



BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 70th Annual Report of the Company along with the audited financial statements for the year ended March 31, 2020.

FINANCIAL HIGHLIGHTS

(₹ crores)

	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Sale of Products (Gross)	1429.16	1447.22	1456.56	1478.56
Service & Other Operating Income	123.19	119.63	123.00	119.50
Revenue from Operations	1552.35	1566.85	1579.56	1598.06
Operating Profit	243.65	254.58	247.10	261.94
Interest	4.28	1.48	4.47	1.50
Profit before share of profit/(loss) from Joint Venture	239.37	253.10	242.63	260.44
Share of profit/(loss) in Joint Venture	0	0	0.01	0
Profit before Tax	239.37	253.10	242.64	260.44
Provision for Tax	56.42	89.26	58.74	91.72
Profit for the year	182.95	163.84	183.90	168.72
Other Comprehensive Income	(14.64)	5.28	(14.64)	5.28
Total Comprehensive Income for the year	168.31	169.12	169.26	174.00
Less: Share of Minority Interest			(1.37)	(1.48)
Total Comprehensive Income attributable to owners	168.31	169.12	167.89	172.52

DIVIDEND

With effect from April 1, 2020, the Dividend Distribution Tax (20.56%) was withdrawn and dividends were made taxable in the hands of the shareholders. Taking this into account, your Directors are pleased to recommend for approval of the Members a dividend of ₹7.50/- per equity share of face value of ₹5/- each for the financial year ended March 31, 2020. The dividend on equity shares, if approved by the Members, would involve a cash outflow of ₹83.04 crores, as against the cash outflow of ₹80.08 crores (including dividend tax) in the previous year.

TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to the reserves.

OPERATIONS

The Financial year 2019-20 was a very difficult and disappointing year for the Indian economy. Even before COVID-19 struck, India's economy was on its way to register its lowest GDP growth (about 4.5%) in more than a decade. The contribution of the industrial sector to this decline has been significant and, even if COVID-19 had not impacted March, the Index of Industrial Production ("IIP") would have registered its lowest growth (less than 1%) in several decades. The severe, nationwide lockdown in March caused a sharp contraction of industrial growth and, consequently, the IIP declined by 0.7% in 2019-20. This is the worst performance of the industrial sector since the late seventies. The decline in growth of the IIP was led by the manufacturing sector. Led by the sharp contraction of the auto sector, the decline in manufacturing was fairly broad-based. Unlike in recent years, the economy faced an unexpected dip in consumer demand. Partly, this was due to the decline in credit supply caused by the financial crisis of NBFCs. Meanwhile, investment demand continues to be subdued. The sudden and total lockdown in March made matters worse. Against this backdrop, your Company did well to restrict the decline in consolidated revenue from operations and operating profit in 2019-20 to 1.2% and 5.7% respectively. With an ongoing focus on limiting capital expenditure and controlling working capital, your Company's cash position improved further during the year.

In November 2019, the Government announced a conditional reduction of the corporate tax rate which was to be effective from April 1, 2019. After evaluating the conditions, your Company decided to opt for the lower rate. Consequently, your Company's tax provision reduced and consolidated profit after tax registered an increase of 8.9%.

Abrasives

The Abrasives business witnessed a fall in sales mainly due to the severe decline in industrial activity (led by Auto sector) and the loss of 2 weeks of sales in March 2020 caused by the national lockdown on account of COVID-19. The business, however, improved its market share and grew its exports significantly. The business continued to focus on new products and new markets (domestic and exports). The operating margin declined partly due to low volumes and partly due to an adverse sales/product mix. Overall in 2019-20, Abrasives sales declined by 5.2% and operating profit declined by 20.7%.

Ceramics and Plastics

The Silicon Carbide Business witnessed a decline in sales and profits partly due to weak domestic and export demand and partly due to low production at Tirupati on account of restricted availability of electricity. The profit of the business was hit by the provisioning of differential power tariff based on the adverse ruling by the Hon'ble Supreme Court in a long pending legal case. The Performance Ceramics and Refractories business had a good year with significantly higher sales and improved profitability partly due to higher volumes and partly due to lower input costs. The Performance Plastics business had an excellent year. The decline in the results of the Engineered Components segment (on account of the contraction of the auto sector) was more than compensated for by the outstanding results of the Life Sciences segment. Overall on a consolidated basis, both sales and operating profit of the Ceramics & Plastics segment increased by 5.3% in 2019-20.

