130	7.30
Insurance Companies & Banks	9	557864	1.01
UTI & Mutual Funds	5	3100974	5.60
NRIs, OCBs and FIIs	169	136575	0.25
Domestic Companies	447	1884008	3.40
Resident Individuals	13821	17223449	31.11
Total	14492	55360000	100.00

Annexure '2'

Market Price Data: GNO & Sensex: – High – Low

Period	High (Rs.)	Low (Rs.)	Sensex High	Sensex Low
Jan-09	86.80	74.00	10,469.72	8,631.60
Feb-09	81.95	75.60	9,724.87	8,619.22
Mar-09	82.00	70.05	10,127.09	8,047.17
Apr-09	98.90	75.40	11,492.10	9,546.29
May-09	109.35	84.70	14,930.54	11,621.30
Jun-09	125.90	96.00	15,600.30	14,016.95
Jul-09	108.00	86.40	15,732.81	13,219.99
Aug-09	123.00	102.10	16,002.46	14,684.45
Sep-09	132.20	107.00	17,142.52	15,356.72
Oct-09	142.00	116.10	17,493.17	15,805.20
Nov-09	164.00	117.80	17,290.48	15,330.56
Dec-09	166.70	137.25	17,530.94	16,577.78
Jan-10	162.95	139.25	17,790.33	15,982.08
Feb-10	158.90	139.90	16,669.25	15,651.99
Mar-10	168.50	145.95	17,793.01	16,438.45

10. OTHER INFORMATION

(a) CEO/CFO certification:

Pursuant to the provisions of sub-clause V of the revised Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director (CEO) and the Vice President- Finance & IT (CFO) have issued a certificate to the Board of Directors, for the accounting period ended 31st March, 2010.

(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.

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

In accordance with Clause 49 I (D) of the Listing Agreement with Stock Exchanges, I hereby confirm that, all the Board Members and Senior Management

Personnel of the Company have affirmed compliance with the Code of Conduct for the period ended 31st March, 2010.

For GRINDWELL NORTON LIMITED

Mumbai: 18th May, 2010

A. Y. MAHAJAN
MANAGING DIRECTOR

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
GRINDWELL NORTON LIMITED

We have examined the compliance of conditions of Corporate Governance by Grindwell Norton Limited (the Company) for the period ended 31st March, 2010, 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 records 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: 18th May, 2010

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

REPORT OF THE AUDITORS

TO THE MEMBERS OF
GRINDWELL NORTON LIMITED

1. We have audited the attached Balance Sheet of **GRINDWELL NORTON LIMITED**, as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the period 1st January, 2009 to 31st March, 2010 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the period ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.
5. On the basis of the written representations received from the directors as on 31st March, 2010, and taken on record by the

Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

E. K. IRANI
PARTNER

Place : Mumbai
Dated : 18th May, 2010

(Membership No. 35646)

ANNEXURE TO THE AUDITORS' REPORT

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

- (1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been reported on such verification.
- (c) In our opinion, the disposal of fixed assets during the period does not affect the going concern assumption.
- (2) (a) The Management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures for the physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (3) (a) The Company has granted unsecured loans to two parties covered in the register maintained under Section 301 of the Companies Act, 1956. ("the Act"). The amount outstanding at the year end is Rs. 3,32.88 Lacs and the maximum amount outstanding at any time during the period was Rs. 3,66.98 Lacs.
- (b) The rate of interest and other terms and conditions of the loans granted are not prejudicial to the interest of the Company.
- (c) The payment of principal amount and interest are regular.
- (d) There is no overdue amount in respect of loans granted to the parties listed in the register maintained under Section 301 of the Act.
- (e) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
- (f) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.

- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in internal controls.
- (5) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Act.
- (6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other relevant provisions of the Act are not applicable.
- (7) In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and nature of its business.
- (8) The maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Act, in respect of the activities carried on by the Company.
- (9) (a) According to the information and explanations given to us and on the basis of our examination of books of 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 above as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues outstanding of Value Added Tax, Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty or Cess on account of any dispute, other than the following:

Name of Statute	Amount (Rs. Lacs)	Forum where dispute is pending
Sales Tax/VAT	2,41.04	Commissioner (Appeals)/ High Court
Excise Duty	2,81.02	Commissioner (Appeals)/ Tribunal
Non-Agricultural Land Cess	35.97	Revenue Department

- (10) The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial period.

- (11) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to banks. The Company does not have dues to financial institutions or debenture holders.
- (12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
- (14) In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments.
- (15) According to the information and explanations given to us and based on the documents and records produced to us, the Company has given a corporate guarantee for loans taken by the subsidiary from banks or financial institutions. 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 period.
- (17) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investment.
- (18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.
- (19) The Company did not have outstanding debentures during the period.
- (20) The Company has not raised any money through a public issue during the period.
- (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 period.

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

E. K. IRANI
 PARTNER

Place : Mumbai
 Dated : 18th May, 2010

(Membership No. 35646)

BALANCE SHEET AS AT 31st MARCH, 2010

	Schedules	(Rs. Lacs)	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
(a) Capital	1	27,68.00		27,68.00
(b) Reserves and Surplus	2	329,65.01		281,08.36
			357,33.01	308,76.36
2. DEFERRED TAX LIABILITY			8,08.37	4,36.67
			365,41.38	313,13.03
APPLICATION OF FUNDS				
1. FIXED ASSETS	3			
(a) Gross Block		295,91.99		258,23.95
(b) Less: Depreciation		113,58.09		100,46.32
(c) Net Block		182,33.90		157,77.63
(d) Capital Work in Progress		6,82.24		23,49.20
			189,16.14	181,26.83
2. INVESTMENTS	4		50,12.98	62,71.97
3. CURRENT ASSETS, LOANS & ADVANCES	5			
(a) Inventories		93,55.01		100,84.09
(b) Sundry Debtors		84,98.77		70,70.49
(c) Cash & Bank Balances		81,95.99		16,51.78
(d) Accrued Interest		24.73		20.47
(e) Loans & Advances		27,87.92		22,69.66
		288,62.42		210,96.49
Less: CURRENT LIABILITIES & PROVISIONS	6			
(a) Liabilities		113,76.36		99,28.07
(b) Provisions		48,73.80		42,54.19
		162,50.16		141,82.26
NET CURRENT ASSETS			126,12.26	69,14.23
			365,41.38	313,13.03
NOTES TO ACCOUNTS	12			

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

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Membership No. 35646
Mumbai: 18th May, 2010

Signatures to Balance Sheet and Schedules 1 to 6 & 12

A. C. CHAKRABORTTI Chairman

A. Y. MAHAJAN Managing Director

K. VISWESWARAN Company Secretary

Mumbai: 18th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE FIFTEEN MONTHS ENDED 31st MARCH, 2010

	<u>Schedules</u>	<u>(Rs. Lacs)</u>	<u>(Rs. Lacs)</u>	<u>For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)</u>	<u>For the Year Ended 31st December, 2008 (Rs. Lacs)</u>
INCOME					
Sales		745,03.86			555,53.18
Less: Excise Duty		(42,67.77)			(53,41.54)
Net Sales			702,36.09		502,11.64
Miscellaneous Income	7		24,31.39		22,14.45
				726,67.48	524,26.09
EXPENDITURE					
Raw Materials Consumed	8		250,34.14		189,37.78
Purchase of Trading Goods			52,40.08		37,71.25
Manufacturing, Administration and Selling Expenses	9		274,57.69		218,51.29
Interest	10		25.48		60.55
Debts and Advances Provided/(Written Back) (Net)			1.03		(54.38)
Depreciation	3	17,99.22			14,12.62
Less: Transfer from Revaluation Reserve	2	(20.64)			(16.54)
			17,78.58		13,96.08
			595,37.00		459,62.57
Add/Less: Decrease/(Increase) in Inventory	11		9,00.32		(14,48.04)
				604,37.32	445,14.53
Profit before Exceptional Item				122,30.16	79,11.56
Exceptional Item (Refer Schedule 12, Note 5)				7,72.11	—
Profit before Tax and after Exceptional Item				130,02.27	79,11.56
Provision for:					
Income Tax			38,55.00		22,95.15
Deferred Tax			3,71.70		50.87
Fringe Benefit Tax			25.00		65.00
				42,51.70	24,11.02
Profit after Tax				87,50.57	55,00.54
Surplus Brought Forward				35,00.00	25,00.02
PROFIT AVAILABLE FOR APPROPRIATION				122,50.57	80,00.56
APPROPRIATIONS					
Proposed Dividend				33,21.60	22,14.40
Provision for Tax on Proposed Dividend				5,51.68	3,76.34
Transfer to General Reserve				33,77.29	19,09.82
Surplus Carried Forward				50,00.00	35,00.00
				122,50.57	80,00.56
Basic & Diluted Earnings Per Share				15.81	9.94

NOTES TO ACCOUNTS

12

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

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Membership No. 35646
Mumbai: 18th May, 2010

Signatures to Profit & Loss Account and Schedules 7 to 12

A. C. CHAKRABORTTI

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 18th May, 2010

SCHEDULES FORMING PART OF THE ACCOUNTS

	(Rs. Lacs)	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
SCHEDULE 1 : CAPITAL			
AUTHORISED			
5,60,00,000 Equity Shares of Rs. 5/- each		28,00.00	28,00.00
ISSUED, SUBSCRIBED AND PAID-UP			
5,53,60,000 Equity Shares of Rs. 5/- each, fully paid-up		27,68.00	27,68.00
		27,68.00	27,68.00
NOTES :			
Of the above Equity Shares :			
(a) 2,80,000 Equity Shares of Rs. 5/- each were allotted as fully paid pursuant to a contract without payment being received in cash.			
(b) 4,69,11,440 Equity Shares of Rs. 5/- each were allotted as fully paid Bonus Shares by capitalising Share Premium, Profits & Reserves.			
(c) 1,48,17,760 Equity Shares of Rs. 5/- each are held by Saint-Gobain Abrasives Inc., 1,35,96,240 Equity Shares of Rs. 5/- each are held by Societe de Participations Financieres et Industrielles (formerly Saint-Gobain Promotion et Participations Internationales) and 1,50,000 Equity Shares of Rs. 5/- each are held by Saint-Gobain Glass India Ltd., the subsidiaries of Compagnie de Saint-Gobain, the ultimate holding company.			
SCHEDULE 2 : RESERVES AND SURPLUS			
1. SHARE PREMIUM ACCOUNT			
As per last Balance Sheet		34,82.82	34,82.82
2. REVALUATION RESERVE			
As per last Balance Sheet	4,39.31		4,55.85
Transfer to Depreciation	(20.64)		(16.54)
		4,18.67	4,39.31
3. GENERAL RESERVE			
As per last Balance Sheet	206,86.23		187,76.41
Transfer from Profit & Loss Account	33,77.29		19,09.82
		240,63.52	206,86.23
4. PROFIT & LOSS ACCOUNT			
		50,00.00	35,00.00
		329,65.01	281,08.36



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 3 : FIXED ASSETS

(Rs. Lacs)

ASSETS	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 01.01.2009	Additions	Deductions	As at 31.03.2010	Upto 01.01.2009	For the Period	On Sales	Upto 31.03.2010	As at 31.03.2010	As at 31.12.2008
TANGIBLE ASSETS										
Land – Freehold	12,28.02	—	—	12,28.02	—	—	—	—	12,28.02	12,28.02
Land – Leasehold	90.85	—	—	90.85	12.31	1.14	—	13.45	77.40	78.54
Buildings #	60,37.31	15,01.88	—	75,39.19	12,08.86	1,89.38	—	13,98.24	61,40.95	48,28.45
Plant & Machinery	140,19.72	25,52.55	2,21.98	163,50.29	67,79.39	10,86.25	1,57.46	77,08.18	86,42.11	72,40.33
Computers	10,18.08	1,16.51	43.34	10,91.25	7,79.86	1,26.41	34.20	8,72.07	2,19.18	2,38.22
Furniture, Fixtures & Office Equipment	11,72.94	1,49.26	46.35	12,75.85	4,43.41	77.96	15.59	5,05.78	7,70.07	7,29.53
Vehicles	2,24.21	88.96	92.48	2,20.69	67.77	26.49	39.15	55.11	1,65.58	1,56.44
INTANGIBLE ASSETS										
Computer Software	1,61.52	4.08	38.60	1,27.00	90.32	39.39	38.60	91.11	35.89	71.20
Goodwill	3,23.92	—	—	3,23.92	72.79	40.38	—	1,13.17	2,10.75	2,51.13
Technical Know How	3,54.29	—	—	3,54.29	1,59.16	88.33	—	2,47.49	1,06.80	1,95.13
Trade Marks	4,06.40	—	2,02.45	2,03.95	2,55.03	25.42	2,02.45	78.00	1,25.95	1,51.37
Other Intangibles	7,86.69	—	—	7,86.69	1,77.42	98.07	—	2,75.49	5,11.20	6,09.27
Total	258,23.95	44,13.24	6,45.20	295,91.99	100,46.32	17,99.22	4,87.45	113,58.09	182,33.90	
Previous Year's Total	225,63.86	36,66.72	4,06.63	258,23.95	88,85.61	14,12.62	2,51.91	100,46.32		157,77.63
Capital Work-in- Progress (includes advances on capital account of Rs. 91.74 Lacs – Previous Year – Rs. 5,47.31 Lacs).									6,82.24	23,49.20
									189,16.14	181,26.83

