

**SAINT GOBAIN CERAMIC MATERIALS BHUTAN  
PRIVATE LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31<sup>ST</sup> DECEMBER, 2009**

# **Deloitte Haskins & Sells**

Chartered Accountants  
Bengal Intelligent Park  
Building Alpha, 1st Floor  
Block - EP & GP, Sector - V  
Salt Lake Electronics Complex  
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## **AUDITORS' REPORT**

### **TO THE MEMBERS OF SAINT GOBAIN CERAMIC MATERIALS BHUTAN PRIVATE LIMITED. PASAKHA, BHUTAN**

1. We have audited the attached Balance Sheet of Saint Gobain Ceramic Materials Bhutan Private Limited as at 31<sup>st</sup> December 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes determining 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 the 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 Minimum Audit Examination and Reporting Requirements under Schedule XIV of Section 75 of the Companies Act of the Kingdom of Bhutan, 2000 we enclose a statement on the matters specified therein to the extent applicable as an Annexure to our report.
4. Further to our comments in Annexure referred to in paragraph 3 above:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

# Deloitte Haskins & Sells

- b) In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
- c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report have been prepared on the basis of generally accepted accounting principles and are in agreement with the books of accounts.
- d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Significant Accounting Policies and Notes on Accounts at Schedule 14, give the information required by the generally accepted accounting standards and principles in the manner so required and give a true and fair view:
  - i. in case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> December 2009 :
  - ii. in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - iii. in so far as it relates to the Cash Flow Statement, of the movement of cash of the Company for the year ended on that date.

For **Deloitte Haskins & Sells**  
*Chartered Accountants*  
(Registration No. 302009E)

  
**A. Bhattacharya**  
*Partner*  
M/No. 054110

Place: Pasakha, Bhutan  
Date: 23<sup>rd</sup> April, 2010



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## ANNEXURE TO AUDITOR'S REPORT REFERRED TO IN OUR REPORT OF EVEN DATE

1. The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets have been physically verified by the management during the period.
2. The fixed assets of the Company have not been revalued during the period.
3. Physical verification of finished goods, stores, spare parts and raw materials have been conducted at the end of the year.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
5. No material discrepancies were noticed in the physical verification of stock.
6. The valuation of stock is fair and proper in accordance with normally accepted accounting principles. The basis of valuation is the same as in the preceding year.
7. We are given to understand that the Company has not taken nor granted any loans secured or unsecured from or to other companies, firms or other parties, and/or from or to the companies under the same Management.
8. Loans or advances granted to officers or staffs are generally in keeping with the provisions of service rule and no excessive or frequent advances are granted and accumulation of large advances against particular individual is generally avoided.
9. In our opinion and according to the information and explanations given to us during the course of the audit, the Company has established an adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, to carry out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the applicable rules/regulations and systems and procedures.



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There is a series of competitive biddings commensurate with the size of the Company and the nature of its business, for the purchase of capital goods and services.

11. Regarding transactions of purchase of goods and services and sales of goods made in pursuance of contracts or arrangement entered into with the company in which the directors are directly or indirectly interested, such transaction has been made at prices which are reasonable having regard to the prevailing market prices for such goods and services.  
The above transactions are not prejudicial to the interest of the Company.
12. If any unserviceable or damaged stores and raw material are determined, adjustments are made in the accounts.
13. There is a reasonable system of ascertaining and identifying point of occurrence of breakage/damages raw materials, packing materials and finished products i.e while in transit, so that responsibility could be fixed and compensation sought from those responsible.
14. The company is maintaining reasonable records for production of finished goods and adequate physical safeguards exist to prevent unauthorized or irregular movement of goods from the company.
15. The Company is generally regular in depositing rates and taxes, duties, and other statutory dues with the appropriate authority.
16. The undisputed outstanding amount payable in respect of contractor taxes, health tax, salary tax and provident fund at the period end were as follows:

Contractor Tax	Nu.253,696
Rent	Nu. 3,675
Health Tax	Nu. 7,017
Salary Tax	Nu. 43,233
Provident Fund	Nu.2248

17. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to the Account other than those



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in accordance with contractual obligations / in accordance with generally accepted practice.

