

*39<sup>th</sup>*  
*Annual Report*  
*2009-10*



ORIENT ABRASIVES LIMITED

## MANAGEMENT

### BOARD OF DIRECTORS

Mr. Rajendra Kumar Rajgarhia, Chairman  
Mr. Rama Shanker Bajoria  
Mr. Tribhuvan Nath Chaturvedi  
Mr. Umesh Kumar Khaitan  
Mr. Sudhir Kumar Samarendra Narayan  
Mr. Shri Gopal Rajgarhia, Managing Director  
Mr. Prem Prakash Khanna, Executive Director

### BANKERS

HDFC Bank  
State Bank of India  
Citibank  
ICICI Bank

### AUDITORS

S. R. Batliboi & Co.

### REGISTERED OFFICE

1307, Chiranjiv Tower  
43, Nehru Place  
New Delhi-110 019

### REGISTRAR & TRANSFER AGENT

Skyline Financial Services Pvt. Ltd.  
246, First Floor,  
Sant Nagar, East of Kailash  
New Delhi – 110 065  
Phone : 011-26292682, 011-26292683  
Fax : 011-26292681  
E mail : [admin@skylinerta.com](mailto:admin@skylinerta.com)

### WORKS

*Abrasives Grains & Power Division :*  
GIDC Industrial Area,  
Porbandar  
Gujarat-360 577

*Refractories Division :*  
SP-148A & B, RIICO Industrial Area,  
Bhiwadi, Dist Alwar, Rajasthan-301 019

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## NOTICE

To the Members of ORIENT ABRASIVES LIMITED :

Notice is hereby given that the 39th Annual General Meeting of the Members of Orient Abrasives Limited will be held at Hindi Bhawan, 11, Vishnu Digambar Marg (Near Bal Bhawan), New Delhi – 110 002 on Thursday, August 5, 2010 at 11.00 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Annual Accounts of the Company for the year ended March 31, 2010 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr Sudhir Kumar Samarendra Narayan who retires by rotation and being eligible offers himself for re-appointment.
3. To declare a final dividend on equity shares.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

for ORIENT ABRASIVES LIMITED

Place : New Delhi  
Date : May 31, 2010

Deepak C S  
Company Secretary

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY REMAINED CLOSED FROM JULY 20, 2010 (TUESDAY) TO JULY 27, 2010 (TUESDAY) - BOTH DAYS INCLUSIVE. DIVIDEND ON EQUITY SHARES, IF DECLARED AT THE ANNUAL GENERAL MEETING, SHALL BE PAYABLE TO ALL THOSE MEMBERS WHOSE NAMES APPEAR ON THE REGISTER OF MEMBERS AS ON JULY 20, 2010 IN THE CASE OF THOSE HOLDING IN PHYSICAL MODE AND TO ALL THOSE WHOSE NAMES APPEAR IN THE LIST TO BE FURNISHED BY THE DEPOSITORIES AS AT THE CLOSING HOURS OF JULY 19, 2010 IN THE CASE OF THOSE HOLDING IN DEMAT MODE.
3. THE AMOUNT OF DIVIDEND REMAINING UNPAID FOR THE YEARS 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 AND 2008-09, AND TRANSFERRED TO THE COMPANY'S UNPAID DIVIDEND ACCOUNT, CAN BE CLAIMED FROM THE COMPANY BY THE MEMBERS ENTITLED TO IT FOR A PERIOD OF SEVEN YEARS FROM THE RESPECTIVE DATES OF SUCH TRANSFER AFTER WHICH IT SHALL BE TRANSFERRED TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF) CONSTITUTED UNDER SECTION 205 (C) OF THE COMPANIES ACT, 1956. THE AMOUNT PERTAINING TO 2002-03 WILL BE TRANSFERRED TO IEPF IN OCTOBER, 2010.
4. IN ORDER TO AVOID FRAUDULENT ENCASHMENT OF THE DIVIDEND WARRANT(S), MEMBERS ARE ADVISED TO INFORM DETAILS OF THEIR BANK ACCOUNT NUMBER AND NAME AND ADDRESS OF THE BANK, FOR INCORPORATING THE SAME ON THE DIVIDEND WARRANTS.

5. CONSOLIDATION OF MULTIPLE FOLIOS AND PINCODE – MEMBERS ARE REQUESTED TO SEND THE SHARES HELD IN IDENTICAL NAMES FOR CONSOLIDATION INTO A SINGLE FOLIO; ENSURE THE CORRECT PIN CODE IS INFORMED TO THE COMPANY TO EXPEDITE DELIVERY OF THE MAIL.
6. THE COMPANY SUB-DIVIDED THE FACE VALUE OF EQUITY SHARES FROM RS. 10 TO RE. 1 W.E.F. AUGUST 24, 2005. MEMBERS WERE ADVISED THROUGH A CIRCULAR DATED AUGUST 8, 2005 TO SURRENDER THEIR OLD SHARE CERTIFICATES FOR EXCHANGE WITH THE NEW ONES. MEMBERS WHO HAVE NOT ALREADY EXCHANGED THEIR OLD CERTIFICATES WHICH ANYWAY CEASED TO BE VALID FROM THAT DATE, MAY DO SO BY SENDING THE OLD CERTIFICATES TO THE REGISTERED OFFICE OF THE COMPANY. THE COMPANY ALSO ISSUED TWO REMINDERS ON FEBRUARY 11, 2008 AND THEN ON JUNE 11, 2009 TO ALL THOSE WHO HAD NOT CLAIMED THEIR NEW CERTIFICATE. THE OLD CERTIFICATES ARE BEING ASKED FOR TO VERIFY GENUINENESS AND TO PROCURE INDEMNITY IN THE CASE OF LOST SHARE CERTIFICATES.
7. THE MEMBERS ARE REQUESTED TO GET THEIR SHARES DEMATERIALISED. THE COMPANY'S NEW ISIN CODE IS INE569C01020 PURSUANT TO CHANGE IN FACE VALUE.
8. MEMBERS CAN AVAIL NOMINATION FACILITY IN RESPECT OF THEIR SHAREHOLDINGS BY APPLYING IN FORM 2 B OF COMPANIES (CENTRAL GOVERNMENT'S GENERAL RULES & FORMS, 1956. THE SAID FORMS CAN BE OBTAINED FROM THE REGISTRAR OF THE COMPANY ON APPLICATION.

Brief resume of the Directors being re-appointed :

**Mr Sudhir Kumar Smarendra Narayan**

Name	:	Mr Sudhir Kumar Samarendra Narayan
Date of Birth	:	07/07/1943
Date of Appointment	:	09/06/2007
Expertise in field	:	Mr S K S Narayan has extensive exposure of over 40 years in the various steel plants in India like the Rourkela Steel Plant, Vishakhapatnam Steel Plant and the Bokaro Steel Plant. He retired as Director (Commercial) of Vizag Steel Plant in 2003 after serving there for over 14 years. He was responsible for commissioning of all the units of the said steel plant
His Directorship in other	:	None
His Committee membership in Orient Abrasives Ltd.	:	None
His Committee membership in other Companies	:	None
His shareholding in the Company	:	NIL

for ORIENT ABRASIVES LIMITED

Place : New Delhi  
Date : May 31, 2010

Deepak C S  
Company Secretary

## DIRECTORS' REPORT

The Members,

### **Orient Abrasives Limited**

Your Directors have pleasure in presenting the 39th Annual Report of the company along with the Audited Statements of accounts for the year ended 31st March, 2010.