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

SCHEDULES FORMING PART OF THE ACCOUNTS

	Nos.	Face Value (Rs.)	(Rs. Lacs)	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
SCHEDULE 4 : INVESTMENTS					
AT COST					
LONG TERM					
TRADE					
EQUITY SHARES (fully paid-up)					
Unquoted :					
Andhra Pradesh Gas Power Corporation Ltd.	21,86,880	10		2,73.36	2,73.36
Shivalik Solid Waste Management Ltd.	20,000	10		2.00	2.00
In Subsidiary Company :					
Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd. ***	15,86,667	100		15,86.67	12,40.00
	(12,40,002)				
NON-TRADE					
EQUITY SHARES (fully paid-up)					
Quoted :					
John Oakey & Mohan Ltd.	1,900	10		0.16	0.16
Unquoted :					
(Companies under the same management)					
Saint-Gobain Glass India Ltd.	25,00,000	10	24,99.99		24,99.99
Saint-Gobain India Foundation	100	10	0.01		0.01
				25,00.00	25,00.00
OTHER SECURITIES					
Unquoted :					
CAPITAL GAINS BONDS					
5.50% Rural Electrification Corporation Ltd.	500	10,000		50.00	50.00
MUTUAL FUNDS					
Debt Funds – Fixed Maturity Plan – Growth Plan					
JM Fixed Maturity Fund – Series VII – 18 Months Plan 1 - Institutional Growth **	(10,00,000)	10	—		1,00.00
Kotak FMP 13M Series 6 - Growth *	10,00,000	10	1,00.00		—
Taurus Fixed Maturity Plan 385 Days Series 1 – Institutional Growth *	10,00,000	10	1,00.00		—
Religare FMP – 3 Months – Series XXV Dividend *	10,00,000	10	1,00.00		—
Axis Fixed Term Plan – Series 1 (384 Days) – Retail Growth *	10,00,000	10	1,00.00		—
DSP BlackRock FMP 13M Series 2 – Growth *	10,00,000	10	1,00.00		—

SCHEDULES FORMING PART OF THE ACCOUNTS

	Nos.	Face Value (Rs.)	(Rs. Lacs)	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
SCHEDULE 4 : INVESTMENTS (Continued)					
Derivative Funds					
Kotak Equity Arbitrage Fund – Dividend *	9,49,890	10	1,00.79		—
				6,00.79	1,00.00
CURRENT					
OTHER SECURITIES					
Unquoted :					
MUTUAL FUNDS					
Debt Funds – Floating Rate Funds – Dividend Plan					
Tata Floater Fund – Daily Dividend **	(50,01,986)	10	—		5,01.98
DSP BlackRock Floating Rate Fund – Institutional Plan – Daily Dividend **	(60,189)	1,000	—		6,01.89
Liquid/Money Plus Funds – Dividend Plan					
Sundaram BNP Paribas Liquid Plus Institutional Plan – Dividend Reinvestment – Daily **	(49,92,409)	10	—		5,00.49
DWS Liquid Plus Fund – Institutional Daily Dividend **	(50,13,320)	10	—		5,02.09
				—	21,06.45
				50,12.98	62,71.97

NOTES :

- * Purchased/Allotted during the period.
- ** Sold/Redeemed during the period.
- *** Difference in No. of shares/units between Previous Year & Current Period, is on account of purchase/sale during the current period.
- For details of Investment & Redemption of Units during the period, Refer Schedule 12, Note 20.

5. COST

Quoted	0.16	0.16
Unquoted	50,12.82	62,71.81

6. MARKET VALUE

Quoted	0.26	0.26
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7. MUTUAL FUNDS

Cost	6,00.79	22,06.45
Repurchase Price	6,02.44	22,16.80

- Figures in brackets indicate that of Previous Year.

SCHEDULES FORMING PART OF THE ACCOUNTS

	(Rs. Lacs)	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
SCHEDULE 5 : CURRENT ASSETS, LOANS & ADVANCES			
1. INVENTORIES			
Stores and Spare Parts	4,54.65		3,15.13
Raw Materials	29,03.18		33,79.40
Raw Materials in Transit	10,25.91		5,17.97
Finished Goods :			
Manufactured	25,94.99		28,72.54
Trading	3,76.10		8,82.58
Work-in-Process	20,00.18		21,16.47
		93,55.01	100,84.09
2. SUNDRY DEBTORS			
(Unsecured and considered good unless otherwise stated)			
Over six months	7,58.52		7,47.85
Others	81,35.53		67,44.98
	88,94.05		74,92.83
Less: Provision for doubtful debts	3,95.28		4,22.34
		84,98.77	70,70.49
Sundry Debtors include Rs. 3,95.28 Lacs – (Previous Year – Rs. 4,22.34 Lacs) – considered doubtful			
3. CASH AND BANK BALANCES			
Cash and Cheques on hand and remittances in transit	16,77.30		11,21.44
With Scheduled Banks :			
On Current Account	19,21.44		5,28.09
On Deposit Account	45,97.25		2.25
		81,95.99	16,51.78
4. ACCRUED INTEREST		24.73	20.47
5. LOANS AND ADVANCES			
(Unsecured and considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received including Rs. 48.60 Lacs – (Previous Year – Rs. 45.78 Lacs) – considered doubtful	18,90.70		14,33.44
Demand Deposits with Excise and Customs Departments	2,84.37		2,71.67
Other Deposits	6,61.45		6,10.33
	28,36.52		23,15.44
Less: Provision for doubtful advances	48.60		45.78
		27,87.92	22,69.66
		288,62.42	210,96.49

SCHEDULES FORMING PART OF THE ACCOUNTS

	(Rs. Lacs)	(Rs. Lacs)	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
SCHEDULE 6 : CURRENT LIABILITIES AND PROVISIONS				
1. LIABILITIES				
Sundry Creditors :				
Due to Micro, Small and Medium Enterprises	86.37			1,19.00
Others	56,76.34			40,33.79
		57,62.71		41,52.79
Trade Deposits		2,59.28		2,18.66
Unclaimed Dividend		55.02		49.43
Investor Education and Protection Fund		—		—
Other Liabilities		52,99.35		55,07.19
			113,76.36	99,28.07
2. PROVISIONS				
For Taxation				
On Income (Net of Advance Tax of Rs. 213,25.73 Lacs – Previous Year – Rs. 172,66.83 Lacs)		1,08.61		2,87.51
On Proposed Dividend		5,51.68		3,76.34
		6,60.29		6,63.85
For Proposed Dividend		33,21.60		22,14.40
For Leave Encashment		8,91.91		6,03.83
For Contingencies (Refer Schedule 12, Note 5)		—		7,72.11
			48,73.80	42,54.19
			162,50.16	141,82.26
			For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
SCHEDULE 7 : MISCELLANEOUS INCOME				
Commission			24.68	91.09
Interest (Gross) :				
From Long term Investments (Non-trade)		3.44		2.46
Others		1,09.32		1,16.21
(Tax deducted – Rs. 2.07 Lacs – Previous Year – Rs. 2.17 Lacs)				
			1,12.76	1,18.67
Dividends from Investments (Non-trade) :				
From Long Term Investments		1.52		1,75.85
From Current Investments		2,29.75		68.20
			2,31.27	2,44.05
Sales Tax Refund			—	28.27
Service Income			8,56.02	5,98.40
Gain on prepayment of Deferred Sales Tax			—	2,09.96
Profit on Sale of Investments :				
From Long Term Investments		14.37		1,48.60
From Current Investments		21.61		34.23
			35.98	1,82.83
Others			11,70.68	7,41.18
			24,31.39	22,14.45

SCHEDULES FORMING PART OF THE ACCOUNTS

	(Rs. Lacs)	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
SCHEDULE 8 : RAW MATERIALS CONSUMED			
Opening Stock of			
Raw Materials	33,79.40		19,38.54
Raw Materials in Transit	5,17.97		3,72.04
		38,97.37	23,10.58
Add: Purchases		250,65.86	205,43.29
		289,63.23	228,53.87
Less: Closing Stock of			
Raw Materials	29,03.18		33,79.40
Raw Materials in Transit	10,25.91		5,17.97
		39,29.09	38,97.37
		250,34.14	189,56.50
Less: Capitalised/Transferred to Capital Work in Progress		—	(18.72)
		250,34.14	189,37.78
SCHEDULE 9 : MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES			
Stores and Spare Parts Consumed		16,37.73	12,42.62
Processing Charges		17,56.87	12,97.10
Salaries, Wages, Bonus and Gratuity (Refer Schedule 12, Note 9)	77,49.04		52,29.25
Contribution to Provident and other Funds	4,95.62		3,80.83
Staff Welfare	7,67.21		6,14.76
		90,11.87	62,24.84
Power and Fuel		47,72.07	42,88.23
Freight, Octroi and Packing Expenses		34,50.01	28,93.46
Repairs and Maintenance :			
Buildings	1,49.14		50.09
Machinery	2,79.41		4,05.03
Others	93.45		1,11.77
		5,22.00	5,66.89
Rent		1,65.87	1,24.63
Rates and Taxes		1,89.93	1,24.06
Insurance		75.03	71.63
Travelling and Conveyance		8,53.22	8,49.11
Commission and Discount on Sales		15,43.50	13,59.24
Royalties		5,34.64	4,19.69
Loss on assets discarded/sold (Net)		1,21.30	88.98
Miscellaneous		28,46.82	23,74.81
		274,80.86	219,25.29
Less: Capitalised/Transferred to Capital Work in Progress		(23.17)	(74.00)
		274,57.69	218,51.29

SCHEDULES FORMING PART OF THE ACCOUNTS

	(Rs. Lacs)	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
SCHEDULE 10 : INTEREST			
ON LOANS/DEPOSITS			
Banks	1.33		42.51
Others	24.15		18.04
		25.48	60.55
		25.48	60.55
SCHEDULE 11 : DECREASE/(INCREASE) IN INVENTORY			
Opening Stock of			
Finished Goods :			
Manufactured	28,72.54		19,00.83
Trading	8,82.58		6,16.98
Work-in-Process	21,16.47		19,05.74
		58,71.59	44,23.55
Less: Closing Stock of			
Finished Goods :			
Manufactured	25,94.99		28,72.54
Trading	3,76.10		8,82.58
Work-in-Process	20,00.18		21,16.47
		49,71.27	58,71.59
		9,00.32	(14,48.04)

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS

1. Significant Accounting Policies :

(i) **Method of Accounting :**

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

(ii) **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.

(iii) **Investments :**

(a) Long Term Investments are valued at cost less provision for diminution in value, if the diminution is other than temporary.

(b) Current Investments are stated at lower of cost and fair value.

(iv) **Inventories :**

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

(v) **Revenue Recognition :**

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

(vi) **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.

(vii) **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.

(viii) **Employee Benefits :**

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

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

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

(i) **Defined Contribution Plans :**

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

(ii) **Defined Benefit Plans :**

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

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

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

(iii) **Other long-term employee benefits :**

Other long-term employee benefit viz., leave encashment is recognised as an expense in the profit and loss account as and when it accrues. The Company determines the liability using the Projected Unit Credit

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS (Continued)

Method, with actuarial valuation carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefit is charged to the profit and loss account.

(ix) **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.

(x) **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.

(xi) **Depreciation/Amortisation :**

On Tangible Assets :

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

On Intangible Assets :

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

- (i) Computer Software : 3 Years
- (ii) Goodwill : 10 Years
- (iii) Technical Know-How : 5 Years
- (iv) Trademark : Licence Period/10 Years (whichever is lower)
- (v) Other Intangibles : 10 Years

(xii) **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.

(xiii) **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.

(xiv) **Provisions and Contingencies :**

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

2. The Company has changed its accounting year from January – December to April – March with effect from the current year. Accordingly, the current period's financial statements are for fifteen months from 1st January, 2009 to 31st March, 2010. The previous year's figures relate to 12 months ended 31st December 2008 and hence current period's figures are not strictly comparable to previous year.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS (Continued)

3. Contingent liabilities not provided for in respect of :

	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
a. Excise Duty demands/show cause notices pending with the appropriate authorities and disputed by the Company	3,20.60	3,09.35
b. Sales Tax/VAT demands pending with the Commissionerate/High Court and disputed by the Company	2,41.04	3,56.15
c. Custom Duty demands pending with Appellate Tribunal and disputed by the Company	—	10.43
d. Claims against the Company under the Labour Laws for disputed cases	26.44	5.12
e. Demand raised by A.P. Transco on surplus units allocated, disputed by the Company & subjudice in High Court (Net)	4,84.72	2,95.70
f. Guarantees given by Banks, of which Rs. 2,23.13 Lacs (Previous Year – Rs. 3,39.67 Lacs) is counter guaranteed by the Company	2,23.13	18,39.67
g. Guarantees given on behalf of Subsidiary Company	8,39.08	6,29.34
h. Letters of credit issued by banks on behalf of the Company	19.83	—
i. Non-Agricultural Land Cess	35.97	35.97
j. Other Claims against the Company not acknowledged as debts	48.24	48.24

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

5. Provisions :

The Company has made provisions for the following :

	For the Fifteen Months Ended 31st March, 2010		For the Year Ended 31st December, 2008	
	Leave Encashment	Other Risks	Leave Encashment	Other Risks
Opening Balance	6,03.83	7,72.11	4,47.89	7,72.11
Provision made during the period/year	3,49.19	—	2,23.34	—
Utilisation during the period/year	(61.11)	—	(67.40)	—
Provision reversed during the period/year	—	*(7,72.11)	—	—
Closing Balance	8,91.91	—	6,03.83	7,72.11

* Andhra Pradesh Electricity Regulatory Commission vide its Order dated 24th March, 2002, had approved increase in the Power Cost in the nature of "Wheeling Charges", as proposed by A. P. Transco, effective 1st April, 2002. The Wheeling charges were proposed to be recovered in cash and by compensation in kind for system losses. The Company had contested the said Order in the Honourable Andhra Pradesh High Court (Court). Pending decision, the Company had provided the cash component of Wheeling Charges of Rs. 7,72.11 lacs under the head "Power and Fuel" for the period April 2002 to December 2004. On 18th April, 2003, the Court allowed the appeal filed by the Company and passed a favourable order. A. P. Transco then filed a Special Leave Petition in the Honourable Supreme Court against the order of the

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS (Continued)

Court and the matter is still subjudice. Based on the legal advice, the Company discontinued making further provision from January 2005. After internal review of the matter and based on the legal advice, the Company is now of the view that the earlier provision of Rs. 7,72.11 lacs is no longer required and hence the same has been reversed and disclosed under the head "Exceptional Item".