18. The Company has a reasonable system of recording receipts, issues and consumption of raw material commensurate with the size and nature of business.
19. The company has carried out a quantitative reconciliation of stock of major items at the end of the year.
20. Approval of appropriate authority is obtained for writing off amount due to material loss or discrepancies in physical or book balances of inventories.
21. There is a reasonable system of price fixation taking into account the cost of production and market condition.
22. There is a reasonable system of continuous follow-up with debtors for recovery of outstanding amount.
23. The management of liquid resources is generally adequate and withdrawals of loan amounts are made after assessing the requirements of funds from time to time and no excess amounts are withdrawn leading to avoidable interest burden on the company.
24. In our opinion and on the basis of available records and information, the activities carried out by the Company during the period are prima facie lawful and intra vires to the Articles of Incorporation of the Company.
25. In our opinion the company has established an effective budgetary control system.
26. Variance analysis of expenses is carried out on monthly basis.
27. There have been no payments made in cash or in kind to the Board of Directors including the Chief Executive Officers or any of their relatives (including spouse(s) and child/children) by the company directly or indirectly.
28. According to the information and explanations given to us, the directives of the Board have been complied with.

## COMPUTERISED ACCOUNTING ENVIRONMENT

1. The organizational and system development controls and other internal controls are adequate relative to size and nature of Computer installations.
2. The Company has adequate safeguard measures and backup facilities exist.



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3. As regards back up facilities and disaster recovery measures, we are given to understand that the back-up files are kept in different location.
4. The operational controls are found adequate to ensure correctness and validity of input data and output information.
5. The measures to prevent unauthorized access over the computer installation and files are adequate.

## GENERAL

### 1. Ratio Analysis.

Financial Ratio Analysis in respect of the company has been given below:

RATIO	Basis	2009
Current ratio	Current Asset/Current liability	0.77
Debt equity ratio	Long term debt/ Shareholders fund +Long term debt	0.5
Net Profit Ratio	Profit before tax/Sale	(0.08)

### 2. Compliance with the Companies Act of the Kingdom of Bhutan.

During the period the company has complied with the Companies Act of the Kingdom of Bhutan .

### 3. Adherence to Laws, Rules and Regulations.

The Company has complied with the applicable laws, rules and regulations, system, procedures and practices.

Other clauses referred to in the Minimum Audit Examination and Reporting Requirements under schedule XIV of section 75 of the Companies act of the kingdom of Bhutan,2000 are not applicable.



**Saint Gobain Ceramic Materials Bhutan Private Limited**  
**Balance Sheet as at 31st December, 2009**

	Schedules	(In Nu)	As at 31st December, 2009 (In Nu)	As at 31st December, 2008 (In Nu)
<b>I. Sources of funds :</b>				
(1) Shareholders Funds Capital	1		228,566,587	178,688,631
(2) Loan Funds Secured loans	2		233,123,166	164,720,490
<b>TOTAL :</b>			<u>461,689,753</u>	<u>343,409,121</u>
<b>II. Applications of funds :</b>				
(1) Fixed Assets				
(a) Gross block	3	479,535,311		3,099,491
(b) Less : depreciation		<u>28,527,608</u>		<u>320,560</u>
(c) Net block		451,007,703		2,778,931
(d) Capital Work-in-progress		4,878,700	455,886,403	393,802,998
Current Assets, Loans, and Advances :				
(a) Inventories	4	53,469,122		
(b) Cash and bank balances	5	659,968		6,809,233
(c) Loans and advances	6	<u>10,223,330</u>		<u>1,619,683</u>
		64,352,420		8,428,916
Less :				
Current Liabilities and Provisions :				
(a) Liabilities	7	75,178,478		64,195,968
(b) Provisions	8	<u>2,211,802</u>		<u>1,131,254</u>
		77,390,280		65,327,222
Net Current assets			(13,037,860)	(56,898,304)
(3) Profit & Loss Account			18,841,210	3,725,496
<b>TOTAL :</b>			<u>461,689,753</u>	<u>343,409,121</u>
<b>NOTES TO ACCOUNTS</b>	14			