### **FINANCIAL RESULTS**

	(Rs.in lacs)	
	2010	2009
Gross Sales & Income	<b>34604.77</b>	33395.11
Profit before depreciation, Interest and tax	<b>8417.19</b>	6577.88
Less : Depreciation	<b>1080.61</b>	971.26
Interest	<b>456.43</b>	702.80
Profit before Income Tax	<b>6880.15</b>	4903.82
Less : Income Tax	<b>1763.65</b>	1719.40
Net Profit for the year	<b>5116.50</b>	3184.42
Add : Balance brought forward from the previous year	<b>3123.95</b>	2849.34
Amount available for appropriation	<b>8240.45</b>	6033.76
<b>Appropriation :</b>		
General Reserve	<b>3000.00</b>	2000.00
Dividend on Equity shares	<b>1196.39</b>	777.65
Corporate Dividend Tax	<b>198.71</b>	132.16
Balance carried forward to Balance Sheet	<b>3845.35</b>	3123.94
	<b>8240.45</b>	6033.76

### **DIVIDEND**

In view of the good performance of the Company in the year under review, your directors are pleased to recommend a dividend @ Re. 1 per equity share of Re. 1 each for the year ended on March 31, 2010.

The total cash out-flow on account of this dividend payment including distribution tax is Rs. 1395.10 lac (Previous Year Rs. 909.81 lac).

### **OPERATIONS REVIEW**

The performance of the Company continues to be very satisfactory. The net profit registered an increase of 61 percent from Rs. 31.84 crore to Rs. 51.17 crore while the turn over grew from Rs. 333.95 crore to Rs. 346.05 crore. Reduction in power and fuel costs and unrealised foreign exchange gain were the main contributors to increase in profits. The exports declined from Rs. 34.25 crore to Rs. 31.14 crore on account of global recession in the steel industry.

The performance of abrasive grains division improved despite suspension of its operation from January 16, 2010 to February 10, 2010, following an order from Gujarat Pollution Control Board. The turn over of the division increased from Rs. 118.28 crore to Rs. 120.90 crore.

The refractory division also contributed to the improvement in the performance of the company registering an increase in both turn over and profits.

The Company's thermal power plants (both coal based and furnace oil based) are operating satisfactorily meeting the maximum of power requirement of the Abrasives Grains Division.

During the year under review the company ventured into green energy generation by installing four Wind Turbines with a total capacity of 5.1 MW. Three turbines of 1.5 MW each are installed in Rajasthan and one of 0.6 MW is installed in Karnataka. The power generated is being sold to the respective state electricity boards. This activity will also contribute to further improvement in the operation of the company.

#### **FUTURE OUTLOOK**

The future outlook of the company is satisfactory. All the business segments of the company are expected to yield better results.

The company has placed orders and expects to install four more Wind Turbines of 1.5 MW capacity in the current year. Three turbines are being installed in the state of Karnataka and one in Rajasthan. The total capacity of power generation from Wind Turbines would be 11.1 MW by the end of the current year.

#### **FIXED DEPOSIT**

As on the date of this report there is no unclaimed fixed deposit in the Company.

#### **POSTAL BALLOT**

During the year under review, Main Objects and the Other objects of the Company were altered through conduct of postal ballot process, to include generation of electric energy from non-conventional energy sources.

The postal ballot process commenced on July 31, 2009 with the decision taken in the Board Meeting and concluded on September 26, 2009 with the declaration of results by the Chairman.

#### **DIRECTORS**

Mr Sudhir Kumar Samarendra Narayan, having been longest in the office, retires by rotation at the Annual General Meeting and being eligible offer themselves for re-appointment. A brief resume of the appointee is given in the notice to the Annual General Meeting. Your directors recommend his re-appointment at the ensuing Annual General Meeting in the overall interest of the Company.

#### **AUDITORS**

M/s. S.R. Batliboi & Co., Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. A certificate under section 224 (1) of the Companies Act, 1956 confirming their eligibility has been obtained from them. Your Directors recommend that they be re-appointed by the members at the 39th Annual General Meeting.

#### **AUDITORS REPORT**

The Auditors Report read with notes to the financial statements in schedule 24 is self-explanatory and does not call for any further explanation by the Board.

#### **PARTICULARS OF EMPLOYEES**

The details of employees who drew remuneration either in whole or for a part of the year that attracts disclosure requirements as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) rules, 1975 as amended, is annexed and forms an integral part of this report .

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

In compliance of Section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- (ii) that they have selected such accounting policies and applied them consistently and made judgments and estimates 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 and of the profit or loss of the company for that period;
- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that they have prepared the annual accounts on a going concern basis.

#### **AUDIT COMMITTEE**

The audit committee meets at due intervals to conduct the required business. At present the committee comprises of Mr Tribhuvan Nath Chaturvedi (Chairman), Mr Rama Shanker Bajoria and Mr Umesh Kumar Khaitan, all independent directors.

#### **LISTING ON THE STOCK EXCHANGES**

The equity shares of the Company are listed on the National Stock Exchange of India Ltd. (NSE) and the Bombay Stock Exchange Ltd. (BSE). The Calcutta Stock Exchange Association Ltd. has not yet confirmed de-listing despite having completed all the formalities of delisting in April, 2004 itself.

#### **CREDIT RATING OF BANK BORROWINGS**

The Company has been assigned A+ rating on its long term borrowings by both CRISIL and CARE. This rating indicates adequate safety and carry low credit risk.

For short term borrowings P1+ and PR1+ have been assigned by both CRISIL and CARE respectively which is the highest given by these agencies for such facilities and carry lowest credit risk.

#### **CORPORATE GOVERNANCE**

The Report on Corporate Governance has been annexed to this Directors' Report. The Company has obtained a certificate by a firm of practising company secretaries regarding compliance of various requirements of corporate governance.

#### **CODE OF CONDUCT**

The Company has laid down a Code of Conduct for the Directors and Senior Management Personnel as specified. The Code was adopted in the Board Meeting held on December 13, 2005. It is available on the website of the Company [www.orientabrasives.com](http://www.orientabrasives.com). A declaration by the Managing Director regarding annual affirmation of compliance of the Code by all concerned is annexed to the Report on Corporate Governance.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report on matters relating to business performance of the Company has been annexed to this Directors' Report.

#### **ACKNOWLEDGEMENT**

Your Directors sincerely appreciate the dedication and efforts of the employees at all levels of the organisation in contributing to the success of the Company. The Directors are also thankful to the investors of the Company for their confidence in the Company. They also gratefully acknowledge the continued support received from the customers, business associates, various government agencies, financial institutions and the banks.

For and on behalf of the Board of Directors

New Delhi  
May 31, 2010

R K Rajgarhia  
Chairman

## ANNEXURE 'A' TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT

#### 1. A brief statement on Company's philosophy on code of governance

The Company believes in employing the highest standards of corporate governance practices and policies by upholding the principles of transparency in transactions, disclosure of information, integrity, social accountability and statutory compliance. The Company also endeavors to provide quality service and feedback to its investors, customers, business associates and the statutory agencies.

#### 2. Board of Directors

The Company has a non-executive chairman . The number of non-executive directors is more than half of the total Board strength. The total Board strength is seven out of which four are independent directors. The Chairman is related to the promoter. As required, independent directors constitute the majority of the Board strength.

None of the directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all the companies in which he is a director. The necessary disclosure regarding committee positions has been made by the Directors.