6. The Company has been in possession of land at Tirupati, on which its Silicon Carbide Plant was erected, since 1978. The transfer formalities for the said land were not completed because of a dispute relating to the lease rent payable. The Company had paid lease rental (inclusive of penalty upto 1997) of Rs. 30 lacs for the period 1978 to 2004. The Company has also provided for lease rent in respect of 90 acres of land for the period 2004 to date at the rates prevailing for 2004, pending the finalisation of the lease agreement.
7. Estimated amount of capital commitments (net of advances of Rs. 91.74 Lacs) not provided for Rs. 4,95.11 Lacs [Previous Year – Rs. 10,14.26 Lacs (net of advances of Rs. 5,47.31 Lacs)].
8. Exchange difference arising on foreign currency transactions amounting to Rs. 1,82.98 Lacs (Net Gain) (Previous Year – Rs. 56.16 Lacs – Net Loss) has been accounted under respective heads.
9. During the period, the Company has amended the terms and conditions of the Group Gratuity Scheme. Consequent to this, the impact of Rs. 2,76.15 Lacs has been charged under the head "Salaries, Wages, Bonus and Gratuity".
10. The tax effects of significant timing differences that resulted in deferred tax assets and liabilities are :

	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
Depreciation on Fixed Assets	(15,86.66)	(13,23.86)
Provision for Doubtful Debts and Advances	1,50.87	1,59.12
Compensation under Voluntary Retirement Schemes	—	1.15
Provision for Contingencies	—	2,62.44
Others	6,27.42	4,64.48
Deferred Tax Liability	(8,08.37)	(4,36.67)

	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008
11. Earnings Per Share :		
(a) Profit after tax (Rs. Lacs)	87,50.57	55,00.54
(b) Weighted Average Number of Equity Shares outstanding (Nominal Value of Shares Rs. 5)	5,53,60,000	5,53,60,000
(c) Earnings per share (Basic & Diluted) in Rs.	15.81	9.94

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS (Continued)

12. The Company has amounts due to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) as at 31st March, 2010. The disclosure pursuant to the said Act is as under :

	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
Principal amount due	86.37	1,19.00
Interest due on above	0.84	1.05
Payment made after the due dates	12,66.48	8,15.29
Interest payable for payments made after due date	10.01	2.45
Interest paid	—	—

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

	(Rs. Lacs)	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
13. Revenue expenditure on Research & Development charged to the Profit and Loss Account		1,21.91	79.15
14. (i) Managerial remuneration u/s 198 of the Companies Act 1956 :			
(a) Managing Director & Executive Director			
Salaries	2,07.42		1,39.44
Commission	1,36.17		73.65
Contribution to Provident Fund and other Funds	49.69		36.27
Perquisites	47.78		35.98
		4,41.06	2,85.34
(b) Non-wholetime Directors			
Commission		86.41	53.50
		5,27.47	3,38.84
(c) Sitting Fees		2.00	2.10
(ii) Computation of Net Profits in accordance with Section 198 of the Companies Act, 1956, and the commission payable to Directors :			
Profit after tax as per Profit and Loss Account		87,50.57	55,00.54
Add:			
Provision for :			
Income Tax	38,55.00		22,95.15
Deferred Tax	3,71.70		50.87
Fringe Benefit Tax	25.00		65.00
Managerial Remuneration	5,27.47		3,38.84
Sitting Fees	2.00		2.10
Loss on assets discarded/sold (Net)	1,21.30		88.98
		49,02.47	28,40.94
		136,53.04	83,41.48
Less:			
Profit on Sale of Investments		35.98	1,82.83
		136,17.06	81,58.65
Commission payable to :			
(a) Managing Director		1,36.17	73.65
(b) Other Directors		86.41	53.50

The total remuneration as stated above in 14(i)(a) and 14(i)(b) is within the maximum permissible limit under the Act.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS (Continued)

	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
15. Advances recoverable in cash or in kind include :		
Loan due from directors of the Company	3,32.88	3,66.01
Maximum Amount due at any time during the period/year	3,66.98	3,92.45

	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
16. Amounts paid to Auditors :		
(i) Audit Fees	14.38	11.50
(ii) Audit under other Statutes	2.50	2.00
(iii) Tax representation before Authorities	0.29	3.15
(iv) Certification	6.16	4.86
(v) Reimbursement of Expenses	1.03	0.98

17. I. Value of Raw Materials Consumed :

	Unit	For the Fifteen Months Ended 31st March, 2010		For the Year Ended 31st December, 2008	
		Quantity	(Rs. Lacs)	Quantity	(Rs. Lacs)
(i) Abrasive Grains	Tons	15,221.48	87,82.61	13,639.30	65,02.83
(ii) Carbon Materials	Tons	15,039.00	8,66.35	12,923.40	9,36.71
(iii) Others			180,47.88		131,61.12

II. Value of Imported and Indigenous Materials Consumed :

	For the Fifteen Months Ended 31st March, 2010		For the Year Ended 31st December, 2008	
	%	(Rs. Lacs)	%	(Rs. Lacs)
(i) Imported Raw Materials	49.45	136,96.73	49.91	102,81.66
(ii) Indigenous Raw Materials	50.55	140,00.11	50.09	103,19.00
(iii) Imported Stores & Spares	2.04	33.37	1.13	13.91
(iv) Indigenous Stores & Spares	97.96	16,04.36	98.87	12,28.71

Note : Raw Materials consumed include captive consumption.

	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
18. Value of Imports on CIF Basis :		
(i) Raw Materials & Trading Goods	167,58.72	138,18.19
(ii) Spare Parts	57.51	50.96
(iii) Capital Goods	6,19.42	3,95.67
(iv) Others	3,43.60	3,53.26

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS (Continued)

19. Quantitative Details :

I. Capacities per annum, Production and Sales for the fifteen months ended 31st March, 2010 :

Class of Goods	Units	Installed Capacity	Production	Opening Stock	Closing Stock	Sales	
						Quantity	Rs. Lacs
Bonded Abrasives	Tons	17,503.60 (17,479.00)	12,956.75 (11,344.93)	1,163.95 (792.88)	1,151.48 (1,163.95)	12,969.22 (10,973.86)	282,53.22 (222,74.86)
Coated Abrasives	Sqm. in Million	5.40 (5.36)	3.55 (3.21)	0.27 (0.17)	0.29 (0.27)	3.53 (3.11)	208,97.77 (155,63.26)
Abrasive Grains	Tons	18,000.00 (15,000.00)	14,057.95 (10,305.95)	413.15 (176.31)	535.75 (413.15)	13,935.35 (10,069.11)	105,62.15 (65,56.17)
Refractories	Tons	1,600.00 (1,600.00)	2,315.08* (2,201.35)*	— —	— —	2,315.08 (2,201.35)	35,71.31 (30,00.15)
Others							112,19.41 (81,58.74)
Total							745,03.86 (555,53.18)

The Sales value mentioned above includes sale of bought out goods of Rs. 79,64.03 Lacs (Previous Year – Rs. 54,66.84 Lacs).

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

II. Notes :

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

20. Investment and Redemption of Mutual Fund Units during the fifteen months ended 31st March, 2010 :

	Units in Lacs	Rs. Lacs
DSP BlackRock Floating Rate Fund – Institutional Plan – Daily Dividend	2.43	24,26.69
DSP BlackRock Liquidity Fund – Institutional Premium – Daily Dividend	0.20	2,00.06
DSP BlackRock Short Term Fund – Weekly Dividend	99.42	10,12.11
DSP BlackRock Cash Manager Fund – Institutional Plan – Daily Dividend	3.30	33,00.33
DSP BlackRock Strategic Bond Fund – Institutional Plan – Daily Dividend	0.40	4,00.45
Sundaram BNP Paribas Ultra Short Term Fund – Institutional – Dividend Reinvestment – Daily	49.94	5,00.67
Sundaram BNP Paribas Ultra Short Term Fund – Super Institutional – Dividend Reinvestment – Daily	85.36	8,55.81
Sundaram BNP Paribas Money Fund – Institutional Plan – Daily Dividend Reinvestment	34.67	3,50.04
Sundaram BNP Paribas Flexible Fund – Short Term – Institutional Plan – Growth	7.17	1,00.01
Templeton India Treasury Management Account – Super Institutional – Daily Dividend Reinvestment	1.00	10,00.08
Templeton Floating Rate Income Fund – Long Term – Super Institutional – Daily Dividend Reinvestment	1,01.03	10,10.98

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS (Continued)

20. Investment and Redemption of Mutual Fund Units during the fifteen months ended 31st March, 2010 (Continued) :	Units in Lacs	Rs. Lacs
DWS Insta Cash Plus Fund – Institutional Plan – Daily Dividend	1,19.43	12,00.50
DWS Ultra Short Term Fund – Institutional – Daily Dividend	1,00.66	10,08.27
DWS Money Plus Fund – Institutional – Daily Dividend	50.90	5,09.42
DWS Cash Opportunities Fund – Institutional Plan – Daily Dividend	56.91	5,70.43
DWS Cash Opportunities Fund – Regular Plan – Daily Dividend	50.35	5,04.54
HDFC Cash Management Fund – Savings Plan – Daily Dividend Reinvestment	1,41.04	15,00.20
HDFC High Interest Fund – Short Term Plan – Growth	11.45	2,00.02
HDFC Cash Management Fund – Treasury Plan – Wholesale – Daily Dividend Reinvestment	1,50.81	15,12.84
Fortis Money Plus – Institutional Plan – Daily Dividend	1,23.25	12,32.88
Fortis Overnight Fund – Institutional – Daily Dividend	2,03.26	20,33.25
Kotak Liquid – Institutional Premium – Daily Dividend	4,25.36	52,01.31
Kotak Floater Long Term – Daily Dividend	3,19.70	32,22.56
Kotak Flexi Debt Scheme Institutional – Daily Dividend	1,40.67	14,13.38
ICICI Prudential Liquid Super Institutional Plan – Dividend – Daily	27.50	27,50.24
ICICI Prudential Flexible Income Plan Premium – Daily Dividend	1,72.15	28,19.30
ICICI Prudential Institutional Liquid Plan – Super Institutional Daily Dividend	2,10.24	21,02.79
ICICI Prudential Ultra Short Term Plan – Premium Plus – Daily Dividend	3,56.48	35,71.29
ICICI Prudential Institutional Short Term Plan – Cumulative Option	5.38	1,00.00
UTI Liquid Cash Plan – Institutional – Daily Income Option – Reinvestment	0.78	8,00.05
UTI Treasury Advantage Fund – Institutional Plan – Daily Dividend Option – Reinvestment	0.20	2,01.45
UTI Floating Rate Fund – Short Term Plan – Institutional – Daily Dividend Plan – Reinvestment	0.30	3,02.20
Reliance Liquid Fund – Treasury Plan – Institutional Option – Daily Dividend Option	13.08	2,00.02
Reliance Floating Rate Fund – Daily Dividend – Reinvestment Plan	89.38	9,00.08
Reliance Medium Term Fund – Daily Dividend Plan	52.95	9,05.21
Reliance Money Manager Fund – Institutional Option – Daily Dividend Plan	0.40	4,00.17
Baroda Pioneer Liquid Fund – Institutional – Daily Dividend Plan	69.96	7,00.07
Baroda Pioneer Treasury Advantage Fund – Institutional – Daily Dividend Plan	70.22	7,02.87
Bharti AXA Liquid Fund – Institutional Plan – Daily Dividend Reinvestment	0.50	5,00.05
Bharti AXA Treasury Advantage Fund – Institutional Plan – Daily Dividend Reinvestment	0.80	8,01.07
Birla Sun Life Cash Plus – Institutional Premium – Daily Dividend – Reinvestment	54.90	5,50.05
Birla Sun Life Savings Fund – Institutional – Daily Dividend – Reinvestment	55.19	5,52.26
LIC Mutual Fund Liquid Fund – Dividend Plan	1,63.95	18,00.19
LIC Mutual Fund Floating Rate Fund – Short Term Plan – Daily Dividend	60.15	6,01.52
LIC Mutual Fund Savings Plus Fund – Daily Dividend Plan	1,80.73	18,07.31
SBI Premier Liquid Fund – Institutional – Daily Dividend	22.94	2,30.10
JP Morgan India Liquid Fund – Super Institutional – Daily Dividend Plan Reinvestment	3,94.73	39,50.38
JP Morgan India Treasury Fund – Super Institutional – Daily Dividend Plan Reinvestment	3,96.46	39,68.10
DBS Cholamandalam (now L&T) Liquid Instalment Daily Dividend – Reinvestment Plan	19.77	2,00.01
DBS Cholamandalam (now L&T) Select Income Fund – Flexi Debt Institutional – Dividend	20.01	2,00.71
Religare Liquid Fund – Institutional – Daily Dividend	9.99	1,00.01
Religare Ultra Short Term Fund – Institutional Daily Dividend	10.02	1,00.45
Total		630,84.78

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS (Continued)

21. 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 Rs. 1,72.46 Lacs (Previous Year – Rs. 2,88.09 Lacs), being the difference between the opening and closing stock of finished goods is debited to Miscellaneous Expenses under Schedule 9.
22. The Company has not provided any loans and advances in the nature of loan to its subsidiary during the period (Previous Year Rs. Nil) and hence disclosure under clause 32 of the listing agreement is not made.

	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
23. Expenditure in Foreign Currency :		
(i) Export Sales Commission	27.79	20.27
(ii) Foreign Travel	87.26	90.36
(iii) Royalties	5,25.23	4,09.57
(iv) Others	98.42	74.61
24. Amount remitted in Foreign Currency on account of :		
Dividend	11,36.56	11,36.56
Number of Non-Resident Shareholders	2	2
Number of Shares held	2,84,14,000	2,84,14,000
Years to which Dividend relates	2008	2007
25. Earnings in Foreign Exchange :		
(i) Exports of goods on FOB Basis	77,64.15	67,62.59
(ii) Freight on Exports	59.50	62.21
(iii) Insurance on Exports	0.02	0.06
(iv) Commission	24.68	91.08
(v) Export of Services	4,92.01	2,34.80
(vi) Other Income	1,17.11	1,30.56

26. 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, 2010 :

Currency	No. of Contracts	Value in Lacs	Equivalent Rs. Lacs
USD	17 (16)	36.36 (26.98)	16,39.76 (13,07.98)
EURO	8 (10)	7.30 (11.07)	4,41.27 (7,52.39)

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, 2010. Foreign currency exposure (net) not hedged by forward contracts as on 31st March, 2010 is Rs. 2,91.97 Lacs (Previous Year – Rs. 3,05.91 Lacs).