Others

The captive IT development centre (INDEC) had a nominal increase in revenue. The Projects business also had a good year. Overall this segment witnessed an increase in revenue and profits in 2019-20.

SUBSIDIARY COMPANY/JOINT VENTURE/ASSOCIATE

The Company has one subsidiary in Bhutan, Saint-Gobain Ceramic Materials Bhutan Private Limited. In terms of sub-regulation (1) (c) of Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), it is not a material subsidiary. The operations of your Company's subsidiary in Bhutan were stable.

During the year, your Company signed a Joint Venture Agreement with Shinagawa Refractories Co. Ltd., Japan and incorporated a Private Limited Company, SG Shinagawa Refractories India Private Limited to manufacture tap hole clay for the steel industry. Your Company has invested ₹11.27 crores in SG Shinagawa Refractories India Private Limited and holds 49% of the equity. The project work has started at the Halol (Gujarat) site of your Company.

In accordance with Section 129 (3) of the Companies Act, 2013 ("Act") 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-1 containing salient features of the financial statements of the subsidiary company is also included in the Annual Report. In accordance with the provisions of Section 136(1) of the Act, the Annual Report of the Company, containing therein the standalone and consolidated financial statements and audited financial statements of the subsidiary has been placed on the website of the Company, www.grindwellnorton.co.in.

FUTURE PROSPECTS

Faced with a once-in-a-century global pandemic (COVID-19) the Governments in India and across the world have taken stringent steps to contain the spread of the virus and save lives. India's economy will be faced with a massive demand and supply shock on account of the severity and duration of the nationwide lockdown declared by the Government to contain the pandemic. Given that neither a vaccine nor a cure are in sight and with the Governments' priority being to save lives, the next 12-15 months are clouded in high uncertainty. Your Company has a strong balance sheet and its large cash balance will not only enable it to meet all its priority needs, but also to withstand a prolonged economic crisis. In recent weeks, your Company's management has been focusing on and will continue to focus on the safety, health and well-being of your Company's employees and associates and on supporting your Company's dealers and small vendors and serving your Company's customers. In the very short term, your Company's management will prioritize cost reduction and cash preservation. Limited operations have commenced at all the manufacturing sites of your Company and its subsidiary. While the short term outlook is very uncertain and rather bleak, your Directors and the Company's management has immense confidence in your Company's future. Your Company remains well-placed to benefit from the industrial revival as and when this happens.

MATERIAL CHANGES AND COMMITMENTS AFTER THE END OF THE FINANCIAL YEAR

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the financial statements.



HUMAN RESOURCES

Employee relations were cordial and productive at all sites of your Company. At the end of the financial year, there were 2020 employees. During the year, new, productivity-enhancing wage agreements were concluded with the Unions at Bengaluru and at Tirupati. Your Directors place on record their appreciation for the contribution made by all employees in the progress of your Company.

The Company follows the best practices in hiring and on-boarding of employees. The Company adopts a fair and transparent performance evaluation process. In order to improve organizational efficiency and employee engagement, various change initiatives were undertaken during the year. To ensure this and also to improve skill levels, employees participate in various training programmes and complete mandatory e-learning courses.

Your Company is committed to create and sustain a positive workplace environment, free from discrimination and harassment of any nature. The Company believes that all employees have a right to be treated with respect and dignity and has zero tolerance towards violations of its Code of Conduct, in general, and its sexual harassment policy, in particular. The Company has constituted an Internal Complaints Committee ("ICC") under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no complaint under the sexual harassment policy has been received by the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AND ENVIRONMENT

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Act and read with Rule 8 of the Companies (Accounts) Rules, 2014, is set out in the Annexure 1 of this Report.