The names and categories of the directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of directorships and committee memberships held by them in other public companies are given below :

Name	Category	No. of Board meetings attended during 2009-10	Whether attended AGM on 03/08/2009	No. of directorships in other public companies as on 31/05/2010		No. of committee positions held in other public companies as on 31/05/2010	
				Chairman	Member	Chairman	Member
Mr. R K Rajgarhia (Chairman)	Not Independent non-executive	5	Yes	2	1	0	0
Mr. R. S. Bajoria	Independent non-executive	3	Yes	0	2	0	0
Mr. Umesh Kumar Khaitan	Independent non-executive	6	No	0	10	1	5
Mr. T N Chaturvedi	Independent non-executive	6	Yes	0	6	4	1
Mr S K S Narayan	Independent non-executive	0	No	0	0	0	0
Mr. S G Rajgarhia	Promoter, not independent executive	6	Yes	0	4	0	0
Mr P P Khanna	Not independent non-executive	5	Yes	0	0	0	0

The dates of Board Meetings held during the year 2009-2010 are

May 2, 2009

June 23, 2009

July 31, 2009

August 17, 2009

October 31, 2009

And

January 30, 2010

The time gap between Board Meetings did not exceed four months. The information as required under Annexure 1 of clause 49 of the listing agreement, is regularly placed before the Board meetings.

The non-executive directors, except Mr R K Rajgarhia, do not have any material pecuniary relationship with the Company. Mr R K Rajgarhia's pecuniary relationship to the Company is limited to the extent of his shareholding in it and the sitting fees received by him. He may also be deemed to have some pecuniary interest with respect to transactions of sale and purchase of materials with the Companies in which he is a director, brief details of which are disclosed in the notes to the financial statements under the head 'related party disclosures' under Schedule 24 of the Annual Report.

Shareholding of non-executive directors in the Company as on the date of this report is :

Name of the Director	No. of shares as on 31/05/2010	Percentage to total
Mr R K Rajgarhia	600000	0.50
Mr R S Bajoria	88000	0.07

The Company has not issued any convertible instruments.

The Code of Conduct adopted w.e.f. December 13, 2005 is being followed by all concerned. The Code has been put on the Company's website.

### 1. Audit Committee

The Company had constituted an audit committee pursuant to section 292 A of the Companies Act, 1956 on 16/02/2001 which now comprises of three non-executive independent directors. The broad terms of reference of audit committee are –

- to review the un-audited financial results and the internal audit reports
- to suggest internal control measures after discussion with the internal auditors
- to oversee their implementation
- to review the annual financial statements with the management and
- to recommend appointment of auditors
- and other matters as provided in the clause 49 of the listing agreement.

The scope and activities of the audit committee include the areas prescribed under clause 49 II (D) of the listing agreement with the Stock Exchanges. The audit committee has been granted powers as prescribed under the clause 49 II (C).

The audit committee comprises of three independent directors. Mr T N Chaturvedi is the Chairman, who is a Chartered Accountant having good financial and accounting knowledge. The other members also have adequate financial and accounting knowledge. Details of meetings attended by the committee members are given below :

Names of members	Category	No. of meetings attended during the year 2009-10
Mr T N Chaturvedi, Chairman	Independent, non-executive	5
Mr Umesh Kumar Khaitan	Independent, non-executive	5
Mr R S Bajoria	Independent, non-executive	3

The dates of meetings were

May 2, 2009

June 23, 2009

July 31, 2009

October 30, 2008

And

January 30, 2010

As can be noted, not more than 4 months did elapse between successive meetings. The meetings were also attended by the representatives of Statutory Auditors and Internal Auditors. The Company Secretary acts as the Secretary of the Committee.

#### 4. Remuneration Committee

The remuneration committee was constituted in the year 2002 comprising of Mr T N Chaturvedi (Chairman), Mr Umesh Kumar Khaitan and Mr R S Bajoria, all being independent and non-executive directors. The committee did not meet during the year under review.

The non-executive directors are paid sitting fees for the Board and Committee meetings attended by them, except for the share transfer committee meetings. The non-executive directors are not paid remuneration in any other form. The sitting fees being paid is Rs. 10000/- per Board meeting and Rs. 5000/- per committee meetings.

The remuneration committee met once on May 2, 2009 to approve the appointment and remuneration of Mr P P Khanna for a period of 3 years w.e.f. 02/05/2009.

I The remuneration being paid to the Managing Director is as per the package approved by the members in the 35th Annual General Meeting held on August 2, 2006 for a period of 3 years and then approved at the same package in the 38th Annual General Meeting held on August 3, 2009 for the remaining period of 2 years which comprises of basic salary, bonus and perquisites and commission.

- Basic Salary – In the range of Rs. 100000/- to Rs. 300000/- per month subject to increments as decided by the Board of directors every year ;
- Perquisites – like HRA, medical reimbursement, LTA and others subject to a ceiling of 100% of basic salary a month
- Bonus/Ex-gratia – 20% of basic salary
- Commission – at such percentages as decided by the Board every year keeping the total remuneration within the limits of Schedule XIII. At present commission is being paid @ 2% of the net profit.

II The remuneration being paid to the Executive Director is as approved by the members in the 38th Annual General Meeting held on August 3, 2009 which comprises of basic salary, bonus and perquisites, when he was appointed for a further term of 3 years w.e.f. 02/05/2009. The break-up of remuneration is as follows:

- Basic Salary – In the range of Rs. 165500/- to Rs. 250000 per month subject to annual increments as decided by the Board of directors within the said scale ;
- Perquisites – like HRA, medical reimbursement, LTA and others subject a ceiling of 100% of basic salary a month
- Bonus/Ex-gratia – 20% of basic salary
- Lump-sum payment – A lump-sum payment not exceeding Rs. 1000000 per every financial year

The service contract of Managing Director is as per the appointment letter dated May 29, 2006 issued by the Company which on acceptance by Mr Rajgarhia constituted an agreement between him and the Company.

The service contract of Executive Director is as per the appointment letter dated May 2, 2009 issued by the Company which on acceptance by Mr Khanna constituted an agreement between him and the Company.

- Since the appointment of Managing Director and Executive Director is governed by members' approval, no notice period or severance fees is applicable in their case.
- There are no other performance linked element of remuneration except the commission paid to Managing Director.
- The Company has not issued any stock option scheme to its employees or directors.

#### Details of remuneration paid to the Managing Director and Executive Directors during 2009-2010

Name	Salary (Rs.)	Perquisites (Rs.)	Contribution to PF (Rs.)	Commission (Rs.)
Mr S G Rajgarhia, Managing Director	37,62,000.00	59,361.00	2,59,200.00	1,39,46,314.00
Mr P P Khanna Executive Director	33,66,900.00	88,221.00	2,31,840.00	–

**Details of sitting fees paid to the other directors during 2009-2010**

Name	Sitting Fees (Rs.)
Mr R K Rajgarhia	60,000.00
Mr. R S Bajoria	60,000.00
Mr. T N Chaturvedi	90,000.00
Mr Umesh Kumar Khaitan	90,000.00
Mr S K S Narayan	Nil

**5. Shareholders' Grievances Committee**

A shareholders grievances committee was constituted on 11/03/2002 to specifically look into the redressal of investor complaints regarding transfer of shares, non-receipt of annual reports, bonus, dividend etc. Two meetings of the Grievances Committee were held during the year 2009-2010 as follows :

On October 5, 2009 and March 26, 2010

The composition of the committee and the number of meetings attended by the members is as follows :

Name	Category	No. of meetings attended
Mr R K Rajgarhia, Chairman	Not independent, non-executive	2
Mr R S Bajoria	Independent, non-executive	2
Mr S G Rajgarhia	Not independent, Executive	2

Total number of investors' complaints received during the financial year 2009-10 - 29

Total number of investor complaints remaining un-redressed as on March 31, 2010 – Nil

Pending share transfer cases as on 31/03/2010 – Nil

**Name, designation and address of the Compliance Officer :**

Deepak C S  
 Company Secretary  
 Orient Abrasives Limited  
 1307, Chiranjiv Tower  
 43, Nehru Place  
 New Delhi – 110 019

Ph. : 011-26449480, 26425446

Fax : 011-26443859

E-mail :, [ho@oalindia.com](mailto:ho@oalindia.com), [deepakcs@oalindia.com](mailto:deepakcs@oalindia.com)

The Company welcomes the members to make more effective use of the electronic means to communicate with their Company for quicker redressal of their grievances. The Company has appointed a share transfer agent, whose particulars are given elsewhere in this report. The members may address their queries/complaints to the above address/phone/fax/e-mail id or to those of the Registrar.