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS (Continued)

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

Employee Benefits :

I. Defined Contribution Plans :

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

	For the Fifteen Months Ended 31st March, 2010 Rs. Lacs	For the Year Ended 31st December, 2008 Rs. Lacs
Employers' Contribution to Provident Fund	2,83.75	2,46.67
Employers' Contribution to Superannuation Fund	1,22.79	61.08

II. Defined Benefit Plan :

Contribution to Gratuity Fund :

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

The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31 March, 2010 :

	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
Change in present value of obligation		
Opening Balance	13,76.28	11,74.70
Interest Cost	1,12.72	1,00.00
Service Cost	1,93.69	87.33
Benefits Paid	(1,17.52)	(1,07.84)
Cost of Plan Amendment	2,76.15	—
Actuarial (gain)/loss on obligation	1,51.28	1,22.09
Closing Balance	<u>19,92.60</u>	<u>13,76.28</u>
Change in plan assets		
Opening Balance	13,73.74	11,41.71
Expected return on plan assets	1,12.51	1,08.94
Contributions	4,20.00	2,73.00
Benefits paid	(1,17.52)	(1,07.84)
Actuarial gain/(loss) on plan assets	52.27	(42.07)
Closing Balance	<u>18,41.00</u>	<u>13,73.74</u>
Net gratuity cost for the period/year		
Current Service Cost	1,93.69	87.33
Interest Cost	1,12.72	1,00.00
Expected return on plan assets	(1,12.51)	(1,08.94)
Past Service Cost	2,76.15	—
Net Actuarial (gain)/loss to be recognised	99.01	164.16
Net Gratuity Cost	<u>5,69.06</u>	<u>2,42.55</u>
Amount recognised in the Balance Sheet		
Present value of obligation	19,92.60	13,76.28
Fair value of plan assets	(18,41.00)	(13,73.74)
Net obligation	<u>1,51.60</u>	<u>2.54</u>

Assumptions used in accounting for the gratuity plan

	%	%
Discount Rate	8.00	6.50
Salary escalation rate	6.50	5.00
Expected rate of return on plan assets	8.00	8.00

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

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

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS (Continued)

28. Related Party Disclosure :

1. Relationships :

(i) **HOLDING COMPANY :**

Compagnie de Saint-Gobain

(ii) **FELLOW SUBSIDIARIES :**

(a) Saint-Gobain Abrasives, USA

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

(iii) **SUBSIDIARY COMPANY :**

Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.

(iv) **ASSOCIATE COMPANIES :**

ABC Superabrasives, USA

Certainfeed Corporation, USA

L.M.Van Moppes Diamond Tools

Norton Abrasives PTY Ltd.

PT Saint-Gobain Norton Hamplas, Indonesia

PT Saint-Gobain Winter Diamas, Indonesia

Saint - Gobain PAM (France)

Saint Gobain Abrasives Ltd.

Saint-Gobain Abrasifs Dubai

Saint-Gobain Abrasifs Maroc, Morocco

Saint-Gobain Abrasifs, France

Saint-Gobain Abrasive International Trading (Shanghai)

Saint-Gobain Abrasives (Aust) 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 Inc., USA

Saint-Gobain Abrasives International Trading (HK) Ltd.

Saint-Gobain Abrasives Korea

Saint-Gobain Abrasives Ltd., New Zealand

Saint-Gobain Abrasives Ltda., Brazil

Saint-Gobain Abrasives Ltda., Portugal

Saint-Gobain Abrasives Singapore (PTE) Ltd.

Saint-Gobain Abrasives SP. Z.O.O

Saint-Gobain Abrasives SP.Z

Saint-Gobain Abrasives Thailand

Saint-Gobain Abrasives, France

Saint-Gobain Abrasives, Indonesia

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

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

Saint-Gobain Abrasivos SA, Argentina

Saint-Gobain Advanced Materials (M) SDN BHD

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

Saint-Gobain Cera Mat (Lianyungang) Co

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

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

Saint-Gobain Ceramic Materials AS., Norway

Saint-Gobain Ceramic Materials, USA

Saint-Gobain Ceramicas Industriales S.A.

Saint-Gobain Ceramics Inc, USA

Saint-Gobain Crystals & Detectors India Ltd.

Saint-Gobain Diamantwerkzeuge GMBH & Co

Saint-Gobain Gelva, BV

Saint-Gobain Glass India Ltd.

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

Saint-Gobain High Performance Materials, France

Saint-Gobain Industrial Ceramics, UK

Saint-Gobain Industriekeramik Dusseldorf GMBH

Saint-Gobain Materials Ceramicos Ltda. Brazil

Saint-Gobain Materials Ceramicos, Venezuela

Saint-Gobain Materiaux Ceramics, Belgium

Saint-Gobain Performance Plastics, New Jersey, USA

Saint-Gobain Performance Plastics, Worcester, USA

Saint-Gobain Sekurit India 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.

Saint-Gobain Weber (India) Limited

Savoi Refractories

SEPR Refractories India Ltd.

SEPR, France

SG Advanced Ceramics (Shanghai) Co Ltd

SG Performance Plastics (SHANGHAI) Co. Ltd.

SG Performance Plastics Corby, UK

SG Performance Plastics KK, JAPAN

SG Performance Plastics Korea Co. Ltd.,

SG Performance Plastics Pampus GMBH

SG Performance Plastics Verneret, France

SG Performance Plastics, Akron, USA

SG Performance Plastics, Beaverton, USA

SG Performance Plastics, Chainieux, Belgium

SG Performance Plastics, Florida, USA

SG Performance Plastics, Garden Groove, USA

SG Performance Plastics, Granville, USA

SG Performance Plastics, Ireland

SG Performance Plastics, Kontich, Belgium

SG Performance Plastics, Mickleton, USA

SG Performance Plastics, Pittsburg, USA

Universal Superabrasives., USA

(v) **KEY MANAGEMENT PERSONNEL**

A. Y. Mahajan – Managing Director

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



SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS (Continued)

2. The following transactions were carried out with the related parties in the ordinary course of business :
 (i) Details relating to parties referred to in items 1(i), (ii), (iii) and (iv) above :

(Rs. Lacs)

Sr. No.	Particulars	Holding Company		Fellow Subsidiaries		Subsidiary Company		Associate Companies	
		For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008
1.	Sales	—	—	61.54	4,75.66	15.52	55.47	31,99.77	31,49.61
2.	Agency Commission received	—	—	—	—	—	—	2.24	76.72
3.	Dividend received	—	—	—	—	—	—	—	1,48.38
4.	Service Income	—	—	1,94.02	37.51	44.12	1,60.31	2,86.80	2,17.70
5.	Other Income	84.38	57.75	39.20	37.13	44.21	—	2,77.18	2,29.72
6.	Purchase of Goods	—	—	4,74.90	7,28.28	30,05.40	—	74,88.48	55,74.46
7.	Expenses charged to other companies	1,11.41	74.63	—	9.97	1,04.62	88.95	2,34.77	1,49.85
8.	Expenses charged by other companies	1,93.47	1,70.06	0.64	—	—	—	85.54	75.72
9.	Royalty Paid	—	—	3,70.01	2,90.57	—	—	1,55.22	1,19.03
10.	Other Expenses	—	—	—	—	—	—	20.42	14.33
11.	Purchase/Transfer of Fixed Assets	—	—	—	15.02	—	—	3.62	1,14.96
12.	Subscription to equity shares (including application money)	—	—	—	—	4,35.53	12,50.06	—	—
13.	Guarantees given on behalf of Subsidiary	—	—	—	—	2,69.74	6,29.34	—	—
14.	Dividend Paid	—	—	11,36.56	11,36.56	—	—	—	—
15.	Outstanding receivables (net of payables) *	0.83	(9.57)	(1,86.55)	(79.73)	(1,78.56)	2,86.70	(3,79.21)	2,90.15
16.	Outstanding deposits *	—	—	—	—	—	—	39.00	37.00

* As at the end of the Accounting period/year.

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

	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008
Remuneration	4,20.92	2,85.34
Outstanding Loan (as at the end of the accounting period/year)	3,32.88	3,66.01

- (iii) Significant transactions with related parties :

Sr. No.	Nature of Transactions	Associate Companies/Joint Venture	For the Fifteen Months Ended 31st March, 2010 Rs. Lacs	For the Year Ended 31st December, 2008 Rs. Lacs
1.	Sales	Saint-Gobain Ceramic Materials AS, Norway Saint-Gobain Abrasives (Aust) Pty. Ltd. Saint-Gobain Abrasives Inc., USA Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	— 7,05.93 — 3,70.89	9,11.90 5,03.88 4,75.66 3,97.99
2.	Agency Commission received	Saint-Gobain Diamantwerkzeuge GMBH & Co. Certaineed Corporation, USA Saint-Gobain Universal Superabrasives Inc. Savoi Refractories	— — — 2.24	24.45 24.22 20.13 7.91
3.	Dividend received	Saint-Gobain Glass India Ltd.	—	1,48.38
4.	Service Income	Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd. Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China Saint-Gobain PAM, France Saint-Gobain Glass, France	— — 91.73 1,38.83	1,60.31 1,02.74 81.18 —
5.	Other Income	Saint-Gobain Abrasives Inc., USA Saint-Gobain Gyproc India Ltd. Compagnie de Saint-Gobain (Liaison Office) Saint-Gobain SEVA Engineering India Ltd. Saint-Gobain Abrasives Inc., USA	1,94.02 1,69.84 84.38 56.42 —	— 1,24.34 57.75 53.18 37.13

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS (Continued)

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

Sr. No.	Nature of Transactions	Associate Companies/Subsidiary Company	For the Fifteen Months Ended 31st March, 2010 Rs. Lacs	For the Year Ended 31st December, 2008 Rs. Lacs
6.	Purchase of Goods	Saint-Gobain Abrasives (Shanghai) Co. Ltd. Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd. Saint-Gobain Materials Ceramicos Ltda. Brazil	13,18.99 30,05.40 12,14.45	7,57.62 — —
7.	Expenses charged to other companies	Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd. Saint-Gobain SEVA Engineering India Ltd. Compagnie de Saint-Gobain (Liaison Office) Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	1,04.62 92.69 1,11.41 62.90	88.95 81.01 74.63 —
8.	Expenses charged by other companies	Compagnie de Saint-Gobain (Liaison Office) Saint-Gobain Glass India Ltd.	1,93.47 61.20	1,44.35 26.98
9.	Royalty Paid	Compagnie de Saint-Gobain, France Saint-Gobain Abrasives Inc., USA	— 3,70.01	25.71 2,90.57
10.	Other Expenses	Saint-Gobain Abrasifs, France Saint-Gobain Abrasifs, France	1,09.51 20.42	90.02 16.50
11.	Purchase/Transfer of Fixed Assets	Saint-Gobain Abrasives (Singapore) Pte. Ltd. SEPR Refractories India Ltd.	— 3.62	(2.18) 44.00
12.	Subscriptions to equity shares (including application money)	Saint-Gobain Performance Plastics, Beaverton, USA Saint-Gobain Abrasives Ltd.	— —	34.46 33.32
13.	Guarantees given on behalf of Subsidiary	Saint-Gobain Abrasives Inc., USA Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd.	— 4,35.53	15.02 12,50.06
14.	Dividend Paid	Saint-Gobain Ceramic Materials Bhutan Pvt. Ltd. Saint-Gobain Abrasives Inc., USA Societe de Participations Financieres et Industrielles (formerly Saint-Gobain Promotion et Participations Internationales)	2,09.74 5,92.71 5,43.85	6,29.34 5,92.71 5,43.85

29. Segment Reporting :

A. Information about Business Segments :

(Rs. Lacs)

	Abrasives		Ceramics & Plastics		Others		Unallocated		Total	
	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008
Revenue										
Segment Revenue	482,59.43	358,31.41	205,29.40	134,11.83	30,19.04	17,76.10	—	—	718,07.87	510,19.34
Less : Inter-segment Sales	—	—	(15,71.78)	(8,07.70)	—	—	—	—	(15,71.78)	(8,07.70)
Net Sales	482,59.43	358,31.41	189,57.62	126,04.13	30,19.04	17,76.10	—	—	702,36.09	502,11.64
Result										
Segment Result	75,78.80	51,67.08	41,95.80	18,36.44	5,59.96	5,22.53	—	—	123,34.56	75,26.05
Add : Exceptional Item (Refer Schedule 12, Note 5)	—	—	7,72.11	—	—	—	—	—	7,72.11	—
	75,78.80	51,67.08	49,67.91	18,36.44	5,59.96	5,22.53	—	—	131,06.67	75,26.05
Unallocated Income/ (Expenditure) - (Net)							(4,58.93)	(99.49)	(4,58.93)	(99.49)
Interest expenses							(25.48)	(60.55)	(25.48)	(60.55)
Interest Income							1,12.76	1,18.67	1,12.76	1,18.67
Dividend Income							2,31.27	2,44.05	2,31.27	2,44.05
Profit on sale of Investments							35.98	1,82.83	35.98	1,82.83
Profit before Tax and after Exceptional Item									130,02.27	79,11.56
Provision for Tax (including Deferred Tax & FBT)							(42,51.70)	(24,11.02)	(42,51.70)	(24,11.02)
Profit after Tax									87,50.57	55,00.54

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 12 : NOTES TO ACCOUNTS (Continued)

29. Segment Reporting (Continued) :

A. Information about Business Segments (Continued) :

Other Information

	Abrasives		Ceramics & Plastics		Others		Unallocated		Total	
	As at 31st March, 2010	As at 31st December, 2008	As at 31st March, 2010	As at 31st December, 2008	As at 31st March, 2010	As at 31st December, 2008	As at 31st March, 2010	As at 31st December, 2008	As at 31st March, 2010	As at 31st December, 2008
Total Assets (gross)	278,17.75	266,87.32	109,20.62	91,83.44	10,06.82	12,74.08	130,46.35	83,50.45	527,91.54	454,95.29
Less: Revaluation Reserve	(2,21.73)	(2,34.21)	(1,96.94)	(2,05.10)	—	—	—	—	(4,18.67)	(4,39.31)
Net Assets	275,96.02	264,53.11	107,23.68	89,78.34	10,06.82	12,74.08	130,46.35	83,50.45	523,72.87	450,55.98
Total Liabilities	74,42.07	70,53.43	30,31.04	27,38.36	7,02.54	7,06.37	58,82.88	41,20.77	170,58.53	146,18.93
Capital Expenditure *	23,44.12	28,15.82	2,76.28	8,09.40	5.17	—	1,20.71	1,51.97	27,46.28	37,77.19
Depreciation *	13,41.70	10,48.12	2,84.85	2,01.27	2.43	1.30	1,49.60	1,45.39	17,78.58	13,96.08

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

B. Information about Geographical Segments :

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

Net Sales	(Rs. Lacs)	
	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008
India	624,12.42	433,86.78
Outside India	78,23.67	68,24.86
Total	702,36.09	502,11.64

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

	Net Assets		Total Liabilities	
	As at 31st March, 2010	As at 31st December, 2008	As at 31st March, 2010	As at 31st December, 2008
India	506,87.28	438,05.92	170,58.53	146,18.93
Outside India	16,85.59	12,50.06	—	—
Total	523,72.87	450,55.98	170,58.53	146,18.93

Notes :

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

- Abrasives
- Ceramics & Plastics
- Others

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

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

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

(iv) Segment results are net of corporate overheads aggregating to Rs. 11,94.19 Lacs (Previous Year - Rs. 7,80.47 Lacs), allocated on a reasonable basis.