Your Company is committed to ensure a clean and green, pollution-free environment as well as a safe and healthy work place at all plant locations and work sites. Your Company strictly abides by the Saint-Gobain Group's Environment, Health and Safety Charter and the policies and procedures framed under it. All the plants of your Company are certified under ISO 9001, ISO 14001 and OHSAS 18001. These certifications and various awards are recognition of the efforts made and results achieved by your Company in improving the Environment, Health and Safety at all its work sites.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure 2(A) to this Report.

The Statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in an Annexure 2(B) forming part of this Report. The Annual Report including the aforementioned information is available on the website of the Company, www.grindwellnorton.co.in.

PUBLIC DEPOSITS

The Company has not accepted any public deposits and, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Cessation

Mr. Patrick Millot (Director Identification No. 00066275), Non-Executive Director of the Company relinquished the position of Non-Executive Director effective September 1, 2019, due to other professional commitments.

Ms. Marie-Armelle Chupin (Director Identification No. 00066499), Non-Executive Director of the Company relinquished the position of Non-Executive Director with effect from close of business hours of February 4, 2020, due to other professional commitments. Mr. Krishna Prasad (Director Identification No.00130438) was appointed as a Whole-Time Director designated as Executive Director of the Company for a period of five (5) years with effect from May 23, 2017, upon his appointment as an Alternate Director to Ms. Marie-Armelle Chupin. Consequent to the resignation of Ms. Marie-Armelle Chupin, Mr. Krishna Prasad also ceased to hold office of the Director.

Mr. Mikhil Narang (Director Identification No 02970255), Non-Executive Director of the Company relinquished the position of Non-Executive Director with effect from close of business hours of May 20, 2020, due to other professional commitments.

The Board of Directors place on record their appreciation for the valuable contribution made by Mr. Patrick Millot, Ms. Marie-Armelle Chupin, Mr. Krishna Prasad and Mr. Mikhil Narang during their tenure as Directors.

Retirement

Mr. Anand Mahajan, Managing Director of the Company retired effective April 1, 2020.

The Board of Directors place on record their appreciation for the enormous contribution made by Mr. Anand Mahajan as a Director of your Company for 32 years and as its Managing Director for 29 years. Under his leadership, your Company has witnessed strong and sustained growth and success. As its one of the longest serving Directors, he brought insights, experience and continuity to the Board and made a significant contribution to its deliberations. He leaves behind a strong organization that will take your Company to the next level.

Appointment/Re-appointment

In accordance with the Act and the Articles of Association of the Company, Mr. Laurent Guillot (Director Identification No. 07412302), Director, retires by rotation and, being eligible, has offered himself for re-appointment. The Board of Directors recommends the re-appointment of Mr. Laurent Guillot.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee and in accordance with provisions of the Act and Listing Regulations, considering his integrity, expertise and experience appointed Mr. Subodh Nadkarni (Director Identification No. 00145999) as an Additional and Independent, Non-Executive Director on the Board for a tenure of five (5) consecutive years with effect from July 25, 2019, subject to approval of the Members at the AGM. Mr. Nadkarni is not liable to retire by rotation. He shall hold office as an Additional Director up to the date of the forthcoming AGM and is eligible for appointment as an Independent, Non-Executive Director. The Company has received a notice under Section 160(1) of the Act proposing his candidature for the office of Independent, Non-Executive Director of the Company. The induction of Mr. Nadkarni, who has wide experience in finance, commerce, project management, sales, marketing, human resources management, general administration and leading international operations, will benefit your Company.