Pursuant to clause 47 (f) of the listing agreement, the Company has designated an exclusive E-mail Id for redressal of investor grievances. The said e-mail id is [deepakcs@oalindia.com](mailto:deepakcs@oalindia.com).

**Annual General Meetings**

Time and location where last three Annual General Meetings were held :

Annual General Meeting	Date & Time	Venue	Special Resolutions
36th Annual General meeting	20/09/2007 at 11.00 A.M	Vishwa Yuvak Kendra, Circular Road, Chanakyapuri, New Delhi – 110 021	1. Appointment of Mr. P P Khanna as a wholetime Director
37th Annual General meeting	05/09/2008 at 11.00 A.M	Hindi Bhawan, 11, Vishnu Digambar Marg (Near Bal Bhawan), New Delhi – 110 002	None
38th Annual General meeting	03/08/2009 at 11.00 A.M	Hindi Bhawan, 11, Vishnu Digambar Marg (Near Bal Bhawan), New Delhi – 110 002	1. Amendment in Clause 5 of Memorandum of Association and clause 3 of Articles of Association for increase in authorized capital 2. Appointment of Mr P P Khanna as Wholetime director 3. Appointment and increase in remuneration of relative of director to an office of profit in the Company 4. Approval of remuneration to be paid to Mr S G Rajgarhia, Managing Director for next 2 years

**6. Disclosures**

- Disclosure on related party transactions i.e. transactions of the Company with its promoters, directors or the management, relatives, bodies corporate in which the directors are interested etc. is appearing under Schedule 24 (Notes to the Financial Statements) of the Annual Accounts. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- Details of non-compliance by the Company, penalties, restrictions/strictures imposed by the Stock Exchanges and the SEBI and any other statutory authority on any matter related to the capital markets, during the last three years is NIL.
- The Company at present does not have a whistle blower mechanism in place. However it may implement such a mechanism in future.
- The Company has at present not adopted the non mandatory requirements of corporate governance except for certain clauses regarding remuneration committee. However in line with its policy to ever improve the good corporate governance practices it is proposed to adopt all such practices in due course of time.
- The Company has adopted such corporate governance practices which are either in consonance with or shall be in future in consonance with the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs.

**8. Means of communication of financial statements etc., newspapers where published.**

- Quarterly Financial statements are normally published in the Business Standard and Veer Arjun/Rashtra Ka Vidhan/Rashtriya Sahara, Delhi Edition.
- The results are made available to the individual members through e-mail/courier/fax on specific requests
- the results are also sent to the institutional investors/financial analysts on request
- The financial results from the quarter ended March 31, 2003 onwards are also available on the SEBI's EDIFAR website – <http://sebidifar.nic.in>
- The financial results from the quarter ended December 31, 2004 onwards are also available on the Company's website – <http://www.orientabrasives.com>
- The Company does not send half year financial reports to the members individually.
- Management Discussion and Analysis Report forms an integral part of the Directors' Report.

### 9. CEO/CFO Certification

Mr S G Rajgarhia, Managing Director and Mr B L Gupta, Vice President (Finance) have given the certificate pertaining to financial year 2009-10 to the Board of Directors which was taken note of at the board meeting held on May 31, 2010.

### 10. General Shareholder information regarding present AGM, financial calendar etc, Names of stock exchanges where listed

#### Financial Calendar

Financial Year	:	April 1, 2009 to March 31, 2010
AGM	:	August 5, 2010
Book closure dates	:	July 20 to July 27, 2010
Dividend Payment date	:	August 7 - 10, 2010
Quarterly results	:	Last week of July 2010, October 2010 January 2011 and April/May 2011

#### Listing on Stock Exchanges

The Company's equity shares are listed on the following Stock Exchanges :

- I The Bombay Stock Exchange Ltd. (BSE)  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001
- II National Stock Exchange of India Ltd. (NSE)  
Exchange Plaza  
Bandra Curla Complex  
Bandra (East)  
Mumbai – 400 051

The Company's application for de-listing is yet to be disposed of by the Calcutta Stock Exchange Association Ltd. Hence the shares technically continue to remain listed on the said stock exchange.

The Company has duly paid the listing fees to the BSE and the NSE for the year 2010-2011.

#### Scrip Code of the Company's Equity Shares

BSE	:	504879
NSE	:	ORIENTABRA EQ
<b>ISIN Code</b>	:	<b>INE569C01020</b>

#### Market Information

Market Price Data : Monthly High, Low (based on the closing prices) and volume, number of trades and value of total shares traded during each month of the last financial year :