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

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

Balance Sheet Abstract for the Fifteen Months Ended 31st March, 2010 and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No.	:	8163
State Code	:	11
Balance Sheet Date	:	31-3-2010

(AMOUNT IN RS. THOUSANDS)

II. CAPITAL RAISED DURING THE YEAR

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

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	:	3654138
Total Assets	:	3654138

SOURCES OF FUNDS

Paid-up Capital	:	276800
Reserves & Surplus	:	3296501
Secured Loans	:	NIL
Unsecured Loans	:	NIL
Deferred Tax	:	80837

APPLICATION OF FUNDS

Net Fixed Assets	:	1891614
Investments	:	501298
Net Current Assets	:	1261226
Misc. Expenditure	:	NIL
Accumulated Losses	:	NIL

IV. PERFORMANCE OF COMPANY

Turnover (includes Miscellaneous Income)	:	7266748
Total Expenditure	:	5966521
Profit Before Tax	:	1300227
Profit After Tax	:	875057
Earning Per Share in Rs.	:	15.81
Dividend Rate	:	120%

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

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

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



CASH FLOW STATEMENT FOR THE FIFTEEN MONTHS ENDED 31st MARCH, 2010

	For the Fifteen Months Ended 31st March, 2010		For the Year Ended 31st December, 2008	
	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before Tax after Exceptional Item		130,02.27		79,11.56
Adjustments for :				
Depreciation	17,78.58		13,96.08	
Unrealised Foreign Exchange (Gain)/Loss (Net)	(40.78)		92.85	
Loss on Sale of Fixed Assets	1,21.30		88.98	
Profit on Sale of Investments	(35.98)		(1,82.83)	
Dividend Received	(2,31.27)		(2,44.05)	
Gain on Prepayment of Deferred Sales Tax	—		(2,09.96)	
Interest (Net)	(87.28)	15,04.57	(58.12)	8,82.95
Operating Profit Before Working Capital Changes		145,06.84		87,94.51
Adjustments for :				
Trade and other Receivables	(19,63.54)		12,10.49	
Inventories	7,29.08		(30,63.26)	
Trade and other Payables	15,23.17	2,88.71	6,90.59	(11,62.18)
Cash Generated from Operations		147,95.55		76,32.33
Direct Taxes Paid	(42,06.86)		(29,78.43)	
Tax Refund	1,47.96	(40,58.90)	1,13.13	(28,65.30)
Net cash from Operating Activities		107,36.65		47,67.03
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(32,53.00)		(36,71.92)	
Sale of Fixed Assets	36.45		65.74	
Proceeds of Sale of Investments	1,35.98		20,82.83	
Purchase of Investments	(6,00.79)		(52.00)	
Investment in a subsidiary	(3,46.67)		(12,40.00)	
Inter Corporate Deposit placed	—		(2,00.00)	
Inter Corporate Deposit redeemed	—		2,00.00	
Interest Received	1,08.50		1,11.45	
Dividend Received	2,31.27		2,44.05	
Net cash flow used in investing activities before extraordinary item		(36,88.26)		(24,59.85)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Net Increase/(Decrease) in Borrowing	—		(16.79)	
Interest	(25.48)		(60.55)	
Dividends Paid	(22,08.81)		(32,78.44)	
Tax on Dividend	(3,76.34)		(3,76.34)	
Net cash used in Financing Activities		(26,10.63)		(3,732.12)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		44,37.76		(14,24.94)
CASH AND CASH EQUIVALENTS – OPENING BALANCE				
Cash and Bank Balances	16,51.78		21,55.65	
Cash Equivalents (Investment in Current Securities)	21,06.45	37,58.23	30,27.52	51,83.17
CASH AND CASH EQUIVALENTS – CLOSING BALANCE				
Cash and Bank Balances	81,95.99		16,51.78	
Cash Equivalents (Investment in Current Securities)	—	81,95.99	21,06.45	37,58.23
		44,37.76		(14,24.94)

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

As per our Report of even date	A. C. CHAKRABORTTI	Chairman
For and on behalf of KALYANIWALLA & MISTRY Chartered Accountants	A. Y. MAHAJAN	Managing Director
E. K. IRANI Partner	K. VISWESWARAN	Company Secretary
Membership No. 35646 Mumbai: 18th May, 2010		Mumbai: 18th May, 2010

Information regarding Saint-Gobain Ceramic Materials Bhutan Private Limited as required by Letter No. 47/252/2010/CL-III dtd. 23rd April, 2010 from the Ministry of Corporate Affairs.

	As at/For the Year ended 31st December, 2009 (Rs. Lacs)
Capital	22,85.67
Reserves	(1,88.41)
Total Assets	52,02.39
Total Liabilities	52,02.39
Investments (except subsidiaries)	NIL
Turnover	18,13.79
Profit before Tax	(1,51.16)
Provision for Tax	NIL
Profit after Tax	(1,51.16)
Proposed Dividend	NIL

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

1. Name of the Subsidiary	Saint-Gobain Ceramic Materials Bhutan Private Limited	
2. The Company's interest in the subsidiary	As at 31st December, 2009	As at 31st December, 2008
a. Number of Equity Shares	15,86,667	12,40,002
Total Number of Shares	22,66,667	17,71,431
b. Face Value	Nu 100	Nu 100
c. Extent of Holding	70%	70%
3. Net aggregate profits/(loss) of the subsidiary company so far as it concerns the members of the Company	For the Year ended 31st December, 2009 Rs. Lacs	For the Year ended 31st December, 2008 Rs. Lacs
A. For the current financial year		
i. Not dealt with in the books of account of the Company	(1,51.16)	(33.89)
ii. Dealt with in the books of account of the Company	—	—
B. For the subsidiary company's previous financial years since it became a subsidiary		
i. Not dealt with in the books of account of the Company	(37.26)	(3.37)
ii. Dealt with in the books of account of the Company	—	—

A. C. CHAKRABORTTI Chairman
A. Y. MAHAJAN Managing Director
K. VISWESWARAN Company Secretary

Mumbai: 18th May, 2010

REPORT OF THE AUDITORS

TO THE BOARD OF DIRECTORS OF
GRINDWELL NORTON LIMITED

1. We have audited the attached Consolidated Balance Sheet of GRINDWELL NORTON LIMITED ('the Company') and its subsidiary (collectively referred as 'the Group'), as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the period 1st January, 2009 to 31st March, 2010 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary, whose financial statements reflect the total assets (net) of Rs. 45,40.34 lacs as at March 31, 2010, and the total revenues of Rs. 30,05.40 lacs and net cash outflows amounting to Rs. 61.16 lacs for the period 1st January, 2009 to 31st March, 2010 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 our opinion, insofar as it relates to the amounts included in respect of the subsidiary is based solely on the accounts certified by the Management.
4. We report that the consolidated financial statements have been prepared by the management of the Company in accordance with the requirements of Accounting Standard (AS) 21- Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of the certified accounts of the management on separate financial statements, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2010;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the consolidated profit of the Group for the period ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company for the period ended on that date.

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

E. K. IRANI
PARTNER
Membership No. 35646

Place: Mumbai
Dated: 18th May, 2010

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2010

	<u>Schedules</u>	<u>(Rs. Lacs)</u>	<u>As at 31st March, 2010 (Rs. Lacs)</u>	<u>As at 31st December, 2008 (Rs. Lacs)</u>
SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
(a) Capital	1	27,68.00		27,68.00
(b) Reserves and Surplus	2	<u>327,70.75</u>		<u>280,28.74</u>
			355,38.75	307,96.74
2. MINORITY INTEREST			6,37.56	5,28.82
3. LOAN FUNDS				
Secured Loan	3		26,11.33	16,47.20
4. DEFERRED TAX LIABILITY			8,08.37	4,36.67
			<u>395,96.01</u>	<u>334,09.43</u>
APPLICATION OF FUNDS				
1. FIXED ASSETS	4			
(a) Gross Block		343,28.19		258,54.93
(b) Less : Depreciation		<u>117,53.79</u>		<u>100,49.54</u>
(c) Net Block		225,74.40		158,05.39
(d) Capital Work in Progress		<u>7,72.54</u>		<u>62,36.85</u>
			233,46.94	220,42.24
2. INVESTMENTS	5		34,26.31	50,31.97
3. CURRENT ASSETS, LOANS & ADVANCES	6			
(a) Inventories		97,88.89		100,84.09
(b) Sundry Debtors		84,98.77		67,86.69
(c) Cash & Bank Balances		82,02.92		17,19.88
(d) Accrued Interest		24.73		20.47
(e) Loans & Advances		<u>28,00.46</u>		<u>22,75.80</u>
		<u>293,15.77</u>		<u>208,86.93</u>
Less : CURRENT LIABILITIES & PROVISIONS	7			
(a) Liabilities		116,19.21		102,97.52
(b) Provisions		<u>48,73.80</u>		<u>42,54.19</u>
		<u>164,93.01</u>		<u>145,51.71</u>
NET CURRENT ASSETS			128,22.76	63,35.22
			<u>395,96.01</u>	<u>334,09.43</u>
NOTES TO ACCOUNTS	13			

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

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Membership No. 35646
Mumbai: 18th May, 2010

Signatures to Balance Sheet and Schedules 1 to 7 & 13

A. C. CHAKRABORTTI

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 18th May, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedules	(Rs. Lacs)	(Rs. Lacs)	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
INCOME					
Sales		744,88.34			554,97.71
Less : Excise Duty		(42,66.45)			(53,35.49)
Net Sales			702,21.89		501,62.22
Miscellaneous Income	8		23,45.16		20,71.94
				725,67.05	522,34.16
EXPENDITURE					
Raw Materials Consumed	9		233,64.58		188,98.44
Purchase of Trading Goods			52,40.08		37,69.62
Manufacturing, Administration and Selling Expenses	10		287,83.29		217,79.63
Interest	11		2,50.98		60.55
Debts and Advances (Written Back) / Provided (Net)			1.03		(54.38)
Depreciation	4	21,90.61			14,13.34
Less : Transfer from Revaluation Reserve	2	(20.64)			(16.54)
			21,69.97		13,96.80
			598,09.93		458,50.66
Less : Decrease/(Increase) in Inventory	12		6,72.86		(14,48.04)
				604,82.79	444,02.62
Profit before Exceptional Item				120,84.26	78,31.54
Exceptional Item (Refer Schedule 13, Note 7)				7,72.11	—
Profit before Tax and after Exceptional Item				128,56.37	78,31.54
Provision for :					
Income Tax			38,55.00		22,95.15
Deferred Tax			3,71.70		50.87
Fringe Benefit Tax			25.00		65.00
				42,51.70	24,11.02
Profit after Tax				86,04.67	54,20.52
Share of Minority Interest				31.26	10.17
Profit after Tax after Minority Interest				86,35.93	54,30.69
Surplus Brought Forward				34,20.38	24,90.25
PROFIT AVAILABLE FOR APPROPRIATION				120,56.31	79,20.94
APPROPRIATIONS					
Proposed Dividend				33,21.60	22,14.40
Provision for Tax on Proposed Dividend				5,51.68	3,76.34
Transfer to General Reserve				33,77.29	19,09.82
Surplus Carried Forward				48,05.74	34,20.38
				120,56.31	79,20.94
Basic & Diluted Earnings Per Share				15.60	9.81
NOTES TO ACCOUNTS	13				

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

As per our Report of even date

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

E. K. IRANI
Partner

Membership No. 35646
Mumbai: 18th May, 2010

Signatures to Profit & Loss Account and Schedules 8 to 13

A. C. CHAKRABORTTI

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 18th May, 2010

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Rs. Lacs)	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
SCHEDULE 1 : CAPITAL		
AUTHORISED		
5,60,00,000 Equity Shares of Rs. 5/- each	28,00.00	28,00.00
ISSUED, SUBSCRIBED AND PAID-UP		
5,53,60,000 Equity Shares of Rs. 5/- each, fully paid-up	27,68.00	27,68.00
	27,68.00	27,68.00
NOTES:		
Of the above Equity Shares:		
(a) 2,80,000 Equity Shares of Rs. 5/- each were allotted as fully paid pursuant to a contract without payment being received in cash.		
(b) 4,69,11,440 Equity Shares of Rs. 5/- each were allotted as fully paid Bonus Shares by capitalising Share Premium, Profits & Reserves.		
(c) 1,48,17,760 Equity Shares of Rs. 5/- each are held by Saint-Gobain Abrasives Inc., 1,35,96,240 Equity Shares of Rs. 5/- each are held by Societe de Participations Financieres et Industrielles (formerly Saint-Gobain Promotion et Participations Internationales) and 1,50,000 Equity Shares of Rs. 5/- each are held by Saint-Gobain Glass India Ltd., the subsidiaries of Compagnie de Saint-Gobain, the ultimate holding company.		
SCHEDULE 2 : RESERVES AND SURPLUS		
1. SHARE PREMIUM ACCOUNT		
As per last Balance Sheet	34,82.82	34,82.82
2. REVALUATION RESERVE		
As per last Balance Sheet	4,39.31	4,55.85
Transfer to Depreciation	(20.64)	(16.54)
	4,18.67	4,39.31
3. GENERAL RESERVE		
As per last Balance Sheet	206,86.23	187,76.41
Transfer from Profit & Loss Account	33,77.29	19,09.82
	240,63.52	206,86.23
4. PROFIT & LOSS ACCOUNT		
	48,05.74	34,20.38
	327,70.75	280,28.74