The Schedules referred to above form an integral part of the Balance Sheet  
This is the Balance Sheet referred to in our report of even date.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

A. Bhattacharya  
Partner

Place : Pasakha  
Date 23/04/2010

For and on behalf of the Board

A. Y. Mahajan  
(Chairman)

Ljyen Tsechup Dorji  
(Vice Chairman)



**Saint Gobain Ceramic Materials Bhutan Private Limited**  
**Profit & Loss Account for the year ended 31st December, 2009**

	Schedules	For the year ended 31st December, 2009 ( In Nu )	For the year ended 31st December, 2008 ( In Nu )
<b>INCOME</b>			
Sales		181,378,994	-
Other Income	9	67,300	169,855
<b>Total</b>		<u>181,446,294</u>	<u>169,855</u>
<b>EXPENDITURE</b>			
Material Cost	10	63,647,092	-
Employees' Remuneration and benefits	11	7,540,157	1,797,371
Operating and Other Expenses	12	81,471,516	1,689,887
Interest Cost	13	15,804,873	-
Depreciation	3	28,098,371	71,219
		<u>196,562,008</u>	<u>3,558,477</u>
Profit Before Tax		(15,115,714)	(3,388,622)
Provision for Taxation		-	-
Add: Balance brought forward from previous year		(3,725,496)	(336,874)
<b>Total</b>		<u>(18,841,210)</u>	<u>(3,725,496)</u>
Balance carried to Balance Sheet		<u>(18,841,210)</u>	<u>(3,725,496)</u>

**NOTES TO ACCOUNTS**

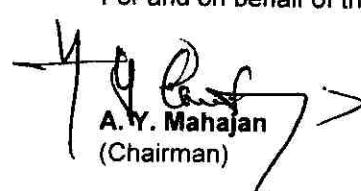
14

The Schedules referred to above form an integral part of the Profit & Loss Account  
This is the Profit & Loss Account referred to in our report of even date.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

For and on behalf of the Board

  
**A. Bhattacharya**  
Partner

  
**A. Y. Mahajan**  
(Chairman)

  
**Ugyen Tsechup Dorji**  
(Vice Chairman)

Place : Pasakha

Date 23/04/2010



**Saint Gobain Ceramic Materials Bhutan Private Limited**  
**Cash Flow Statement for the year ended 31st December, 2009**

	For the Year Ended 31st December, 2009		For the Year Ended 31st December, 2008	
	(In Nu)	(In Nu)	(In Nu)	(In Nu)
Net loss before Tax / Operating loss	(15,115,714)		(3,388,622)	
ADD: Depreciation charged to Profit and Loss	28,098,371		71,219	
(Increase)/Decrease in Loans & Advances	(8,603,647)		(1,512,363)	
Increase/(Decrease) in stock	(53,469,122)			
Increase/(Decrease) in Payables	18,765,223		60,102,104	
<b>Net cash flow from operating activities</b>		<b>(30,324,889)</b>		<b>55,272,338</b>
Returns on investments and servicing of finance.	-		-	
Taxation	-		-	
Capital expenditure ( Note 1 )	(87,402,842)		(350,640,589)	
<b>Net cash inflow/ (outflow) from investing activities</b>		<b>(87,402,842)</b>		<b>(350,640,589)</b>
<b>Net cash inflow/ (outflow) before financing</b>		<b>(117,727,731)</b>		<b>(295,368,251)</b>
Financing ( Note 2 )	111,578,466		299,517,920	
Management of liquid resources				
<b>Net cash inflow/ (outflow) from financing</b>		<b>111,578,466</b>		<b>299,517,920</b>
<b>Net Increase/ ( Decrease ) in Cash &amp; Cash Equivalents</b>		<b>(6,149,265)</b>		<b>4,149,669</b>
ADD: Opening Balance		<b>6,809,233</b>		<b>2,659,564</b>
<b>Cash &amp; Cash Equivalents as on 31.12.2009</b>		<b>659,968</b>		<b>6,809,233</b>
<b>Closing Cash Balance as on 31.12.2009</b>		<b>659,968</b>		<b>6,809,233</b>

