



65th Annual Report 2014-2015

CHANGING GEARS

Ten Year Consolidated Financial Highlights

(₹ Lacs)

	2005	2006	2007	2008	Jan 2009-Mar 2010 (15 Months)	2010-11	2011-12	2012-13	2013-14	2014-15
Sale of Products (Net)	31788	37292	44083	50162	70222	78075	88434	91539	92298	108433
Operating Profit (Profit Before Interest, Tax & Extraordinary Items)	5368	6865	8244	7892	13107	12621	15237	13853	12495	15671
Profit After Tax and Extraordinary Items	3540	4602	13340 ⁺	5421	8605	8274	10284	9715	8442	10419
Share Capital	1384	2768	2768	2768	2768	2768	2768	2768	2768	2768
Reserves and Surplus *	15579	16590	24749	27589	32352	36853	42966	48487	52670	58480
Total Debts	61	227	227	1647	2611	2105	1891	2237	1641	1491
Net Fixed Assets *	6898	12116	15915	21603	22928	23525	31310	38512	37696	36360
Net Working Capital	6982	4824	7573	8442	12823	16923	15124	14107	18520	25597
Earnings Per Share (₹) #	6.40	8.31	10.19 [^]	9.81	15.60	15.10	18.60	17.58	15.16	18.64
Dividend Per Share (₹) #	2.75	3.50	8.00 [□]	4.00	6.00	6.00	6.50	6.50	6.50	6.50
Book Value Per Share (₹) * #	30.64	34.97	49.71	54.84	63.44	71.57	82.61	92.59	100.14	110.64

KEY RATIOS

Operating Margin (%)	16.89	18.41	18.70	15.73	18.67	16.17	17.12	15.13	13.54	14.45
Asset Turnover	1.83	1.87	1.56	1.52	1.43 [@]	1.81	1.79	1.64	1.55	1.66
Return on Capital Employed (%)	30.84	34.48	29.17	23.94	26.77 [@]	29.20	30.71	24.87	20.92	23.93
Debt Equity Ratio	–	0.01	0.01	0.05	0.07	0.05	0.04	0.04	0.03	0.02
Current Ratio	1.80	1.43	1.51	1.58	1.78	1.89	1.61	1.63	1.80	1.92

Figures re-cast wherever necessary

+ PAT without Extraordinary Item ₹ 5640 Lacs

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

□ Includes special interim dividend of ₹ 4.00

* Without Revaluation Reserve

[^] Based on Profit After Tax without Extraordinary Item

[@] Annualised

Bankers

Deutsche Bank
HDFC Bank
ICICI Bank

Statutory 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.: +91 22 6656 8484
Fax No.: +91 22 6656 8494
E-mail id
csg-unit@tsrdarashaw.com

Registered Office

5th Level, Leela Business Park,
Andheri-Kurla Road,
Marol, Andheri (East),
Mumbai - 400 059.
Tel. No.: +91 22 4021 2121
Fax No.: +91 22 4021 2102

E-mail id

sharecmpt.gno@saint-gobain.com

Website

www.grindwellnorton.com

Corporate Identity Number

L26593MH1950PLC008163

Factories

1. Mora, Dist. Raigad,
Maharashtra
2. Bengaluru, Karnataka
3. Tirupati, Andhra Pradesh
4. Nagpur, Maharashtra
5. Bated, Dist. Solan,
Himachal Pradesh
6. Halol, Gujarat

DIRECTORS

Mr. PRADIP SHAH
(Chairman)

Ms. MARIE-ARMELLE CHUPIN

Mr. BENOIT d'IRIBARNE
(Alternate Director)

Mr. KEKI M. ELAVIA

Mr. JEAN-PIERRE FLORIS

Mr. PATRICK MILLOT

Mr. MIKHIL NARANG

Mr. SHIVANAND SALGAOCAR

Mr. GUILLAUME TEXIER

Mr. ANAND MAHAJAN
(Managing Director)

MANAGEMENT COMMITTEE

Mr. Deepak Chindarkar
(Finance & IT)

Mr. Krishna Prasad
(Ceramics & Plastics)

Mr. M. Ramarathnam
(Projects & EHS)

Mr. N. Sreedhar
(Abrasives)

Ms. Anupama Vaidya
(HR)