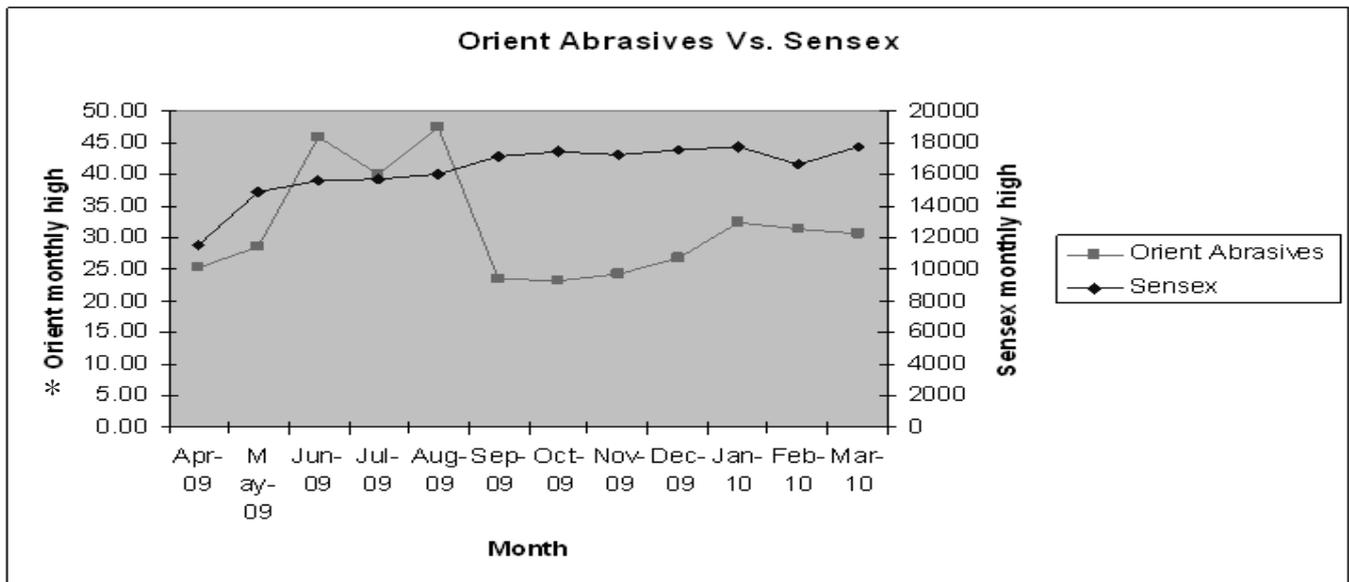
#### **BSE**

Month	High (Rs.)	Low (Rs.)	Volume	No. of trades	Trunover (Rs.- lac)
April, 2009	25.20	16.10	399537	1523	86.92
May, 2009	28.50	20.15	412978	1576	97.85
June, 2009	45.90	28.00	2666526	14327	1031.94
July, 2009	40.10	33.55	473887	3049	178.64
August, 2009	47.40	18.80	1458412	8089	534.62
September, 2009	23.50	19.05	1253583	5032	266.91
October, 2009	23.10	20.00	709945	2753	154.98
November, 2009	24.20	20.60	897693	3590	201.29
December, 2009	26.80	22.15	1147417	5164	290.12
January, 2010	32.50	25.35	1644764	6970	480.37
February, 2010	31.50	26.65	839832	3414	249.93
March, 2010	30.50	26.80	671082	2218	192.14

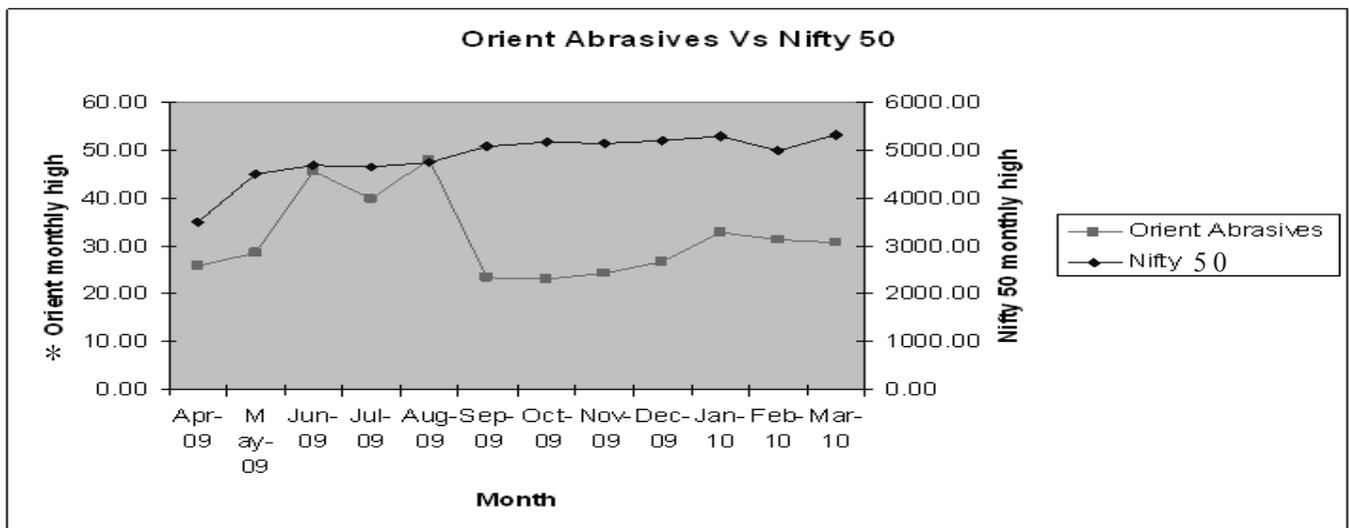
**NSE**

Month	High (Rs.)	Low (Rs.)	Volume	Turnover in Rs. Lac
April, 2009	26.00	15.25	328311	69.46
May, 2009	28.50	19.50	497004	121.22
June, 2009	45.75	27.25	3609034	1396.63
July, 2009	39.90	28.50	620072	231.08
August, 2009	48.00	18.75	2143132	758.58
September, 2009	23.30	19.40	1764897	374.66
October, 2009	23.10	19.80	1153030	251.23
November, 2009	24.40	20.40	1402636	315.98
December, 2009	26.75	21.00	1672196	424.06
January, 2010	33.00	24.50	2800608	826.85
February, 2010	31.50	27.00	1445825	426.98
March, 2010	30.90	26.50	826321	237.12

Performance of Orient Abrasives' scrip in Comparison to BSE Sensex



Performance of Orient Abrasives' scrip in Comparison to NSE Nifty 50



\* The Company issued bonus shares in the ratio 1 : 1 on 17/08/2009

**Registrar & Share Transfer Agents**

Skyline Financial Services Pvt. Ltd.  
 246, First Floor  
 Sant Nagar, East of Kailash  
 New Delhi – 110 065  
 Phone : 011-26292682, 011-26292683  
 Fax : 011-26292681  
 E mail : [admin@skylinerta.com](mailto:admin@skylinerta.com)

Share transfer is done once in every 10 days. A share transfer committee comprising of Mr S G Rajgarhia (Chairman), an executive director and Mr T N Chaturvedi, a non-executive director is in place to approve valid requests for share transfer etc. The authority to authenticate the endorsements has been given to a senior executive and the Company Secretary.

**Distribution of shareholding**

No. of equity shares held	As on 31/03/2010		As on 31/03/2009	
	Percent of share holders	Percent of shares	Percent of share holders	Percent of shares
1 to 5000	91.20	11.00	95.31	15.47
5001 to 10000	4.60	3.77	2.35	3.55
10001 and above	4.20	85.22	2.34	80.98
	100.00	100.00	100.00	100.00

**Categories of Shareholders**

Category	Number of shareholders		Voting strength %		Number of shares	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009
Promoter group (individuals & trust)	15	15	53.33	53.31	63801064	31887301
Promoter group (Companies)	2	3	0.11	0.14	132080	115000
UTI/Mutual Funds	1	1	0.04	0.04	44000	22000
Banks and Financial Institutions	4	4	0.02	0.02	19000	9500
Other domestic companies/Trust	434	329	10.33	7.53	12361768	4505305
NRIs/FIIs	150	96	0.48	0.29	571266	173932
Indian public	12507	11373	35.69	38.67	42710022	23106562
Total	13113	11821	100.00	100.00	119639200*	59819600

\* Company issued bonus shares in the ratio 1 : 1 on 17/08/2009

**Dematerialisation of shares and liquidity**

The Company has arrangements with both National Securities Depository Limited (NSDL) and the Central Depository Services (India) Ltd. (CDSIL) As on March 31, 2010, the total outstanding dematerialized shares is 54.60 percent. Similarly, 35.12% of shares have been rematerialized as on the said date. Therefore, the total percentage of share of the Company that have been dematerialised upto March 31, 2010 is 89.72.

The Company has not issued any ADRs, GDRs or any other convertible instruments.