In accordance with Section 161(1) of the Act and Article 112 of the Articles of Association of the Company and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Mr. Laurent Tellier (Director Identification No. 08587279) as an Additional Director of the Company with effect from November 5, 2019, Mr. B. Santhanam (Director Identification No. 00494806) as an Additional Director of the Company with effect from February 4, 2020, Ms. Isabelle Hoepfner (Director Identification No. 08598846) and Mr. Anand Mahajan (Director Identification No 00066320) as an Additional Directors of the Company with effect from May 20, 2020. Mr. Laurent Tellier, Mr. B. Santhanam, Ms. Isabelle Hoepfner and Mr. Anand Mahajan will hold office only up to the date of the forthcoming AGM. Notices under Section 160(1) of the Act have been received from Members proposing their candidature for the office of Directors of the Company. Mr. Laurent Tellier, Ms. Isabelle Hoepfner and Mr. Anand Mahajan are liable to retire by rotation.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee and in accordance with provisions of the Act and Listing Regulations, also appointed Mr. B. Santhanam (Director Identification No. 00494806) as the Managing Director of the Company for a period of five (5) years with effect from April 1, 2020, subject to approval of the Members. Mr. B. Santhanam is not liable to retire by rotation.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Krishna Prasad (Director Identification No. 00130438) as an Alternate Director to Ms. Isabelle Hoepfner (Director Identification No. 08598846), Non-Executive Director of the Company. Being in employment with the Company and for the purpose of the compliance with the Companies Act, 2013 and Rules framed thereunder, appointment and terms of remuneration of Mr. Krishna Prasad as Whole-Time Director designated as Executive Director of the Company for a period of five years with effect from May 20, 2020, upon his appointment as an Alternate Director to Ms. Isabelle Hoepfner, Non-Executive Director, subject to approval of the Members at the forthcoming AGM of the Company. Mr. Krishna Prasad shall not hold office for a period longer than that permissible to Ms. Isabelle Hoepfner. The Company has received a notice under Section 160(1) of the Act proposing his candidature for the office of Director of the Company.

Mr. Keki Elavia, Dr. Archana Hingorani and Mr. Subodh Nadkarni have submitted declarations that each of them meet the criteria of independence as provided in Section 149 (6) of the Act and Regulation 16(1) and 25 (8) of the Listing Regulations. There has been no change in circumstances affecting their status as Independent, Non-Executive Directors of the Company during the year. They have also completed the registration with the Independent Directors Databank and requisite disclosures have been received from them in this regard.

The disclosures required pursuant to Regulation 36 of the Listing Regulations, Clause 1.2.5 of the Secretarial Standard on General Meetings are given in the Notice of AGM, forming part of the Annual Report and Schedule V of the Listing Regulations are given in the Corporate Governance Report, forming part of the Annual Report. Attention of the Members is also invited to the relevant Items in the Notice of the AGM.

The approval of the Members for their appointment/re-appointment as Directors has been sought in the Notice convening the AGM of your Company.

**KEY MANAGERIAL PERSONNEL**

Pursuant to Section 203 of the Act, the Key Managerial Personnel of the Company are: Mr. B. Santhanam, Managing Director, Mr. Deepak Chindarkar, Chief Financial Officer and Mr. K. Visweswaran, Company Secretary.

During the year, Ms. Marie-Armelle Chupin, Non-Executive Director of the Company relinquished the position of Non-Executive Director with effect from close of business hours of February 4, 2020 and consequent to the resignation of Ms. Marie-Armelle Chupin, Mr. Krishna Prasad also ceased to hold office of the Director.

Consequent to the retirement of Mr. Anand Mahajan, Managing Director of the Company, the Board of Directors appointed Mr. B. Santhanam as the Managing Director of the Company with effect from April 1, 2020.

None of the Directors or Key Managerial Personnel has any pecuniary relationships or transactions with the Company, other than salaries, commission, sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The purpose of the programme is aimed to familiarise the Independent Directors with the Company, the nature of the industry in which the Company operates and the business model of the Company. The details of the familiarisation programme imparted to the Independent Directors are available on the Company's website at www.grindwellnorton.co.in/investor-informaton. The Independent Directors are regularly briefed with respect to the developments that are taking place in the Company and its operations.

NUMBER OF MEETINGS OF THE BOARD

The Board meets at regular intervals to review the Company's businesses and to discuss strategy and plans. A tentative annual calendar of meetings is circulated to the Directors in advance to enable them to plan their schedule and to ensure effective participation.

During the year, five board meetings were held and one meeting of Independent Directors was also held. The maximum interval between the board meetings did not exceed the period prescribed under the Act and the Listing Regulations.