COMPANY SECRETARY

Mr. K. Visweswaran

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NOTICE

NOTICE is hereby given that the 65th Annual General Meeting of the members of Grindwell Norton Limited will be held on Tuesday, 4th August, 2015 at 3:00 p.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai 400 001, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt
 - a. the Audited Financial Statements of the Company for the financial year ended 31st March, 2015, together with the Reports of the Board of Directors and the Auditors thereon; and
 - b. the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2015, together with the Report of the Auditors thereon.
2. To declare a dividend for the financial year ended 31st March, 2015.
3. To appoint a Director in place of Mr. Guillaume Texier (Director Identification No. 05103331), who retires by rotation and being eligible, offers himself for re-appointment.
4. Re-appointment of Auditors

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, as amended from time to time, M/s. Kalyaniwalla & Mistry, Chartered Accountants (Firm Registration No. 104607W), be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration plus service tax and out of pocket expenses at actuals, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary to give effect to this resolution."

SPECIAL BUSINESS

5. Ratification of Remuneration to Cost Auditors

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and Rules framed thereunder, as amended from time to time, the consent of the Members be and is hereby accorded for ratification of remuneration amounting to ₹ 2,00,000 (Rupees Two Lacs Only) plus service tax and out of pocket expenses at actuals, to M/s. Rao, Murthy & Associates, Cost Accountants (Firm Registration No. 000065), to audit the cost records maintained by the Company for the financial year ended 31st March, 2015.

RESOLVED FURTHER THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and Rules framed thereunder, as amended from time to time, the consent of the Members be and is hereby accorded for ratification of remuneration amounting to ₹ 2,00,000 (Rupees Two Lacs Only) plus service tax and out of pocket expenses at actuals, to M/s. Rao, Murthy & Associates, Cost Accountants (Firm Registration No. 000065), to audit the cost records maintained by the Company for the financial year ended 31st March, 2016.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary to give effect to this resolution."

By Order of the Board of Directors

K. VISWESWARAN
Company Secretary

Mumbai, 14th May, 2015

Registered Office:

5th Level, Leela Business Park

Andheri-Kurla Road, Marol, Andheri (East)

Mumbai 400 059

Tel: +91 22 4021 2121 • Fax: +91 22 4021 2102

E-mail: sharecmpt.gno@saint-gobain.com

Website: www.grindwellnorton.com

Corporate Identity Number: L26593MH1950PLC008163

**NOTES:**

- (a) The Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of business set out in Item No. 5 of the accompanying Notice and the relevant details as required under Clause 49 of the Listing Agreement, of person seeking appointment/re-appointment as Director as set out in Item No. 3 of the Notice, is annexed hereto.
- (b) Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 will be available for inspection by Members at the Annual General Meeting.
- (c) **A Member entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than forty-eight (48) hours before the commencement of AGM. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions/authority, as applicable.**

Members are requested to note that a person can act as proxy on behalf of not exceeding fifty (50) Members and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

- (d) Members/Proxies should bring the duly filled Attendance Slip to the AGM. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at AGM.
- (e) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 28th July, 2015 to Tuesday, 4th August, 2015 (both days inclusive), for determining the names of Members eligible for dividend on Equity Shares, if declared at AGM.
 - i. To all Beneficial Owners in respect of shares held in dematerialised form as per the data made available by the National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") as of the close of business hours on Monday, 27th July, 2015.
 - ii. To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on Monday, 27th July, 2015.
- (f) Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Services ("NECS"), Electronic Clearing Service ("ECS"), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers etc., to their Depository Participant(s) ("DP"). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and its Registrars and Transfer Agents, TSR Darashaw Limited ("TSRDL") to provide efficient and better services.

Members holding shares in physical form are requested to intimate such changes to TSRDL.

- (g) The Securities and Exchange Board of India has mandated submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to DP with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to TSRDL.
- (h) Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or TSRDL for assistance in this regard.
- (i) Members holding shares in physical form in identical order or names in more than one folio are requested to send to the Company or TSRDL, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
- (j) In case of joint holders attending AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
- (k) Members desirous of seeking any further information about the financial statements and/or operations of the Company are requested to address their queries to the Company Secretary at the Registered Office of the Company, at least ten days in advance of AGM, so that the information, to the extent practicable, can be made available at the AGM.