**Notes :**

**1. Capital expenditure**

Payments to acquire tangible fixed assets	(82,632,820)	(2,035,619)
Payment for Capital Work-in-Progress	(4,878,700)	(348,791,086)
ADD: Depreciation allocated to CWIP	108,678	186,116
	<b>(87,402,842)</b>	<b>(350,640,589)</b>

**2. Financing**

Equity contribution	49,877,956	134,797,430.00
Term Loan	61,700,510	164,720,490.00
	<b>111,578,466</b>	<b>299,517,920.00</b>

**3. Cash & Cash Equivalents Comprise :**

Cash and Bank Balances	659,968	6,809,233
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This is the Cash Flow Statement referred to our report of even date.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

A. Bhattacharya  
Partner

For and on behalf of the Board

A. Y. Mahajan  
(Chairman)

Ugen Tsechup Dorji  
(Vice Chairman)

Place : Pasakha

Date 23/04/2010



**Paint Gobain Ceramic Materials Bhutan Private Limited**  
**Schedules Forming Part of the Accounts:**

	<u>As at 31st December, 2009 (In Nu)</u>	<u>As at 31st December, 2008 (In Nu)</u>
<b>SCHEDULE 1 : CAPITAL</b>		
<b>AUTHORISED</b>		
30,00,000 Equity Shares of Nu 100/- each ( Previous Year 21,00,000 Equity Shares of Nu 100/- each )	300,000,000	210,000,000
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
22,66,667 Equity Shares of Nu 100/- each, fully paid-up ( Previous Year )		
Grindwell Norton Limited	158,666,700	124,000,200
Singye Group of Companies Private Limited	<u>68,000,000</u>	<u>53,142,900</u>
	226,666,700	177,143,100
<b>ADVANCE AGAINST EQUITY</b>		
Grindwell Norton Limited	1,899,887	688,431
Singye Group of Companies Private Limited	<u>-</u>	<u>857,100</u>
	1,899,887	1,545,531
<b>NOTES:</b>		
1. During the Year:		
( a ) Authorised Share Capital has been increased to 30,00,000 Equity Shares of Nu 100/-each		
	<u>228,566,587</u>	<u>178,688,631</u>
<b>SCHEDULE 2 : SECURED LOANS</b>		
Term Loan from : Bank of Bhutan Ltd Bhutan National Bank Ltd	105,899,735 72,223,431	98,832,294 65,888,196
Secured by way of Hypothecation charge created / or to be created on all the fixed assets of the company and Corporate Guarantee given by Grindwell Norton Ltd upto ( 50% of the Sanctioned Amount)		
Bridge Loan from Bank Of Bhutan - 000033	55,000,000	-
Secured by way of Hypothecation charge created / or to be created on all the fixed assets of the company and Corporate Guarantee of SBI for the Sanctioned Amount)		
	<u>233,123,166</u>	<u>164,720,490</u>
<b>SCHEDULE 4 : INVENTORIES</b>		
Raw Material	6,812,216	-
Finished Goods	23,305,338	-
Stock in Hand - Others	295,437	-
Goods In Transit	<u>23,056,131</u>	<u>-</u>
	53,469,122	-
<b>SCHEDULE 5 : CASH &amp; BANK</b>		
Cash in Hand	65,093	13,059
With Scheduled Banks:		
On FC Account	144,875	6,796,174
Margin Money with Bank Of Bhutan	<u>450,000</u>	<u>-</u>
	659,968	6,809,233