**Plant Locations**

Abrasives Grains Division : Porbander, Gujarat  
 Refractory Division : Bhiwadi, Rajasthan and Salem, Tamil Nadu

**Address for correspondence**

Orient Abrasives Limited  
 1307, Chiranjiv Tower  
 43, Nehru Place  
 New Delhi – 110 019  
 Phone : 011-26449480, 26425446  
 Fax : 011-26443859  
 E-mail : [ho@oalindia.com](mailto:ho@oalindia.com), Website : <http://www.orientabrasives.com>

**DECLARATION REGARDING COMPLIANCE OF CODE OF CONDUCT**

I, S G Rajgarhia, Managing Director of Orient Abrasives Limited do hereby declare and confirm that all the Board Members and the Senior Managerial Personnel have affirmed compliance of the Code of Conduct during the year from April 1, 2009 to March 31, 2010

New Delhi  
May 31, 2010

S G Rajgarhia  
Managing Director

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**CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members of  
ORIENT ABRASIVES LIMITED  
New Delhi**

We have examined the compliance of conditions of Corporate Governance by ORIENT ABRASIVES LIMITED for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of Management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee of the Company.

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

For JATIN GUPTA & ASSOCIATES  
COMPANY SECRETARIES

PLACE : New Delhi  
DATE : May 31, 2010

(JATIN GUPTA)  
PROPRIETOR  
C. P. NO. 5236  
MEMB NO. 5651

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**ANNEXURE 'B' TO THE DIRECTORS' REPORT  
MANAGEMENT DISCUSSION AND ANALYSIS REPORT  
GENERAL REVIEW**

The Company was incorporated in the year 1971 in New Delhi.

The Company has three business divisions namely the Abrasives Grains Division (AGD) at Porbander, Gujarat that manufactures fused alumina grains and calcined products and the Refractory Division (RD) that manufactures refractories and monolithics and the Power Division. The Abrasives Grains Division, the first of Company's all divisions, was established in the year 1974.

Thereafter the Company established the Bonded Abrasives Division in 1980 at Bhiwadi, Rajasthan, which was divested in the year 2006-07. The Refractory Division was set up in the year in 1985 at Bhiwadi, Rajasthan.

The Company also has a Power Division that generates electricity for captive consumption, which was expanded in 2007-08 with the addition of a 9 MW coal based thermal power plant. During 2009-10 the Company ventured into green energy projects by setting up 4 wind turbines of a total generation capacity of 5.1 MW and the capacity shall be further increased in the current year.

**BUSINESS DIVISIONS/SEGMENTS**

As mentioned above, the Company has three major business segments in terms of the nature of output i) Fused Aluminium Oxide Grains including Calcined Products and ii) Refractories and Monolithics and iii) Electricity (Power Division), which have been elucidated in the following paragraphs :

**Abrasives Grains Division**

The Abrasives Grains Division at Porbander is the first manufacturing unit set up by the Company. The Division manufactures calcined bauxite and fused aluminium oxide abrasive grains. Raw bauxite and calcined alumina are the basic raw materials used for the manufacture of abrasive grains. Raw bauxite is procured from mines owned by the Company and others and calcined alumina is purchased from aluminium companies. A portion of these products is captively consumed by the Refractory Division at Bhiwadi and are also sold in the domestic market.

### **Refractory Division**

The unit manufactures various types of continuous casting and slide gate refractories, low cement castables etc. which are exclusively consumed in the steel plants.

The Refractory Division exports a fair share of its output to various overseas customers. The major export customers are based in Egypt, Turkey, Indonesia, Italy, Pakistan, Kingdom of Saudi Arabia, Sultanate of Oman, Greece, Spain, Nigeria, Azerbaijan, Malaysia, Bulgaria, Thailand, Iran, Germany, Italy etc..

### **Power Division**

The Company has a total thermal power plant capacity of 18 MW out of which 9 MW is based on coal and 9 MW on furnace oil. The thermal power plant based on coal is more economical and is operated at full capacity. The electricity from this power division is meant for captive consumption by the manufacturing division at Porbander.

Besides, as mentioned elsewhere, the Company set up wind mills of total power generation capacity of 5.1 MW during the year under review. The power generated by these plants are sold to the respective state power distribution companies.

### **Financials of Segments**

Financials of business segments are given in detail in Schedule 24 (notes to the financial statements) of the Annual Report.

### **FINANCIALS AND INTERNAL CONTROL**

The gross turnover of the Company during the year ended March 31, 2010 increased to Rs. 346.05 crore. Gross profit and net profit were Rs. 68.80 crore and Rs. 51.17 crore respectively. The gross profit increased by 40% while the net profit surged by 61%.

The Company has an adequate internal control system which is commensurate with its size and which adopts the best practices prevalent in the industry. Besides conducting internal audit at regular intervals and implementing the measures suggested from time to time there is a statutory audit committee comprising of independent directors in place to oversee the internal control processes in the Company. The Company has also received ISO 9001 : 2000 certification for the plant at Bhiwadi.

The enterprise resource planning system (ERP) implemented in January, 2008 at Bhiwadi to integrate the operations of various divisions of the Company in a phased manner is operational and is yielding the desired results.

### **HUMAN RESOURCES**

The Company believes in the strength of human resources and that it is the best form of business capital which needs to be explored and utilised to full potential. At the company, constant efforts are made in developing human resources by providing necessary training and taking care of employee welfare. The Company endeavors to keep the employees' motivation level high by providing congenial work atmosphere and rewarding/remunerating adequately.

There are cordial relations between the management and the employees.

### **CONCERNS AND FUTURE OUTLOOK**

The demand for abrasive grains will continue to be stable in future while that for refractories is likely to be higher . This is in view of the emphasis laid by the Government on core infrastructure development paving way for increased production of steel.

Since the abrasive grains division is a power intensive unit, the cost of production largely depends on the cost of fuel which is very inconsistent.

Except for the above concerns, the future of these manufacturing divisions looks encouraging. Despite the crisis in Europe, export of refractories shall grow in the current year. The wind power division will definitely yield the desired results as the future belongs to renewable energy and green environment friendly projects.

### **ANNEXURE 'C' TO THE DIRECTORS' REPORT**

Statement of the Employees pursuant to Section 217 (2 A) of the Companies Act, 1956

Name/Age(Yrs)	Remuneration (Rs.)	Designation/ Nature of duties	Qualification & Experience (Yrs)	Date of Commencement of employment	Last employment
S G Rajgarhia (62)	1,80,26,875/-	Managing Director, Overall Management	B Tech. (Hons.), S.M. (MIT) 39 years	01/08/1973	–
P P Khanna (70)	36,86,961/-	Executive Director, Overall Management	B. Sc, B E AMIE 47 years	01/07/1973	Hindustan Motors Ltd. (Works Manager)
S C Sarin (63)	30,04,902/-	President (Refractory Division)	B Tech. (Hons.) 42 years	15/06/1991	Steel Strips Ltd. (Gen. Manager)
R K Khanna (57)	25,49,451/-	President (Abrasive Grains Division)	B E (Mechanical) 37 years	10/7/1973	–

1. Above details are of those employees who were employed throughout the accounting year and were in receipt of remuneration of not less than Rs. 24 lac per annum.
2. Remuneration as above includes salary, contribution to provident fund, leave travel allowance, medical expenses, leave encashment, bonus, actual amount spent on perquisites valued as per income tax rules and in the case of Mr S G Rajgarhia, commission on sales at the limits approved by the members.
3. Except Mr S G Rajgarhia who is a relative of Mr R K Rajgarhia, director of the Company none of the above persons is a relative of any director of the Company.
4. Employment is non-contractual in all cases subject to three months' notice on either side except of Mr S G Rajgarhia.

#### **ANNEXURE 'D' TO THE DIRECTORS' REPORT**

Information under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

#### **CONSERVATION OF ENERGY**

The company has made all efforts to optimize the use of energy and to minimise its wastage. To ensure minimum consumption of energy for a given level of production, operating parameters of production have been standardized. Insulation materials are also being used to avoid energy loss.