(l) Transfer of unclaimed/unpaid amounts to the Investor Education and Protection Fund ("IEPF"):

Pursuant to Section 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, unclaimed/unpaid dividend for the financial year ended 31st December, 2007 (interim dividend) has been transferred to the IEPF established by the Central Government on 6th February, 2015. The unclaimed/unpaid dividend, declared for the financial year ended 31st December, 2007 (final dividend) will be due for transfer to IEPF after 25th May, 2015.

It may be noted that unclaimed/unpaid dividend for the financial year ended 31st December, 2008 shall be due for transfer to IEPF after 28th May, 2016. Members who have not yet encashed their dividend warrant(s) for financial year ended 31st December, 2008 and all subsequent financial years are requested to make their claims without any delay to TSRDL.

(m) The Notice of AGM along with the Annual Report 2014-15 is being sent by electronic mode to those Members whose e-mail addresses are registered with their DPs, unless the Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

Members who have received the Notice of AGM along with the Annual Report 2014-15 through electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter at the venue to attend the AGM of the Company. As a 'Green Initiative', copies of the Annual Report will not be distributed at AGM.

(n) To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with TSRDL/DPs.

VOTING THROUGH ELECTRONIC MEANS

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to provide Members the facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of AGM ("remote e-voting") will be provided by National Securities Depository Limited ("NSDL").
- II. The facility for voting through Ballot Paper shall be made available at the AGM and Members attending AGM who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM through Ballot Paper.
- III. The remote e-voting period shall commence on Friday, 31st July, 2015 (9:00 a.m.) and end on Monday, 3rd August, 2015 (5:00 p.m.). During this period Members of the Company holding shares either in physical form or in dematerialised form as on the cut-off date, Tuesday, 28th July, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL after Monday, 3rd August, 2015 (5:00 p.m.).
- IV. Once the vote on resolution is cast by the Member through remote e-voting, the Member shall not be allowed to change it subsequently.
- V. The process for remote e-voting is as under:
 - A. In case a Member receives an e-mail from NSDL (for members whose e-mail IDs are registered with the TSRDL/DPs):
 - (i) Open the e-mail and open PDF file viz., 'remote e-voting.pdf' with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
 - (iii) Click on Shareholder – Login.
 - (iv) Put user ID and password as initial password noted in step (i) above, Click Login.
 - (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" (E-voting Event Number) of "Grindwell Norton Limited".
 - (viii) Now you are ready for remote e-voting as 'Cast Vote' page opens.



- (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
 - (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to grindwell.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.
- B. In case a Member has received physical copy of the Notice of AGM (for Members whose e-mail IDs are not registered with the Company/DPs or requested physical copy):
- a. EVEN (E-voting Event Number), user ID and password are provided in the Attendance Slip.
 - b. Please follow all steps from A (ii) to A (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote.
- VIII. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of Members shall be in proportion to their shares of paid up equity share capital of the Company as on the cut-off date, Tuesday, 28th July, 2015.
- X. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, Tuesday, 28th July, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote.
- If you forgot your password, you can reset password by using “Forgot user details/password” option available on www.evoting.nsdl.com or contact NSDL on toll free no. 1800-222-990.
- XI. The Members who have cast their vote by remote e-voting, may attend and participate at the AGM, but they shall not be entitled to cast their vote at the AGM. If a Member casts votes by remote e-voting and at the AGM through Ballot Paper, then vote cast through remote e-voting shall prevail and vote cast through Ballot Paper at the AGM shall be treated as invalid.
- XII. A person, whose name is recorded in the Register of Members as on the cut-off date, Tuesday, 28th July, 2015 only shall be entitled to avail the facility of remote e-voting or voting at the AGM through Ballot Paper.
- XIII. Mr. P. N. Parikh (Membership No. FCS 327) or failing him Mr. Mitesh Dhabliwala (Membership No. ACS 24539), of M/s. Parikh & Associates, Practicing Company Secretaries has been appointed as the Scrutinizer to scrutinize the voting by remote e-voting and votes cast through Ballot Paper at AGM in a fair and transparent manner.
- XIV. The Chairman shall, at AGM, at the end of the discussion on the resolutions set out in the Notice of AGM, allow voting with the assistance of the Scrutinizer, by use of Ballot Paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall, after the conclusion of voting at AGM, first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or person authorized by him in writing, who shall countersign the same and declare the results of the voting forthwith.
- XVI. The Results declared along with the Report of the Scrutinizer shall be placed on the website of the Company, www.grindwellnorton.com, and on the website of NSDL, www.nsdl.co.in, immediately after the declaration of the results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges at which the equity shares of the Company are listed.