**Saint Gobain Ceramic Materials Bhutan Private Limited**  
**Schedules Forming Part of the Accounts:**

**As at 31st**  
**December, 2009**  
**( In Nu )**

**As at 31st**  
**December, 2008**  
**( In Nu )**

**SCHEDULE 6 : LOANS AND ADVANCES**

Security Deposit  
 Other Advances

1,254,046	1,228,408
8,969,284	391,275
<b>10,223,330</b>	<b>1,619,683</b>

**SCHEDULE 7 : LIABILITIES**

Sundry Creditors  
 Overdraft Balance with Bank of Bhutan 8605  
 Interest Accrued But Not Due  
 Others

21,992,507	49,735,473
16,036,002	-
1,268,261	-
35,881,708	14,460,495
<b>75,178,478</b>	<b>64,195,968</b>

**SCHEDULE 8 : PROVISIONS**

Provision for Gratuity  
 Provision for Performance Incentive

208,146	85,321
2,003,656	1,045,933
<b>2,211,802</b>	<b>1,131,254</b>



SCHEDULE 3 : FIXED ASSET

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.01.2009	Addition	Deduction	As at 31.12.2009	Up To 01.01.2009	On Sales	For the year	Up To 31.12.2009	As at 31.12.2009	As at 31.12.2008
Building		204,626,746	-	204,626,746	-	-	3,630,437	3,630,437	200,996,309	248,487
Computer	291,000	802,900	-	1,092,900	42,513	-	144,617	187,131	906,769	222,226
Furniture & Fixtures	246,102	771,685	-	1,017,788	23,876	-	115,304	139,180	878,608	1,932,980
Vehicles	2,173,524	-	-	2,173,524	240,544	-	328,029	568,573	1,606,951	375,239
Equipment	388,865	5,964,889	-	6,353,754	13,626	-	648,325	661,951	5,691,802	-
Plant and Machinery	-	-	-	-	-	-	-	-	-	-
Plant Equipment	-	11,796,016	-	11,796,016	-	-	1,189,171	1,189,171	10,606,845	-
Plant and Machinery	-	252,473,583	-	252,473,583	-	-	22,153,164	22,153,164	230,320,419	-
Total	3,099,491	476,435,818	-	479,535,311	320,560	-	28,207,047	28,527,607	451,007,703	2,778,931
Previous Year	1,063,872	2,035,619	-	3,099,491	63,225	-	257,335	320,560	-	2,778,931
CWIP	393,802,998	4,878,700	393,802,998	4,878,700	-	-	-	-	4,878,700	393,802,998
									455,886,403	396,581,930



**nt Gobain Ceramic Materials Bhutan Private Limited**  
**or the year ended 31st December, 2009**

	For the year ended 31st December, 2009	For the year ended 31st December, 2008
	( In Nu )	( In Nu )
<b>SCHEDULE 9 : OTHER INCOME</b>		
Exchange Rate Gain / Loss	25,760	154,894
Misc Income	-	50
Provision No Longer Req'd	-	14,911
Scrap Sales	41,540	-
	67,300	169,855
<b>SCHEDULE 10 : MATERIAL COST</b>		
Material & Components	86,952,430	
Closing Inventory		
Finished Goods	(23,305,338)	
Change in: Opening Inventory		
Finished Goods		
	63,647,092	-
<b>SCHEDULE 11 : EMPLOYEES' REMUNERATION AND BENEFITS</b>		
Employers Contribution to P.F	181,285	41,779
Gratuity	88,662	26,480
Salary	6,873,749	1,655,556
Staff Welfare Expenses	396,461	73,556
	7,540,157	1,797,371
<b>SCHEDULE 12 : OPERATING &amp; OTHER EXPENSES</b>		
Advertisement	66,667	5,000
Audit Expenses	160,450	44,639
Audit Fees	275,750	196,630
Bank Charges	643,702	46,879
Books & Periodicals	5,345	6,553
Communication Expenses	635,291	285,728
Contractables	1,821,023	-
EHS & Safety Expenses	1,440,248	-
Electricity Charges	56,504,359	16,871
Furnace Gate	673,627	-
GNO Expenses	1,340,382	-
Guest Expenses	172,168	-
Guest House Expenses	36,512	-
Hire Charges	5,760,060	-
Insurance	2,794,749	-
License Fees	4,000	39,850
Misc Expenses	552,109	442,591
Printing & Stationary	165,802	54,348
Rent	1,933,223	393,167
Repairs & Maintenance	4,834,653	64,299
Security Expenses	899,600	-
Travelling & Conveyance Expenses	751,796	93,332
	81,471,516	1,689,887