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(Rs. Lacs)	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
SCHEDULE 3 : SECURED LOAN			
Term Loan		23,20.97	16,47.20
(Secured by way of Hypothecation charge created/or to be created on all the fixed assets of the Subsidiary and Corporate Guarantee given by the Company upto 35% of the sanctioned amount)			
Overdraft Balance with Bank of Bhutan		2,90.36	—
(Secured by way of Hypothecation charge created on all stocks and book debts and an extension charge on all fixed assets of the Subsidiary)			
		26,11.33	16,47.20

SCHEDULE 4 : FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 1.1.2009	Additions	Deductions	As at 31.03.2010	Upto 1.1.2009	For the Period	On Sales	Upto 31.03.2010	As at 31.03.2010	As at 31.12.2008
TANGIBLE ASSETS										
Land – Freehold	12,28.02	—	—	12,28.02	—	—	—	—	12,28.02	12,28.02
Land – Leasehold	90.85	—	—	90.85	12.31	1.14	—	13.45	77.40	78.54
Buildings #	60,37.31	35,19.77	—	95,57.08	12,08.86	2,39.93	—	14,48.79	81,08.29	48,28.45
Plant & Machinery	140,19.72	51,58.89	2,21.98	189,56.63	67,79.39	14,11.71	1,57.46	80,33.64	109,22.99	72,40.33
Computers	10,20.99	1,24.56	43.34	11,02.21	7,80.29	1,28.25	34.20	8,74.34	2,27.87	2,40.70
Furniture, Fixtures & Office Equipment	11,79.28	2,22.20	46.35	13,55.13	4,43.79	88.53	15.59	5,16.73	8,38.40	7,35.49
Vehicles	2,45.94	88.96	92.48	2,42.42	70.18	30.55	39.15	61.58	1,80.84	1,75.76
INTANGIBLE ASSETS										
Computer Software	1,61.52	4.08	38.60	1,27.00	90.32	39.39	38.60	91.11	35.89	71.20
Goodwill	3,23.92	—	—	3,23.92	72.79	40.38	—	1,13.17	2,10.75	2,51.13
Technical Know How	3,54.29	—	—	3,54.29	1,59.16	88.33	—	2,47.49	1,06.80	1,95.13
Trade Marks	4,06.40	—	2,02.45	2,03.95	2,55.03	25.42	2,02.45	78.00	1,25.95	1,51.37
Other Intangibles	7,86.69	—	—	7,86.69	1,77.42	98.07	—	2,75.49	5,11.20	6,09.27
Total	258,54.93	91,18.46	6,45.20	343,28.19	100,49.54	21,91.70 [^]	4,87.45	117,53.79	225,74.40	158,05.39
Previous Year's Total	225,74.49	36,87.08	4,06.64	258,54.93	88,86.24	14,15.20	2,51.90	100,49.54		
CAPITAL WORK IN PROGRESS (includes advances on capital account of Rs. 91.74 Lacs – Previous Year – Rs. 5,47.31 Lacs)									7,72.54	62,36.85
									233,46.94	220,42.24

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

[^] Includes Rs. 1.09 Lacs (Previous Year – Rs. 1.86 Lacs) capitalised during the year as Capital Work in Progress.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	Nos	Face Value (Rs.)	(Rs. Lacs)	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
SCHEDULE 5 : INVESTMENTS					
AT COST					
LONG TERM					
TRADE					
EQUITY SHARES (fully paid-up)					
Unquoted:					
Andhra Pradesh Gas Power Corporation Ltd.	21,86,880	10		2,73.36	2,73.36
Shivalik Solid Waste Management Ltd.	20,000	10		2.00	2.00
NON-TRADE					
EQUITY SHARES (fully paid up)					
Quoted:					
John Oakey & Mohan Ltd.	1,900	10		0.16	0.16
Unquoted:					
(Companies under the same management)					
Saint-Gobain Glass India Ltd.	25,00,000	10	24,99.99		24,99.99
Saint-Gobain India Foundation	100	10	0.01		0.01
				25,00.00	25,00.00
OTHER SECURITIES					
Unquoted:					
CAPITAL GAINS BONDS					
5.50% Rural Electrification Corporation Ltd.	500	10,000		50.00	50.00
MUTUAL FUNDS					
Debt Funds – Fixed Maturity Plan – Growth Plan					
JM Fixed Maturity Fund – Series VII – 18 Months Plan 1 – Institutional Growth **	(10,00,000)	10	—		1,00.00
Kotak FMP 13M Series 6 – Growth *	10,00,000	10	1,00.00		—
Taurus Fixed Maturity Plan 385 Days Series 1 – Institutional Growth *	10,00,000	10	1,00.00		—
Religare FMP – 3 Months - Series XXV Dividend *	10,00,000	10	1,00.00		—
Axis Fixed Term Plan – Series 1 (384 Days) – Retail Growth *	10,00,000	10	1,00.00		—
DSP BlackRock FMP 13M Series 2 – Growth *	10,00,000	10	1,00.00		—
Derivative Funds					
Kotak Equity Arbitrage Fund – Dividend *	9,49,890	10	1,00.79		—
				6,00.79	1,00.00
CURRENT					
OTHER SECURITIES					
Unquoted :					
MUTUAL FUNDS					
Debt Funds – Floating Rate Funds – Dividend Plan					
Tata Floater Fund – Daily Dividend **	(50,01,986)	10	—		5,01.98

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	Nos	Face Value (Rs.)	(Rs. Lacs)	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
SCHEDULE 5 : INVESTMENTS (Continued)					
DSP BlackRock Floating Rate Fund – Institutional Plan – Daily Dividend **	(60,189)	1000	—		6,01.89
Liquid/Money Plus Funds – Dividend Plan					
Sundaram BNP Paribas Liquid Plus Institutional Plan – Dividend Reinvestment – Daily **	(49,92,409)	10	—		5,00.49
DWS Liquid Plus Fund – Institutional Daily Dividend **	(50,13,320)	10	—		5,02.09
				—	21,06.45
				34,26.31	50,31.97

NOTES:

- * Purchased/Allotted during the period.
- ** Sold/Redeemed during the period.
- For details of Investment & Redemption of Units during the period, Refer Schedule 13 Note 17.
- COST**
 - Quoted 0.16
 - Unquoted 34,26.15
- MARKET VALUE**
 - Quoted 0.26
- MUTUAL FUNDS**
 - Cost 6,00.79
 - Repurchase Price 6,02.44
- Figures in brackets indicate that of Previous Year.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(Rs. Lacs)	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
SCHEDULE 6 : CURRENT ASSETS, LOANS & ADVANCES			
1. INVENTORIES			
Stores and Spare Parts	4,54.65		3,15.13
Raw Materials	31,31.10		33,79.40
Raw Materials in Transit	10,04.41		5,17.97
Finished Goods:			
Manufactured	28,22.45		28,72.54
Trading	3,76.10		8,82.58
Work-in-Process	20,00.18		21,16.47
		97,88.89	100,84.09
2. SUNDRY DEBTORS			
(Unsecured and considered good unless otherwise stated)			
Over six months	7,58.52		7,47.85
Others	81,35.53		64,61.18
	88,94.05		72,09.03
Less: Provision for doubtful debts	3,95.28		4,22.34
		84,98.77	67,86.69
(Sundry Debtors include Rs. 3,95.28 Lacs – Previous Year – Rs. 4,22.34 Lacs – considered doubtful)			
3. CASH AND BANK BALANCES			
Cash and Cheques on hand and remittances in transit	16,78.22		11,21.58
With Scheduled Banks:			
On Current Account	19,22.95		5,96.05
On Deposit Account	46,01.75		2.25
		82,02.92	17,19.88
4. ACCRUED INTEREST		24.73	20.47
5. LOANS AND ADVANCES			
(Unsecured and considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received (including Rs. 48.60 Lacs – Previous Year – Rs. 45.78 Lacs – considered doubtful)	17,91.77		14,23.38
Demand Deposits with Excise and Customs Departments	2,84.37		2,71.67
Other Deposits	7,72.92		6,26.53
	28,49.06		23,21.58
Less: Provision for doubtful advances	48.60		45.78
		28,00.46	22,75.80
		293,15.77	208,86.93

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(Rs. Lacs)	(Rs. Lacs)	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS				
1. LIABILITIES				
Sundry Creditors:				
Due to Micro, Small and Medium Enterprises	86.37			1,19.00
Others	58,12.74			45,31.15
		58,99.11		46,50.15
Trade Deposits		2,59.28		2,18.66
Unclaimed Dividend		55.02		49.43
Investor Education and Protection Fund		—		—
Other Liabilities		54,05.80		53,79.28
			116,19.21	102,97.52
2. PROVISIONS				
For Taxation				
On Income (Net of Advance Tax of Rs. 213,25.73 Lacs – Previous Year – Rs. 172,66.83 Lacs)		1,08.61		2,87.51
On Proposed Dividend		5,51.68		3,76.34
		6,60.29		6,63.85
For Proposed Dividend		33,21.60		22,14.40
For Leave Encashment		8,91.91		6,03.83
For Contingencies (Refer Schedule 13, Note 7)		—		7,72.11
			48,73.80	42,54.19
			164,93.01	145,51.71
			(Rs. Lacs)	(Rs. Lacs)
SCHEDULE 8 : MISCELLANEOUS INCOME				
Commission			24.68	91.09
Interest (Gross):				
From Long term Investments (Non-trade)		3.44		2.46
Others		1,09.32		1,16.21
(Tax deducted – Rs. 2.07 Lacs – Previous Year – Rs. 2.17 Lacs)				
			1,12.76	1,18.67
Dividends from Investments (Non-trade):				
From Long Term Investments		1.52		1,75.85
From Current Investments		2,29.75		68.20
			2,31.27	2,44.05
Sales Tax Refund			—	28.27
Service Income			8,11.90	4,55.73
Gain on prepayment of Deferred Sales Tax			—	2,09.96
Profit on Sale of Investments:				
From Long Term Investments		14.37		1,48.60
From Current Investments		21.61		34.23
			35.98	1,82.83
Others			11,28.57	7,41.34
			23,45.16	20,71.94

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(Rs. Lacs)	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
SCHEDULE 9 : RAW MATERIALS CONSUMED			
Opening Stock of			
Raw Materials	33,79.40		19,38.54
Raw Materials in Transit	5,17.97		3,72.04
		38,97.37	23,10.58
Add: Purchases		236,02.72	205,03.95
		275,00.09	228,14.53
Less: Closing Stock of			
Raw Materials	31,31.10		33,79.40
Raw Materials in Transit	10,04.41		5,17.97
		41,35.51	38,97.37
Less: Capitalised during the period/year		—	(18.72)
		233,64.58	188,98.44
SCHEDULE 10 : MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES			
Stores and Spare Parts Consumed		16,37.73	12,47.22
Processing Charges		17,56.87	12,97.10
Salaries, Wages, Bonus and Gratuity (Refer Schedule 13, Note 11)	78,17.69		51,79.98
Contribution to Provident and other Funds	4,98.15		3,82.33
Staff Welfare	7,67.21		6,18.60
		90,83.05	61,80.91
Power and Fuel		56,76.78	42,90.14
Freight, Octroi and Packing Expenses		34,50.01	28,93.47
Repairs and Maintenance:			
Buildings	1,49.14		50.09
Machinery	2,79.41		4,05.03
Others	1,62.48		1,12.81
		5,91.03	5,67.93
Rent		1,92.05	1,47.65
Rates and Taxes		1,89.93	1,24.06
Insurance		1,11.42	88.44
Travelling and Conveyance		8,62.30	8,52.07
Commission and Discount on Sales		15,43.50	13,59.24
Royalties		5,34.64	4,19.69
Loss on assets discarded/sold (Net)		1,21.30	88.98
Miscellaneous		30,55.85	24,05.06
		288,06.46	219,61.96
Less: Capitalised/Transferred to Capital Work in Progress		(23.17)	(1,82.33)
		287,83.29	217,79.63

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	(Rs. Lacs)	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
SCHEDULE 11 : INTEREST			
ON TERM LOAN		1,89.52	61.07
ON LOANS/DEPOSITS			
Banks	37.31		42.51
Others	24.15		18.04
		61.46	60.55
		2,50.98	1,21.62
Less: Capitalised during the period/year		—	(61.07)
		2,50.98	60.55
SCHEDULE 12 : DECREASE/(INCREASE) IN INVENTORY			
Opening Stock of			
Finished Goods:			
Manufactured	28,72.54		19,00.83
Trading	8,82.58		6,16.98
Work-in-Process	21,16.47		19,05.74
		58,71.59	44,23.55
Less: Closing Stock of			
Finished Goods:			
Manufactured	28,22.45		28,72.54
Trading	3,76.10		8,82.58
Work-in-Process	20,00.18		21,16.47
		51,98.73	58,71.59
		6,72.86	(14,48.04)

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS

1. Basis of Consolidation :

The Consolidated Financial Statements relate to Grindwell Norton Limited and its subsidiary company, Saint-Gobain Ceramic Materials Bhutan Private Limited, a company incorporated in Bhutan in which the Company has 70% equity holding. The financial statements of the subsidiary company for the fifteen months ended 31st March, 2010 have not been audited and have been considered in the consolidated financial statements based on the unaudited financial statements certified by the Management. The Consolidated Financial Statements have been prepared in accordance with the applicable Accounting Standards in India and other generally accepted accounting principles.

2. Principles of Consolidation :

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

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

3. Significant Accounting Policies :

(i) Method of Accounting :

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

(ii) 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.

(iii) Investments :

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

(iv) Inventories :

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

(v) Revenue Recognition :

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

(vi) 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.

(vii) 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.

(viii) Employee Benefits :

(a) Short-term employee benefits :

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

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

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

(i) **Defined Contribution Plans :**

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

(ii) **Defined Benefit Plans :**

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

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

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

(iii) **Other long-term employee benefits :**

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

(ix) **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.