ANNEXURE TO NOTICE

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("Act")

The following Statement sets out the material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 5:

The Board, on the recommendations of the Audit Committee, has appointed M/s. Rao, Murthy and Associates, Cost Accountants (Firm Registration No. 000065) as "Cost Auditors" of the Company, to conduct audit of the cost records for the financial year ended 31st March, 2015 and 31st March, 2016.

The Members, at the 64th Annual General Meeting of the Company held on 23rd July, 2014, accorded authority to the Board of Directors of the Company to fix the remuneration payable to M/s Rao, Murthy & Associates, Cost Auditors of the Company for the financial year ended 31st March, 2015. The Board has approved remuneration amounting to ₹ 2,00,000 (Rupees Two Lacs Only) plus service tax and out of pocket expenses at actuals, incurred in connection with the cost audit of the Company.

The Board, on the recommendations of the Audit Committee, has approved remuneration for financial year ended 31st March, 2016, to M/s. Rao, Murthy & Associates, Cost Auditors, amounting to ₹ 2,00,000 (Rupees Two Lacs Only), plus service tax and out of pocket expenses at actuals, towards audit of the cost records maintained by the Company for the products covered as per the Companies (Cost Records and Audit) Amendment Rules, 2014, dated 31st December, 2014 issued by the Ministry of Corporate Affairs.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors needs to be ratified by the Shareholders of the Company.

Accordingly, approval of the Members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors.

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested in this resolution.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Members.

By Order of the Board of Directors

K. VISWESWARAN
Company Secretary

Mumbai, 14th May, 2015

Registered Office:

5th Level, Leela Business Park

Andheri-Kurla Road, Marol, Andheri (East)

Mumbai 400 059

Tel: +91 22 4021 2121 • Fax: +91 22 4021 2102

E-mail: sharecmpt.gno@saint-gobain.com

Website: www.grindwellnorton.com

Corporate Identity Number: L26593MH1950PLC008163

DETAILS OF DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Item No. 3:

Name of the Director	Mr. Guillaume Texier
Director Identification Number	05103331
Brief Profile	Mr. Texier, 41, is a graduate in engineering from Ecole Polytechnique, Paris and in business administration from Paris School of Mines. He is the President of the Ceramic Materials Division of Saint-Gobain from September 2011. Before joining the Group, he has held various positions of responsibility with the French government and has served in the French army.
Expertise in specific functional areas	Wide experience in various businesses of Saint-Gobain (including Ceramics) and Corporate Planning.
Directorships held in other companies (excluding foreign companies)	Nil
Memberships/Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil
Number of shares held in the Company	Nil



BOARD'S REPORT

The Members,

Your Directors present the 65th Annual Report of the Company along with the audited financial statements for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS

(₹ in crores)

	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Sale of Products (Gross)	1144.06	974.28	1168.58	997.89
Service & Other Operating Income	50.58	42.24	51.04	42.52
Less: Excise Duty	(84.25)	(74.91)	(84.25)	(74.91)
Revenue from Operations	1110.39	941.61	1135.37	965.50
Operating Profit	149.79	120.32	156.71	124.95
Interest	0.56	0.45	2.91	3.05
Profit before Tax	149.23	119.87	153.79	121.90
Provision for Tax	48.21	37.55	49.60	37.48
Profit for the year	101.02	82.32	104.19	84.42
Less: Share of Minority Interest	—	—	(0.97)	(0.50)
Profit for the year after Minority Interest	—	—	103.22	83.92
Surplus brought forward	120.00	100.00	116.62	95.02
	221.02	182.32	219.84	178.94
Appropriations:				
Proposed Dividend	35.98	35.98	35.98	35.98
Tax on Proposed Dividend	7.33	6.12	7.33	6.12
Transfer to General Reserve	27.71	20.22	27.71	20.22
Surplus Carried to Balance sheet	150.00	120.00	142.82	116.62
	221.02	182.32	219.84	178.94

The Company proposes to transfer an amount of ₹ 27.71 crores to the General Reserve. An amount of ₹ 150 crores is proposed to be retained in the Statement of Profit and Loss.