#### **TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

The Company is constantly trying to provide its customers with products that incorporate latest available technology. Though indigenously available materials and technology are preferred, efforts are being made, wherever possible, to make use of best contemporary technology.

	<b>Rs. in lacs</b>	
	<b><u>2009-10</u></b>	<b><u>2008-09</u></b>
A) Power & Fuel Consumption for Refractories		
1. ELECTRICITY		
Purchased :		
Units (in lacs)	<b>66.97</b>	60.12
Total amount (Rs. in lacs)	<b>295.92</b>	277.10
Rate/Unit (Rs.)	<b>4.42</b>	4.61
Own generation through D.G.Set :		
Units (in lacs)	<b>5.94</b>	5.55
Units per ltr.of Diesel Oil	<b>3.34</b>	3.33
Cost/Units (Rs.)	<b>9.06</b>	9.36
2. LDO/FO/C9 /HSD		
Qty.(Kilo ltr.)	<b>14.98</b>	12.75
Total cost (Rs.in lacs)	<b>352.19</b>	369.86
Average/Kilo ltr.(Rs.)	<b>23515</b>	29000
3. PET COKE		
Qty.(MT)	<b>815.37</b>	962.00
Total cost (Rs.in lacs)	<b>51.76</b>	87.26
Average/MT.(Rs.)	<b>6348</b>	9071
4. LPG		
Qty.(MT)	<b>88.06</b>	73.23
Total cost (Rs.in lacs)	<b>36.81</b>	33.71
Average/MT.(Rs.)	<b>41804</b>	46029
Consumption per Unit of Production for Refractories		
Electricity (Units)	<b>608</b>	613
LDO/FO/C9/Ltr.	<b>125</b>	119
PET COKE (MT)	<b>68</b>	90
LPG (MT)	<b>7</b>	7
<b>FOREIGN EXCHANGE EARNINGS AND OUTGO</b>		
Earned (Rs.in lacs)	<b>3137.37</b>	3438.59
Used (Rs.in lacs)	<b>2456.19</b>	1685.87

## AUDITORS' REPORT

To  
**The Members of Orient Abrasives Limited**

1. We have audited the attached Balance Sheet of Orient Abrasive Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
    - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For S.R. Batliboi & Co.**

Firm Registration No: 301003E

Chartered Accountants

**per Manoj Gupta**

Partner

Membership No. 83906

Place : Gurgaon, Haryana

Date : May 31, 2010

**Annexure referred to in paragraph [3] of our report of even date**

Re: [Orient Abrasives Limited] ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out during the current year.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clause (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) (hereinafter referred to as the Order) are not applicable to the Company.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clause (iii) (f) and (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal, Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and other material statutory dues applicable to it.  
Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs. In lacs)	Forum where dispute is pending
West Bengal Sales Tax Act, 1994	Sales tax and Interest demand for non submission of sales tax declaration forms for the year 1993-94	3.75	Sales Tax Commissioner (Appeal)
Sales Tax Act, 1944	Entry tax demand for entry of goods in Rajasthan for the year 2006-07	36.06	Hon'ble High Court of Rajasthan, Jodhpur
Service Tax Act, 1994	Service tax demand for input tax credit availed on foreign business auxiliary services and other consulting services	43.33	Joint, Commissioner Excise, Jaipur
Service Tax Act, 1994	Service tax demand for input tax credit availed on foreign business auxiliary services and other consulting services	14.07	Additional Commissioner Excise, Jaipur
Income Tax Act, 1961	Disallowance of various expenses/ deductions (under section 80IA) claimed by the Company for the year 2003-04	243.91	Hon'ble High Court, Delhi

According to the information and explanation given to us, there are no dues of wealth tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S.R. Batliboi & Co.**

Firm Registration No: 301003E

Chartered Accountants

**per Manoj Gupta**

Partner

Membership No. 83906

Place : Gurgaon, Haryana

Date : May 31, 2010

**BALANCE SHEET AS AT MARCH 31, 2010**

(All amount in Rs. Lacs)

		Schedules	As at March 31, 2010	As at March 31, 2009
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1		<b>1,196.52</b>	598.33
Reserves and Surplus	2		<b>13,855.20</b>	10,762.66
			<b>15,051.72</b>	11,360.99
<b>Loan Funds</b>				
Secured Loans	3		<b>4,921.27</b>	5,615.86
Unsecured Loans	4		<b>1,411.25</b>	283.80
			<b>6,332.52</b>	5,899.66
<b>Deferred Tax Liabilities (Net)</b>	5		<b>559.84</b>	425.24
<b>Total</b>			<b>21,944.08</b>	17,685.89
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	6		<b>17,862.02</b>	14,207.89
Less : Accumulated Depreciation			<b>5,968.83</b>	4969.14
Net Block			<b>11,893.19</b>	9,238.75
Capital Work-in-Progress including Capital Advances			<b>1,332.02</b>	239.77
			<b>13,225.21</b>	9,478.52
Intangible Assets	7		<b>33.98</b>	42.49
<b>Investments</b>	8		<b>0.27</b>	0.27
<b>Current Assets, Loans and Advances</b>				
Inventories	9		<b>6,580.51</b>	6,130.05
Sundry Debtors	10		<b>5,760.59</b>	5,947.48
Cash and Bank Balances	11		<b>259.55</b>	197.74
Other Current Assets	12		<b>39.20</b>	34.68
Loans and Advances	13		<b>1,347.26</b>	978.32
		<b>(A)</b>	<b>13,987.11</b>	13,288.27
<b>Less : Current Liabilities and Provisions</b>				
Current Liabilities	14		<b>3,628.88</b>	3,807.20
Provisions	15		<b>1,673.61</b>	1,316.46
		<b>(B)</b>	<b>5,302.49</b>	5,123.66
<b>Net Current Assets</b>		<b>(A-B)</b>	<b>8,684.62</b>	8,164.61
		<b>Total</b>	<b>21,944.08</b>	17,685.89
<b>Notes to Accounts</b>	24			

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.  
As per our report of even date

For S.R.BATLIBOI & CO  
Firm Registration No. 301003E  
Chartered Accountants

Per Manoj Gupta  
Partner  
Membership No. 83906  
Place : Gurgaon, Haryana  
Date : May 31, 2010

S.G.RAJGARHIA  
(Managing Director)

B.L.GUPTA  
(Sr. Vice President - Finance)

For and on behalf of the Board of Directors  
of Orient Abrasives Limited

T.N.CHATURVEDI  
(Director)

DEEPAK C.S.  
(Company Secretary)

P.P.KHANNA  
(Executive Director)

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**
**(All amount in Rs. Lacs)**