(x) **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.

(xi) **Depreciation/Amortisation :**

On Tangible Assets :

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

(i) Computers are depreciated over 4 years,

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

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

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

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

On Intangible Assets :

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

(i) Computer Software : 3 Years

(ii) Goodwill : 10 Years

(iii) Technical Know-how : 5 Years

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

(v) Other Intangibles : 10 Years

(xii) **Impairment :**

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

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

(xiii) **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.

(xiv) **Provisions and Contingencies :**

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

4. The Company has changed its accounting year from January – December to April – March with effect from the current year. Accordingly, the current period's financial statements are for fifteen months from 1st January, 2009 to 31st March, 2010. The previous year's figures relate to 12 months ended 31st December, 2008 and hence current period's figures are not strictly comparable to previous year.

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

	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
(a) Excise Duty demands/show cause notices pending with the appropriate authorities and disputed by the Company	3,20.60	3,09.35
(b) Sales Tax/VAT demands pending with the Commissionerate/High Court and disputed by the Company	2,41.04	3,56.15
(c) Custom Duty demands pending with Appellate Tribunal and disputed by the Company	—	10.43
(d) Claims against the Company under the Labour Laws for disputed cases	26.44	5.12
(e) Demand raised by A.P. Transco on surplus units allocated, disputed by the Company & subjudice in High Court (Net)	4,84.72	2,95.70
(f) Guarantees given by Banks, of which Rs. 2,23.13 Lacs (Previous Year – Rs. 3,39.67 Lacs) is counter guaranteed by the Company	2,41.13	18,57.67
(g) Guarantees given on behalf of Subsidiary Company	8,39.08	6,29.34
(h) Letters of credit issued by banks on behalf of the Company	19.83	—
(i) Non-Agricultural Land Cess	35.97	35.97
(j) Other Claims against the Company not acknowledged as debts	48.24	48.24

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

7. **Provisions :**

The Company has made provisions for the following :

	For the Fifteen Months Ended 31st March, 2010		For the Year Ended 31st December, 2008	
	Leave Encashment	Other Risks	Leave Encashment	Other Risks
Opening Balance	6,03.83	7,72.11	4,47.89	7,72.11
Provision made during the year/period	3,49.19	—	2,23.34	—
Utilisation during the year/period	(61.11)	—	(67.40)	—
Provision reversed during the year/period	—	*(7,72.11)	—	—
Closing Balance	8,91.91	—	6,03.83	7,72.11

* Andhra Pradesh Electricity Regulatory Commission vide its Order dated 24th March, 2002, had approved increase in the Power Cost in the nature of "Wheeling Charges", as proposed by A. P. Transco, effective 1st April, 2002. The

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

Wheeling charges were proposed to be recovered in cash and by compensation in kind for system losses. The Company had contested the said Order in the Honourable Andhra Pradesh High Court (Court). Pending decision, the Company had provided the cash component of Wheeling Charges of Rs. 7,72.11 Lacs under the head "Power and Fuel" for the period April 2002 to December 2004. On 18th April, 2003, the Court allowed the appeal filed by the Company and passed a favourable order. A. P. Transco then filed a Special Leave Petition in the Honourable Supreme Court against the order of the Court and the matter is still subjudice. Based on the legal advice, the Company discontinued making further provision from January 2005. After internal review of the matter and based on the legal advice, the Company is now of the view that the earlier provision of Rs. 7,72.11 Lacs is no longer required and hence the same has been reversed and disclosed under the head "Exceptional Item".

8. The Company has been in possession of land at Tirupati, on which its Silicon Carbide Plant was erected, since 1978. The transfer formalities for the said land were not completed because of a dispute relating to the lease rent payable. The Company had paid lease rental (inclusive of penalty upto 1997) of Rs. 30 Lacs for the period 1978 to 2004. The Company has also provided for lease rent in respect of 90 acres of land for the period 2004 to date at the rates prevailing for 2004, pending the finalisation of the lease agreement.
9. Estimated amount of capital commitments (net of advances of Rs. 91.74 Lacs) not provided for Rs. 5,11.52 Lacs [Previous Year – Rs. 14,98.75 Lacs (net of advances of Rs. 5,47.31 Lacs)].
10. Exchange difference arising on foreign currency transactions amounting to Rs. 1,81.65 Lacs (Net Gain) (Previous Year – Rs. 56.64 Lacs – Net Loss) has been accounted under respective heads.
11. During the period, the Company has amended the terms and conditions of the Group Gratuity Scheme. Consequent to this, the impact of Rs. 2,76.15 Lacs has been charged under the head "Salaries, Wages, Bonus and Gratuity".
12. The tax effects of significant timing differences that resulted in deferred tax assets and liabilities are :

	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
Depreciation on Fixed Assets	(15,86.66)	(13,23.86)
Provision for Doubtful Debts and Advances	1,50.87	1,59.12
Compensation under Voluntary Retirement Schemes	—	1.15
Provision for Contingencies	—	2,62.44
Others	6,27.42	4,64.48
Deferred Tax Liability	(8,08.37)	(4,36.67)

	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008
13. Earnings Per Share :		
(a) Profit after tax after minority interest (Rs. Lacs)	86,35.93	54,30.69
(b) Weighted Average Number of Equity Shares outstanding (Nominal Value of Shares Rs. 5)	5,53,60,000	5,53,60,000
(c) Earnings per share (Basic & Diluted) in Rs.	15.60	9.81

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

14. The Company has amounts due to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) as at 31st March, 2010. The disclosure pursuant to the said Act is as under :

	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
Principal amount due	86.37	1,19.00
Interest due on above	0.84	1.05
Payment made after the due dates	12,66.48	8,15.29
Interest payable for payments made after due date	10.01	2.45
Interest paid	—	—

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

15. Revenue expenditure on Research & Development charged to the Profit and Loss Account during the period/year

	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
	1,21.91	79.15

16. Investment and Redemption of Mutual Fund Units during the fifteen months ended 31st March, 2010 :

	Units in Lacs	Rs. Lacs
DSP BlackRock Floating Rate Fund – Institutional Plan – Daily Dividend	2.43	24,26.69
DSP BlackRock Liquidity Fund – Institutional Premium – Daily Dividend	0.20	2,00.06
DSP BlackRock Short Term Fund – Weekly Dividend	99.42	10,12.11
DSP BlackRock Cash Manager Fund – Institutional Plan – Daily Dividend	3.30	33,00.33
DSP BlackRock Strategic Bond Fund – Institutional Plan – Daily Dividend	0.40	4,00.45
Sundaram BNP Paribas Ultra Short Term Fund – Institutional – Dividend Reinvestment – Daily	49.94	5,00.67
Sundaram BNP Paribas Ultra Short Term Fund – Super Institutional – Dividend Reinvestment – Daily	85.36	8,55.81
Sundaram BNP Paribas Money Fund – Institutional Plan – Daily Dividend Reinvestment	34.67	3,50.04
Sundaram BNP Paribas Flexible Fund – Short Term – Institutional Plan – Growth	7.17	1,00.01
Templeton India Treasury Management Account – Super Institutional – Daily Dividend Reinvestment	1.00	10,00.08
Templeton Floating Rate Income Fund – Long term – Super Institutional – Daily Dividend Reinvestment	1,01.03	10,10.98
DWS Insta Cash Plus Fund – Institutional Plan – Daily Dividend	1,19.43	12,00.50
DWS Ultra Short Term Fund – Institutional – Daily Dividend	1,00.66	10,08.27
DWS Money Plus Fund – Institutional – Daily Dividend	50.90	5,09.42
DWS Cash Opportunities Fund – Institutional Plan – Daily Dividend	56.91	5,70.43
DWS Cash Opportunities Fund – Regular Plan – Daily Dividend	50.35	5,04.54

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

16. Investment and Redemption of Mutual Fund Units during the fifteen months ended 31st March, 2010 (Continued) :	Units in Lacs	Rs. Lacs
HDFC Cash Management Fund – Savings Plan – Daily Dividend Reinvestment	1,41.04	15,00.20
HDFC High Interest Fund – Short Term Plan – Growth	11.45	2,00.02
HDFC Cash Management Fund – Treasury Plan – Wholesale – Daily Dividend Reinvestment	1,50.81	15,12.84
Fortis Money Plus – Institutional Plan – Daily Dividend	1,23.25	12,32.88
Fortis Overnight Fund – Institutional – Daily Dividend	2,03.26	20,33.25
Kotak Liquid – Institutional Premium – Daily Dividend	4,25.36	52,01.31
Kotak Floater Long Term – Daily Dividend	3,19.70	32,22.56
Kotak Flexi Debt Scheme Institutional – Daily Dividend	1,40.67	14,13.38
ICICI Prudential Liquid Super Institutional Plan – Dividend – Daily	27.50	27,50.24
ICICI Prudential Flexible Income Plan Premium – Daily Dividend	1,72.15	28,19.30
ICICI Prudential Institutional Liquid Plan – Super Institutional Daily Dividend	2,10.24	21,02.79
ICICI Prudential Ultra Short Term Plan – Premium Plus – Daily Dividend	3,56.48	35,71.29
ICICI Prudential Institutional Short Term Plan – Cumulative Option	5.38	1,00.00
UTI Liquid Cash Plan – Institutional – Daily Income Option – Reinvestment	0.78	8,00.05
UTI Treasury Advantage Fund – Institutional Plan – Daily Dividend Option – Reinvestment	0.20	2,01.45
UTI Floating Rate Fund – Short Term Plan – Institutional – Daily Dividend Plan – Reinvestment	0.30	3,02.20
Reliance Liquid Fund – Treasury Plan – Institutional Option – Daily Dividend Option	13.08	2,00.02
Reliance Floating Rate Fund – Daily Dividend – Reinvestment Plan	89.38	9,00.08
Reliance Medium Term Fund – Daily Dividend Plan	52.95	9,05.21
Reliance Money Manager Fund – Institutional Option – Daily Dividend Plan	0.40	4,00.17
Baroda Pioneer Liquid Fund – Institutional – Daily Dividend Plan	69.96	7,00.07
Baroda Pioneer Treasury Advantage Fund – Institutional – Daily Dividend Plan	70.22	7,02.87
Bharti AXA Liquid Fund – Institutional Plan – Daily Dividend Reinvestment	0.50	5,00.05
Bharti AXA Treasury Advantage Fund – Institutional Plan – Daily Dividend Reinvestment	0.80	8,01.07
Birla Sun Life Cash Plus – Institutional Premium – Daily Dividend – Reinvestment	54.90	5,50.05
Birla Sun Life Savings Fund – Institutional – Daily Dividend – Reinvestment	55.19	5,52.26
LIC Mutual Fund Liquid Fund – Dividend Plan	1,63.95	18,00.19
LIC Mutual Fund Floating Rate Fund – Short Term Plan – Daily Dividend	60.15	6,01.52
LIC Mutual Fund Savings Plus Fund – Daily Dividend Plan	1,80.73	18,07.31
SBI Premier Liquid Fund – Institutional – Daily Dividend	22.94	2,30.10
JP Morgan India Liquid Fund – Super Institutional – Daily Dividend Plan Reinvestment	3,94.73	39,50.38
JP Morgan India Treasury Fund – Super Institutional – Daily Dividend Plan Reinvestment	3,96.46	39,68.10
DBS Cholamandalam (Now L&T) Liquid Instalment Daily Dividend – Reinvestment Plan	19.77	2,00.01
DBS Cholamandalam (Now L&T) Select Income Fund – Flexi Debt Institutional – Dividend	20.01	2,00.71
Religare Liquid Fund – Institutional – Daily Dividend	9.99	1,00.01
Religare Ultra Short Term Fund – Institutional Daily Dividend	10.02	1,00.45
Total		630,84.78

17. 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.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

The following are the outstanding forward contracts as at 31st March, 2010 :

Currency	No. of Contracts	Value in Lacs	Equivalent Rs. Lacs
USD	17 (16)	36.36 (26.98)	16,39.76 (13,07.98)
EURO	8 (10)	7.30 (11.07)	4,41.27 (7,52.39)

Previous Year's figures are in brackets.

The Indian Rupee equivalent is arrived at by converting the forward contracts at the spot rate as on 31st March, 2010. Foreign currency exposure (net) not hedged by forward contracts as at 31st March, 2010 is Rs. 2,91.97 Lacs (Previous Year – Rs. 3,05.91 Lacs).

18. 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 Rs. 1,73.78 Lacs (Previous Year – Rs. 2,94.13 Lacs), being the difference between the opening and closing stock of finished goods is debited to Miscellaneous Expenses under Schedule 10.