nt Gobain Ceramic Materials Bhutan Private Limited  
the year ended 31st December, 2009

	For the year ended 31st December, 2009	For the year ended 31st December, 2008
( In Nu )	( In Nu )	( In Nu )
SCHEDULE 13 : INTEREST COST		
Interest on Loan		
Term Loan	13,211,780	-
Working Capital	2,593,093	-
	<u>15,804,873</u>	<u>-</u>



**Schedules Forming Part of the Accounts:**

**Schedule -14: Significant Accounting Policy and Notes to Accounts**

**(i) Significant Accounting Policies**

**(a) Basis of preparation of accounts**

The accounts have been prepared in accordance with the historical cost convention and are based on assumptions of going concern, consistency and accrual.

**(b) Fixed Assets**

Fixed Assets are valued at cost of acquisition / construction including inward freight, duties and taxes and incidental expenses relating to acquisition / construction.

**(c) Depreciation**

Depreciation on cost of assets is provided on straight line method in accordance with the rates prescribed under Rules on the Income Tax Act of the Kingdom of Bhutan 2001.

**(d) Foreign Currency Transactions**

Value of assets and liabilities held in foreign currencies are converted at the close of the year into Ngultrum at the rates of exchange prevailing on the closing date as per quotation from Company's Bankers, and the foreign exchange difference is dealt with in the accounts.

**(e) Contingent Liabilities**

Contingent liabilities, if any, are fully disclosed and not provided for.

**(f) Inventories:**

Inventories are valued at lower of cost and market value. Cost is determined under weighted average method.

**(g) Revenue Recognition:**

Sales are recognized when goods are supplied. Revenue is recognized to the extent it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.



(ii) **Notes on Accounts**

(a) Saint Gobain Ceramic Materials Bhutan Private Limited is foreign direct investment by Grindwell Norton Limited for manufacture of Silicon Carbide Crude and Grain in Pasakha Industrial Estate jointly with Singye Group of Companies Private Limited. It is a joint venture agreement between Grindwell Norton Limited and Singye Group of Companies Private Limited, who have agreed to subscribe to the equity shares in the ratio of 7:3 respectively.

During the year, the Company has allotted 346,665 equity shares of Nu 100 each to Grindwell Norton Ltd and 148,571 equity shares of Nu 100 each to Singye Group of Companies Private Limited, against the advances received for the same.

(b) After completion of the Trial Run of the Plant, the Company had commenced commercial operation from 2<sup>nd</sup> May, 2009. In view of this Profit and Loss Account figures are not comparable with previous year's figures. Preoperative expenses directly related to the project has been allocated to Fixed Assets.

(c) **Contingent Liability:**

Bank Guarantees - Nu. 1,800,000 (P.Y. Nu 1,800,000)

(d) **Estimated Capital commitments (net of advance) not provided for Nu. 1,640,876 (P.Y. Nu 48,448,692)**

	Current Year Nu.	Previous Year Nu.
(e) <b>Auditors' Remuneration:</b>		
As Auditors		
Audit Fee	250,000	175,000
Service Tax on above services	25,750	21,630
Out of pocket expenses	<u>112,489</u>	<u>22,012</u>
	388,239	218,642