DIVIDEND

Your Directors are pleased to recommend dividend of ₹ 6.50 per equity share of face value of ₹ 5 each for the financial year ended 31st March, 2015. The cash outgo on account of dividend including dividend distribution tax will be ₹ 43.31 crores as against ₹ 42.10 crores in the previous year.

OPERATIONS

The economy remained weak and the growth of industrial production continued to be low (growth of the Index of Industrial Production was under 3% for the fourth consecutive year). The manufacturing sector remained vulnerable throughout the year. Decline in inflation, led by the steep fall in global oil prices, and a stable Rupee provided some respite for the economy. Meanwhile, with a stable, majority Government at the Centre and improved macro-economic indicators, the overall sentiment has seen a rise and, consequently, so has the stock market. After two years of stagnation, your Company's sales increased by 17% and operating profit by 24% over the previous year.

- **Abrasives**

Partly on account of some increase in demand from certain end-user industries and largely on account of gain in market share, the Abrasives business witnessed double-digit growth during the year. The business focused on new products and new markets to reverse the drop in volumes in the past two years. Higher volumes, a stable Rupee and the management's focus on improving price realization led to a sharp rise in the operating margin. The Non-woven plant at Bengaluru and Bonded Abrasives expansion project at Nagpur, which were commissioned in the previous year, stabilized during the current year and ramp up of production is in progress.

- **Ceramics & Plastics**

Domestic demand for Silicon Carbide ("SiC") continued to be stable, but weak. Exports to Europe declined. Production at your Company's plant at Tirupati was adversely impacted by the stoppage of power generation by Andhra Pradesh Gas Power Corporation Limited ("APGPCL") for nearly four months, due to repairs to the gas pipeline. Meanwhile, increased competition on account of imports from China and Vietnam put a cap on price levels. Consequently, the operating margin declined. The High Performance Refractories business posted strong growth in terms of sales and profit. While the domestic order flow continued to be weak, a few large export orders of high-margin, niche products contributed to the growth. After a disappointing performance in the previous year, the Performance Plastics business saw strong growth in sales and margins, largely due to increase in demand from the seals and health-care business segments.

SUBSIDIARY COMPANY

The Company has one subsidiary in Bhutan, Saint-Gobain Ceramic Materials Bhutan Private Limited. It is not a material subsidiary in terms of Clause 49 of the Listing Agreement.

The operations of your Company's subsidiary in Bhutan were stable. Direct sale of grains from Bhutan has increased by 5% during the year. Despite the increase in power cost by 10% in Bhutan, the cost of electricity is still much lower than the cost at Tirupati.

In accordance with Section 129(3) of the Companies Act, 2013 and Rule 5 of the Companies (Accounts) Rules, 2014 and relevant Accounting Standards (AS), the Company has prepared consolidated financial statements of the Company and its subsidiary company, which forms part of the Annual Report. A statement in Form AOC-I containing salient features of the financial statements of the subsidiary company is also included in the Annual Report. In accordance with provisions of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein the standalone and consolidated financial statements and audited financial statement of the subsidiary has been placed on the website of the Company, www.grindwellnorton.com. Shareholders interested in obtaining a copy of the audited financial statements of the subsidiary may write to the Company Secretary at the Company's Registered Office.

FUTURE PROSPECTS

While expectations of an industrial recovery are high, on the ground, visibility remains poor. Except in pockets, investment demand remains low. The order inflow is, by and large, muted and there is no pull from the channel. Still, the most likely scenario is a gradual recovery in the coming months. As and when growth accelerates, your Company shall stand to gain from the investments made in capacities and capabilities over the last few years. Meanwhile, your Company's management will focus on growing exports, improving price realization and operating performance even as it continues to invest in new products and new markets to sustain growth.

MATERIAL CHANGES AND COMMITMENTS AFTER THE END OF FINANCIAL YEAR

There have been no material changes or commitments, affecting the financial position of the Company, which have occurred between end of the financial year and the date of the Report.