COMMITTEES OF THE BOARD

During the year, in accordance with the Act and Regulation 18 to 21 of the Listing Regulations, the Board has constituted or reconstituted its Committees. Currently, the Board has the following Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Share Transfer Committee

Details of the Committees, their constitution, meetings and other details are provided in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained, your Directors make the following statements in terms of Section 134 of the Act:

- i. that in the preparation of the annual financial statements for the year ended on March 31, 2020, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- ii. that such accounting policies have been selected and applied consistently and judgments and estimates have been made, that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on March 31, 2020, and of the profit of the Company for the year ended on that date;
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the annual financial statements have been prepared on a 'going concern' basis;
- v. that proper internal financial controls are in place and that such internal financial controls are adequate and are operating effectively;

- vi. that proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems are adequate and are operating effectively.

With reference to the point number (v), the Board believes that the Company has sound Internal Financial Controls (“IFC”) commensurate with the nature and size of its business. However, business is dynamic and the IFC are not static, and evolve over time as the business, technology and fraud environment changes in response to competition, industry practices, legislation, regulation and current economic conditions. There will, therefore, be gaps in the IFC as business evolves. The Company has a process in place to continuously identify such gaps and implement newer and/or improved controls wherever the effect of such gaps would have a material effect on the Company’s operations.

DIRECTORS’ APPOINTMENT AND REMUNERATION

The Nomination and Remuneration Committee has laid down the criteria for Directors’ appointment and remuneration. These are set out in the Nomination and Remuneration Policy which is annexed as Annexure 3 to this Report and is also available on the Company’s website at www.grindwellnorton.co.in.

ANNUAL EVALUATION OF PERFORMANCE BY THE BOARD

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, has adopted a framework for performance evaluation of the Board, its committees, individual directors and the chairperson through a survey questionnaire. The survey questionnaire broadly covers various aspects of Board functioning, composition of Board and its committees, culture, execution and performance of specific duties, obligation and governance. The evaluation parameters are based on the execution of specific duties, quality, deliberation at the meeting, independence of judgement, decision making, contribution of Directors at the meetings and functioning of the Committees.

The performance of the Board, its committees, individual directors and chairperson were reviewed by the Nomination and Remuneration Committee and the Board. The Independent Directors evaluated the performance of Non-Independent Directors, Chairperson and the Board, as a whole. The Board of Directors evaluated the performance of the Independent Directors, their fulfillment of independence criteria in terms of the Act and Listing Regulations and independence from the management. The Director being evaluated did not participate in the evaluation process.

RELATED PARTY TRANSACTIONS

All related party transactions entered during the financial year were in the ordinary course of business and on an arm’s length basis. During the year, no material related party transactions were entered by your Company.

Prior approval of the Audit Committee is obtained for all related party transactions. The Audit Committee monitors, on a quarterly basis, the related party transactions entered vis-à-vis the related party transactions approved by the Audit Committee.

The policy on related party transactions, as approved by the Board, is available on the website of the Company, www.grindwellnorton.co.in. There are no transactions that are required to be reported in Form AOC-2.

The details of the transactions with related parties pursuant to Ind AS -24 are provided in the accompanying financial statements.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

It is your Company’s belief that its primary goal is to serve the needs of its customers and, in the process of doing so, to generate employment, livelihood and income for all its stakeholders (suppliers, vendors, service providers, employees, lenders, shareholders etc.) and, at the same time, to contribute to the revenues of the Government. Further, it is your Company’s belief that by pursuing its primary goal and by ensuring that its business practices meet the highest standards of corporate governance and ethics, it best fulfills its obligations and responsibility to the society. Against the backdrop of this belief, your Company is committed to implement the agenda set out in its CSR policy. The CSR policy and initiatives taken during the year, in the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, are set out in Annexure 4 to this Report. In accordance with Section 135 of the Act, a Corporate Social Responsibility Committee of the Board, having an Independent Chair, has been constituted to monitor the CSR policy and programs. The amount spent on eligible CSR activity for the financial year 2019-20 was around 0.53% of the profit of the Company during the three immediately preceding financial years.

RISK MANAGEMENT POLICY AND INTERNAL FINANCIAL CONTROLS

Your Company recognises that managing risk is an integral part of the good management practice and an essential element of good corporate governance. It aims to have a common, formalized and systematic approach for managing risk and implementing a risk management process across the Company. The intent of the policy is to ensure the effective communication and management of risk across all risk categories. The Company has identified elements of risk, which may threaten the existence and financial position of the Company, which are set out in the Management Discussion and Analysis Report.