(f) **Related Party Disclosure:**

A) **List of Related Parties:**

**Key Management Personnel:\***

- Anand Yashvant Mahajan, Chairman
- Ugen Tsechup Dorji, Vice Chairman
- Krishna Prasad Karunakaran Nair, Director
- Mahadeo Achyut Puranik, Director



Associates:

- Saint-Gobain Abrasives Inc., U.S.A. \*
- Saint-Gobain Promotion et Participations Internationales, France. \*
- Singye Agencies
- Zimdra Industries Private Limited

Co-venturers:

- Grindwell Norton Limited
- Singye Group of Companies Private Limited

Enterprises controlling through subsidiaries:\*

- Compagnie de Saint – Gobain, France

B) Transaction with Related Parties during the year ended 31<sup>st</sup> December 2009:

Nature of Transaction	Associates	Key Management Personnel	Co-venturers	Total
	In Nu.	In Nu.	In Nu.	In Nu.
Reimbursement of Expenses	66,667 (P.Y. 42,228)	-	5,235,494 (P.Y. 9,315,124)	5,302,161 (P.Y. 9,357,352)
Purchase of Vehicle	- (P.Y. 1,301,322)	-	-	- (P.Y. 1,301,322)
Vehicle Expenses	98,498 (P.Y. 33,570)	-	-	98,498 (P.Y. 33,570)
Advance received against Equity	-	-	49,877,956	49,877,956
Project Management Expenses	-	-	(P.Y. 134,677,451) 4,412,000	(P.Y. 134,677,451) 4,412,000
Purchase of Raw Material	-	-	(P.Y. 15,730,400) 1,552,407	(P.Y. 15,730,400) 1,552,407
Sales	-	-	(P.Y. 5,547,084) 181,378,994	(P.Y. 5,547,084) 181,378,994
	-	-	(P.Y. Nil)	-
Payable as at 31 <sup>st</sup> December 2009	292,799 (P.Y. 184,845)	-	10,010,463 (P.Y. 28,488,886)	10,303,262 (P.Y. 28,673,731)

(Transactions with related parties are awaiting confirmation)



\* In addition to the above, corporate guarantee has been given by Grindwell Norton Limited amounting to 62,932,450 being 35% of the sanctioned limit of the term loan.

(g) The Company has Capital Work-in-progress amounting to Nu. 4,878,701 (P.Y. 393,802,998). This includes work relating to Canteen and Rest Room, Drainage and transformer the details of which are as follows:

Name of Suppliers / Contractors	Amount (In Nu.)	P.Y. Amount (In Nu.)
Wangthang Construction	4,079,704	-
Amiya Commerce & Construction Company Private Limited	90,697	
Voltamp Transformers Limited	708,300	
<b>TOTAL</b>	<b>4,878,701</b>	



h) Inventory

a) Opening and Closing stock of Raw Material

	Opening			Closing Stock		
	Unit	Quantity	Value	Unit	Quantity	Value
Coke	MT	-	-	MT	154.5	1,450,236
Quartz	MT	-	-	MT	1923.8	5,361,980

b) Raw Material Consumed

	Current Year			Previous Year		
	Unit	Quantity	Value	Unit	Quantity	Value
Coke	MT	6373	22,694,692	MT	-	-
Quartz	MT	7948.8	59,128,384	MT	-	-

c) Opening and Closing Stock of goods produced

	Opening			Closing Stock		
	Unit	Quantity	Value	Unit	Quantity	Value
N1 Crude	MT	-	-	MT	104.4	3,631,115
MC	MT	-	-	MT	6.5	207,945
BFS	MT	-	-	MT	154.8	4,742,369
BOM	MT	-	-	MT	1279.9	14,723,909

d) Sales

	Current Year			Previous Year		
	Unit	Quantity	Value	Unit	Quantity	Value
N1	MT	2529.0	112,779,229	MT	-	-
MC	MT	1673.2	68,599,765	MT	-	-

i) Previous year figures have been re-grouped or re-classified where ever necessary.