19. **Disclosure under AS-15 (Revised 2005) :**

Employee Benefits :

I. Defined Contribution Plans :

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

	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
Employers' Contribution to Provident Fund	2,86.28	2,46.67
Employers' Contribution to Superannuation Fund	1,22.79	61.08

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, 2010 :

	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
Change in present value of obligation		
Opening Balance	13,76.28	11,74.70
Interest Cost	1,12.72	1,00.00
Service Cost	1,93.69	87.33
Benefits Paid	(1,17.52)	(1,07.84)
Cost of Plan Amendment	2,76.15	—
Actuarial (gain)/loss on obligation	1,51.28	1,22.09
Closing Balance	19,92.60	13,76.28

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

	As at 31st March, 2010 (Rs. Lacs)	As at 31st December, 2008 (Rs. Lacs)
Change in plan assets		
Opening Balance	13,73.74	11,41.71
Expected return on plan assets	1,12.51	1,08.94
Contributions	4,20.00	2,73.00
Benefits paid	(1,17.52)	(1,07.84)
Actuarial gain/(loss) on plan assets	52.27	(42.07)
Closing Balance	<u>18,41.00</u>	<u>13,73.74</u>
Net gratuity cost for the period/year		
Current Service Cost	1,93.69	87.33
Interest Cost	1,12.72	1,00.00
Expected return on plan assets	(1,12.51)	(1,08.94)
Past Service Cost	2,76.15	—
Net Actuarial (gain)/loss to be recognised	99.01	1,64.16
Net Gratuity Cost	<u>5,69.06</u>	<u>2,42.55</u>
Amount recognised in the Balance Sheet		
Present value of obligation	19,92.60	13,76.28
Fair value of plan assets	(18,41.00)	(13,73.74)
Net obligation	<u>1,51.60</u>	<u>2.54</u>

	As at 31st March, 2010 %	As at 31st December, 2008 %
Assumptions used in accounting for the gratuity plan		
Discount Rate	8.00	6.50
Salary escalation rate	6.50	5.00
Expected rate of return on plan assets	8.00	8.00

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

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

20. RELATED PARTY DISCLOSURE :

1. Relationships :

(i) HOLDING COMPANY :

Compagnie de Saint-Gobain

(ii) FELLOW SUBSIDIARIES :

(a) Saint-Gobain Abrasives, USA

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

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

(iii) ASSOCIATE COMPANIES :

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

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

(iv) **KEY MANAGEMENT PERSONNEL :**

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

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 :

(Rs. Lacs)

Sr. No.	Particulars	Holding Company		Fellow Subsidiaries		Associate Companies	
		For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008
1.	Sales	—	—	61.54	4,75.66	31,99.77	31,49.61
2.	Agency Commission received	—	—	—	—	2.24	76.72
3.	Dividend received	—	—	—	—	—	1,48.38
4.	Service Income	—	—	1,94.02	37.51	2,86.80	2,17.70
5.	Other Income	84.38	57.75	39.20	37.13	2,77.18	2,29.72
6.	Purchase of Goods	—	—	4,74.90	7,28.28	74,88.48	55,74.46
7.	Expenses charged to other companies	1,11.41	74.63	—	9.97	2,34.77	1,49.85
8.	Expenses charged by other companies	1,93.47	1,70.06	0.64	—	85.54	75.72
9.	Royalty Paid	—	—	3,70.01	2,90.57	1,55.22	1,19.03
10.	Other Expenses	—	—	—	—	20.42	14.33
11.	Purchase/Transfer of Fixed Assets	—	—	—	15.02	3.62	1,14.96
12.	Dividend Paid	—	—	11,36.56	11,36.56	—	—
13.	Outstanding receivables (net of payables)*	0.83	(9.57)	(1,86.55)	(79.73)	(3,79.21)	2,90.15
14.	Outstanding deposits*	—	—	—	—	39.00	37.00

* As at the end of the Accounting period/year.

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

(Rs. Lacs)

	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008
Remuneration	4,20.92	2,85.34
Outstanding Loan (As at the end of the Accounting period/year)	3,32.88	3,66.01

(iii) Significant transactions with related parties :

Sr. No.	Nature of Transactions	Associate Companies/Joint Venture	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
1.	Sales	Saint-Gobain Ceramic Materials AS, Norway Saint-Gobain Abrasives (Aust) Pty. Ltd. Saint-Gobain Abrasives Inc., USA Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	— 7,05.93 — 3,70.89	9,11.90 5,03.88 4,75.66 3,97.99

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

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

Sr. No.	Nature of Transactions	Associate Companies/Joint Venture	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
2.	Agency Commission received	Saint-Gobain Diamantwerkzeuge GMBH & Co.	—	24.45
		Certainteed Corporation, USA	—	24.22
		Saint-Gobain Universal Superabrasives Inc.	—	20.13
		Savoi Refractories	2.24	7.91
3.	Dividend received	Saint-Gobain Glass India Ltd.	—	1,48.38
4.	Service Income	Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	—	1,02.74
		Saint-Gobain PAM, France	91.73	81.18
		Saint-Gobain Glass, France	1,38.83	—
		Saint-Gobain Abrasives Inc., USA	1,94.02	—
5.	Other Income	Saint-Gobain Gyproc India Ltd.	1,69.84	1,24.34
		Compagnie de Saint-Gobain (Liaison Office)	84.38	57.75
		Saint-Gobain SEVA Engineering India Ltd.	56.42	53.18
		Saint-Gobain Abrasives Inc., USA	—	37.13
		Saint-Gobain Abrasives (Shanghai) Co. Ltd.	13,18.99	7,57.62
6.	Purchase of Goods	Saint-Gobain Materials Ceramicos Ltda. Brazil	12,14.45	—
7.	Expenses charged to other companies	Saint-Gobain SEVA Engineering India Ltd.	92.69	81.01
		Compagnie de Saint-Gobain (Liaison Office)	1,11.41	74.63
		Saint-Gobain Ceramic Materials (Mudanjiang) Co. Ltd., China	62.90	—
8.	Expenses charged by other companies	Compagnie de Saint-Gobain (Liaison Office)	1,93.47	1,44.35
		Saint-Gobain Glass India Ltd.	61.20	26.98
		Compagnie de Saint-Gobain, France	—	25.71
9.	Royalty Paid	Saint-Gobain Abrasives Inc., USA	3,70.01	2,90.57
		Saint-Gobain Abrasifs, France	1,09.51	90.02
10.	Other Expenses	Saint-Gobain Abrasifs, France	20.42	16.50
		Saint-Gobain Abrasives (Singapore) Pte. Ltd.	—	(2.18)
11.	Purchase/Transfer of Fixed Assets	SEPR Refractories India Ltd.	3.62	44.00
		Saint-Gobain Performance Plastics, Beaverton, USA	—	34.46
		Saint-Gobain Abrasives Ltd.	—	33.32
		Saint-Gobain Abrasives Inc., USA	—	15.02

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

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

Sr. No.	Nature of Transactions	Associate Companies/Joint Venture	For the Fifteen Months Ended 31st March, 2010 (Rs. Lacs)	For the Year Ended 31st December, 2008 (Rs. Lacs)
12.	Dividend Paid	Saint-Gobain Abrasives Inc., USA	5,92.71	5,92.71
		Societe de Participations Financieres et Industrielles (formerly Saint-Gobain Promotion et Participations Internationales)	5,43.85	5,43.85

No transactions have been made with him.

21. Segment Reporting :

A. Information about Business Segments :

(Rs. Lacs)

	Abrasives		Ceramics & Plastics		Others		Unallocated		Total	
	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008
Revenue										
Segment Revenue	482,59.43	358,31.41	205,15.20	133,62.31	30,19.04	17,76.20	—	—	717,93.67	509,69.92
Less: Inter-segment Sales	—	—	(15,71.78)	(8,07.70)	—	—	—	—	(15,71.78)	(8,07.70)
Net Sales	482,59.43	358,31.41	189,43.42	125,54.61	30,19.04	17,76.20	—	—	702,21.89	501,62.22
Result										
SEGMENT RESULT	75,78.80	51,67.11	42,90.15	17,94.16	5,53.93	4,87.02	—	—	124,22.88	74,48.29
Add: Exceptional Item										
Reversal of provision for "Wheeling Charges"	—	—	7,72.11	—	—	—	—	—	7,72.11	—
	75,78.80	51,67.11	50,62.26	17,94.16	5,53.93	4,87.02	—	—	131,94.99	74,48.29
Unallocated Income/(Expenditure)-(Net)							(4,67.65)	(1,01.75)	(4,67.65)	(1,01.75)
Interest expenses							(2,50.98)	(60.55)	(2,50.98)	(60.55)
Interest Income							1,12.76	1,18.67	1,12.76	1,18.67
Dividend Income							2,31.27	2,44.05	2,31.27	2,44.05
Profit on sale of Investments							35.98	1,82.83	35.98	1,82.83
Profit before Tax and after Exceptional Item									128,56.37	78,31.54
Provision for Tax (including Deferred Tax & FBT)							(42,51.70)	(24,11.02)	(42,51.70)	(24,11.02)
Profit after Tax before Minority Interest									86,04.67	54,20.52

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 13 : NOTES TO ACCOUNTS (Continued)

A. Information about Business Segments (Continued) :

(Rs. Lacs)

Other Information	As at 31st March, 2010	As at 31st December, 2008	As at 31st March, 2010	As at 31st December, 2008	As at 31st March, 2010	As at 31st December, 2008	As at 31st March, 2010	As at 31st December, 2008	As at 31st March, 2010	As at 31st December, 2008
Total Assets (gross)	278,17.75	266,87.32	142,18.10	116,49.29	10,06.82	12,74.08	130,46.35	83,50.45	560,89.02	479,61.14
Less: Revaluation Reserve	(2,21.73)	(2,34.21)	(1,96.94)	(2,05.10)	—	—	—	—	(4,18.67)	(4,39.31)
Net Assets	275,96.02	264,53.11	140,21.16	114,44.19	10,06.82	12,74.08	130,46.35	83,50.45	556,70.35	475,21.83
Total Liabilities	74,42.07	70,54.43	58,85.22	47,54.01	7,02.54	7,06.37	58,82.88	41,20.77	199,12.71	166,35.58
Capital Expenditure *	23,44.12	28,15.82	11,84.15	42,73.53	5.17	—	1,20.71	1,51.97	36,54.15	72,41.32
Depreciation *	13,41.70	10,48.12	6,76.24	2,01.99	2.43	1.30	1,49.60	1,45.39	21,69.97	13,96.80

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

B. Information about Geographical Segments

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

Net Sales	(Rs. Lacs)	
	For the Fifteen Months Ended 31st March, 2010	For the Year Ended 31st December, 2008
India	623,98.22	433,37.36
Outside India	78,23.67	68,24.86
Total	702,21.89	501,62.22

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

(Rs. Lacs)

	Net Assets		Total Liabilities	
	As at 31st March, 2010	As at 31st December, 2008	As at 31st March, 2010	As at 31st December, 2008
India	506,87.28	438,05.94	170,58.53	146,18.93
Outside India	49,83.07	37,15.89	28,54.18	20,16.65
Total	556,70.35	475,21.83	199,12.71	166,35.58

Notes :

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

- Abrasives
- Ceramics & Plastics
- Others

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

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

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

(iv) Segment results are net of corporate overheads aggregating to Rs. 11,94.19 Lacs (Previous Year – Rs. 7,80.47 Lacs), allocated on a reasonable basis.

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIFTEEN MONTHS ENDED 31st MARCH, 2010

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

	For the Fifteen Months Ended 31st March, 2010		For the Year Ended 31st December, 2008	
	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before Tax and after Exceptional Item		128,56.37		78,31.54
Adjustments for :				
Depreciation	21,69.97		13,96.80	
Unrealised Foreign Exchange (Gain)/Loss (Net)	(40.78)		92.85	
Loss on Sale of Fixed Assets	1,21.30		88.98	
Profit on Sale of Investments	(35.98)		(1,82.83)	
Dividend Received	(2,31.27)		(2,44.05)	
Gain on Prepayment of Deferred Sales Tax	—		(2,09.96)	
Interest (Net)	1,38.22	21,21.46	(58.12)	8,83.67
Operating Profit Before Working Capital Changes		149,77.83		87,15.21
Adjustments for :				
Trade and other Receivables	(22,53.74)		11,54.36	
Inventories	2,95.20		(30,63.27)	
Trade and other Payables	13,96.57	(5,61.97)	4,47.69	(14,61.22)
Cash Generated from Operations		144,15.86		72,53.99
Direct Taxes Paid	(42,06.86)		(29,78.43)	
Tax Refund	1,47.96	(40,58.90)	1,13.13	(28,65.30)
Net cash from Operating Activities		103,56.96		43,88.69
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(41,59.78)		(65,47.30)	
Sale of Fixed Assets	36.45		65.76	
Proceeds of Sale of Investments	1,35.98		20,82.83	
Purchase of Investments	(6,00.79)		(52.00)	
Payment from Minority Interest	1,40.00		4,08.00	
Inter Corporate Deposit placed	—		(2,00.00)	
Inter Corporate Deposit redeemed	—		2,00.00	
Interest Received	1,08.50		1,11.45	
Dividend Received	2,31.27		2,44.05	
Net cash flow used in investing activities		(41,08.37)		(36,87.21)

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIFTEEN MONTHS ENDED 31st MARCH, 2010 (Continued)

	For the Fifteen Months Ended 31st March, 2010		For the Year Ended 31st December, 2008	
	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Net Increase/(Decrease) in Borrowing	9,64.13		16,30.41	
Interest	(2,50.98)		(60.55)	
Dividends Paid	(22,08.81)		(32,78.44)	
Tax on Dividend	(3,76.34)		(3,76.34)	
Net cash used in Financing Activities		(18,72.00)		(20,84.92)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		43,76.59		(13,83.44)
CASH AND CASH EQUIVALENTS – OPENING BALANCE				
Cash and Bank Balances	17,19.88		21,82.25	
Cash Equivalents (Investment in Current Securities)	21,06.45	38,26.33	30,27.52	52,09.77
CASH AND CASH EQUIVALENTS – CLOSING BALANCE				
Cash and Bank Balances	82,02.92		17,19.88	
Cash Equivalents (Investment in Current Securities)	—	82,02.92	21,06.45	38,26.33
		43,76.59		(13,83.44)

- NOTES :
1. The Company has undrawn borrowing facilities amounting to Rs. 28,09.64 Lacs (Previous Year – Rs. 30,50.00 Lacs).
 2. Previous Year's figures have been regrouped to conform with the current year's presentation.

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

E. K. IRANI
Partner

Membership No. 35646
Mumbai: 18th May, 2010

A. C. CHAKRABORTTI

Chairman

A. Y. MAHAJAN

Managing Director

K. VISWESWARAN

Company Secretary

Mumbai: 18th May, 2010

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

PROXY FORM

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

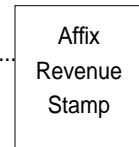
I/We, Mr./Mrs./Miss/Messrs.....
of.....in the district of
.....being a member/members of **GRINDWELL NORTON LIMITED**,
hereby appointof.....
.....in the district ofor failing him/her
.....of.....
in the district ofas my/our proxy to attend and vote for me/us and on my/our behalf at
the 60th ANNUAL GENERAL MEETING of the Company to be held on **Thursday, 29th day of July, 2010 at 3.00 p.m.** and at any adjournment
thereof.

Signed this day of.....2010.

Registered Folio/DP ID/Client ID:

Signature

No. of Shares held:



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

*Strike out whichever is not desired.

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



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

ATTENDANCE SLIP

60th Annual General Meeting
Thursday, 29th July 2010, at 3.00 p.m.

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

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

I/We hereby record my/our presence at the 60th ANNUAL GENERAL MEETING of the Company held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai – 400 001, on **Thursday, 29th July, 2010, at 3.00 p.m.**

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

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

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