The Company's Internal Financial Control systems are commensurate with the nature of its business, financial statements and the size and complexity of its operations. These are routinely tested and certified by the Statutory as well as Internal Auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

WHISTLE BLOWER POLICY AND VIGIL MECHANISM

Your Company has adopted and disseminated its Whistle Blower Policy to provide a secure environment and encourage employees and others to report unethical, unlawful or improper practices, acts or activities including leak or suspected leak of Unpublished Price Sensitive Information and to prohibit any adverse personnel action against those who report such practices, acts or activities, in good faith.

The Whistle Blower Policy is available on the website of the Company, www.grindwellnorton.co.in.

AUDITORS

a. Statutory Auditors

M/s. Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/N500016) were appointed as Statutory Auditors of your Company at the 67th AGM of the Company held on July 26, 2017 till the conclusion of the 72nd AGM of the Company to be held in the year 2022. As per provisions of the Section 139 of the Act, the appointment of Auditors is required to be ratified by the Members at every AGM.

In accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018, by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every AGM. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the ensuing AGM and a note in respect of same has been included in the Notice for this AGM.

b. Cost Auditor

In accordance with Section 148 of the Act and Rules framed thereunder, the cost audit records are maintained by the Company in respect of the products which are required to be audited. Your Directors, on recommendation of the Audit Committee appointed M/s. Rao, Murthy & Associates, Cost Accountants (Firm Registration No. 000065), to conduct the audit of the cost records maintained by the Company for the financial year ending March 31, 2021. M/s. Rao, Murthy & Associates, Cost Accountants, have, under Section 139(1) of the Act and the Rules framed thereunder furnished a certificate of their eligibility and consent for appointment.

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors have to be ratified by the Members of the Company. Accordingly, an appropriate resolution forms part of the Notice convening the AGM. The Board of Directors seeks your support in approving the proposed remuneration of ₹2,00,000/- (Rupees two lakhs only) plus taxes and out of pocket expenses at actuals payable to the Cost Auditor for the financial year ending March 31, 2021.

M/s. Rao, Murthy & Associates, Cost Accountants, have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for the past several years.

c. Secretarial Auditor

In accordance with Section 204 of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Parikh & Associates, Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2020. The Secretarial Audit Report for the financial year ended March 31, 2020 in Form No. MR-3 is set out in Annexure 6 of this Report.

The Board has also appointed M/s. Parikh & Associates, Company Secretaries as Secretarial Auditor to conduct Secretarial Audit of the Company for the financial year 2020-21.

Comments on Auditors' Report

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. Price Waterhouse Chartered Accountants LLP, Statutory Auditors, in their Auditors' Report and by M/s. Parikh & Associates, Secretarial Auditor, in their Secretarial Audit Report.

The Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

EXTRACT OF ANNUAL RETURN

The extract of annual return in Form No. MGT-9 is attached as Annexure 7 to this Report. The extract of annual return is also available on the Company's website, www.grindwellnorton.co.in.

DISCLOSURE REQUIREMENTS

As per Listing Regulations, the Corporate Governance Report with the Auditors' Certificate thereon, and the Management Discussion and Analysis Report are attached, which forms part of this Report.

As per Regulation 34 of the Listing Regulations, a Business Responsibility Report is attached and is a part of this Annual Report.

The Dividend Distribution Policy of the Company as required under the Listing Regulations was adopted to set out the parameters and the circumstances that will be taken into account by the Board of Directors in determining the distribution of dividend to its shareholders. The policy is annexed as Annexure 5 of this Report and is also available on the Company's website, www.grindwellnorton.co.in.

Your Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by The Institute of Company Secretaries of India and that such systems are adequate and operative effectively.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company's operations in the future.

ACKNOWLEDGEMENTS

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



For and on behalf of the Board of Directors

KEKI ELAVIA
Chairman

B. SANTHANAM
Managing Director

Mumbai, May 20, 2020