	Schedules	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>INCOME</b>			
Turnover (Gross)	16	<b>34,370.06</b>	33,135.47
Less : Excise duty		<b>2,191.70</b>	2,934.53
Turnover (Net)		<b>32,178.36</b>	30,200.94
Other Income	17	<b>234.71</b>	259.64
<b>Total</b>		<b>32,413.07</b>	30,460.58
<b>EXPENDITURE</b>			
Purchase of Trading Goods		<b>2,538.77</b>	2,970.24
Raw Materials Consumed	18	<b>9,187.07</b>	8,930.34
Personnel Expenses	19	<b>2,775.51</b>	2,438.60
Operating and Other Expenses	20	<b>9,346.51</b>	9,456.74
Decrease/(Increase) in Inventories	21	<b>435.92</b>	(516.44)
Depreciation/amortization	6/7	<b>1,080.61</b>	971.26
Financial Expenses	22	<b>515.73</b>	791.50
(Gain)/Loss on derivative contracts		<b>(347.20)</b>	514.52
<b>Total</b>		<b>25,532.92</b>	25,556.76
<b>Profit before Taxation</b>		<b>6,880.15</b>	4,903.82
Current tax		<b>(1,500.00)</b>	(1,690.00)
Deferred tax Charge		<b>(134.60)</b>	(21.50)
Fringe Benefit tax		–	(23.25)
Income tax (charge)/credit for earlier years		<b>(129.05)</b>	15.35
Total Tax Expenses		<b>(1,763.65)</b>	(1,719.40)
<b>Profit after tax</b>		<b>5,116.50</b>	3,184.42
Balance brought forward from previous year		<b>3,123.95</b>	2,849.34
<b>Profit available for appropriation</b>		<b>8,240.45</b>	6,033.76
<b>Appropriations :</b>			
Proposed Dividend on Equity Shares		<b>1,196.39</b>	777.65
Corporate Dividend Tax		<b>198.72</b>	132.16
Transfer to General Reserve		<b>3,000.00</b>	2,000.00
<b>Surplus Carried to Balance Sheet</b>		<b>3,845.34</b>	3,123.95
<b>Basic and Diluted Earnings per share</b>	23	<b>4.28</b>	2.66
Nominal value of shares Re. 1 (Previous year : Re. 1)			
<b>Notes to Accounts</b>	24		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.  
As per our report of even date

For S.R.BATLIBOI & CO  
Firm Registration No. 301003E  
Chartered Accountants

Per Manoj Gupta  
Partner  
Membership No. 83906  
Place : Gurgaon, Haryana  
Date : May 31, 2010

S.G.RAJGARHIA  
(Managing Director)

B.L.GUPTA  
(Sr. Vice President - Finance)

For and on behalf of the Board of Directors  
of Orient Abrasives Limited

T.N.CHATURVEDI  
(Director)

DEEPAK C.S.  
(Company Secretary)

P.P.KHANNA  
(Executive Director)

**Cash Flow Statement for the year ended on March 31, 2010**

	(All amount in Rs. Lacs)	
	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>A. Cash Flow From Operating Activities</b>		
<b>Profit before taxation</b>	<b>6,880.15</b>	4903.82
Adjustments for :		
Depreciation/amortizations	1,080.61	971.26
Bad debt written off	0.26	0.05
Loss on disposal of fixed assets	4.80	3.30
Provision for doubtful debts and advances	7.53	–
Dividend from current investments	(0.84)	(1.82)
Unspent Liabilities Written Back	–	(6.85)
Unrealized Foreign Exchange (gain)/loss (net)	(41.73)	237.54
Interest Income	(11.72)	(13.24)
(Gain)/ Loss on Derivative Contract	(347.20)	470.10
Interest Expense	456.43	702.80
<b>Operating Profit before Working Capital changes</b>	<b>8,028.29</b>	7,266.96
Movements in Working Capital		
Decrease/(Increase) in Sundry Debtors	120.61	(653.78)
Decrease/(Increase) in Loans & Advances and Other Current Assets	(169.34)	225.80
(Increase) in Inventories	(450.46)	(805.73)
Increase in Current Liabilities & Provisions	214.43	134.25
<b>Cash generated from Operations</b>	<b>7743.53</b>	6167.50
Direct taxes paid	(1,999.22)	(1,653.69)
<b>Net Cash from Operating Activities (A)</b>	<b>5744.31</b>	4513.81
<b>B. Cash Flow From Investing Activities</b>		
Purchase of fixed assets	(3,867.13)	(1,089.11)
Capital advances made during the year	(1,050.47)	(67.40)
Additions to Intangible assets	(2.22)	(53.08)
Proceeds from sale of fixed assets	29.30	18.11
Purchase of investments	925.00	2,100.00
Sale of investments	(925.00)	(2,100.00)
Dividend Received	0.84	1.82
Interest received	11.69	12.77
Deposits (with maturity more than three months)	(72.55)	(0.04)
Proceeds of deposits matured (with maturity more than three months)	43.88	25.32
<b>Net cash (used in) Investing Activities (B)</b>	<b>(4,906.66)</b>	(1,151.61)
<b>C. Cash Flow From Financing Activities</b>		
Repayment from Long term borrowings	(708.74)	(698.30)
Proceeds/(Repayment) of short term borrowings	1,235.34	(1,381.57)
Interest paid	(441.92)	(712.84)
Dividend paid	(757.03)	(521.95)
Tax on dividends paid	(132.16)	(91.50)
<b>Net Cash from/(used in) Financing Activities (C)</b>	<b>(804.51)</b>	(3,406.16)
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<b>33.14</b>	(43.96)
Cash and cash equivalents at the beginning of the Year	152.82	196.77
Cash and cash equivalents at the end of the year	185.96	152.82

(All amount in Rs. Lacs)  
**For the year ended**    For the year ended  
**March 31, 2010**      March 31, 2009

<b>Component of cash and cash equivalent</b>	<b>For the year ended March 31, 2010</b>	<b>For the year ended March 31, 2009</b>
Cash on hand	<b>6.05</b>	3.58
With Banks :		
On Current Accounts	<b>71.00</b>	53.76
On Fixed Deposit Accounts	<b>95.52</b>	74.04
On Unpaid dividend accounts*	<b>86.88</b>	66.26
Post Office Savings Bank Account	<b>0.10</b>	0.10
Cash and Bank Balance as per Schedule 11	<b>259.55</b>	197.74
Less: Fixed Deposit not considered cash equivalents	<b>73.59</b>	44.92
<b>Cash &amp; Cash Equivalents in Cash Flow Statement</b>	<b>185.96</b>	152.82

\*These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

**Notes :**

- a) The cash flow statement has been prepared under "Indirect method" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- b) Negative figures have been shown in brackets.

As per our report of even date

For S.R.BATLIBOI & CO  
 Firm Registration No. 301003E  
 Chartered Accountants

Per Manoj Gupta  
 Partner  
 Membership No. 83906  
 Place : Gurgaon, Haryana  
 Date : May 31, 2010

For and on behalf of the Board of Directors  
 of Orient Abrasives Limited

S.G.RAJGARHIA  
 (Managing Director)

T.N.CHATURVEDI  
 (Director)

P.P.KHANNA  
 (Executive Director)

B.L.GUPTA  
 (Sr. Vice President - Finance)

DEEPAK C.S.  
 (Company Secretary)

**SCHEDULES TO THE ACCOUNTS**

	(All amount in Rs. Lacs)	
	As at March 31, 2010	As at March 31, 2009
<b>Schedule — 1 : Share Capital</b>		
<b>Authorised</b>		
400,000 (Previous Year 400,000) - 6% Redeemable Cumulative Preference Shares of Rs. 100/- each	<b>400.00</b>	400.00
120,000,000 (Previous Year 97,500,000) Equity Shares of Re. 1/- each	<b>1,200.00</b>	975.00
	<b>1,600.00</b>	1,375.00
<b>Issued &amp; Subscribed</b>		
119,659,200 (Previous year 59,839,600) Equity Shares of Re. 1/- each fully paid up	<b>1,196.59</b>	598.40
	<b>1,196.59</b>	598.40
<b>Paid up</b>		
119,639,200 (Previous year 59,819,600) Equity Shares of Re. 1/- each fully paid up	<b>1,196.39</b>	598.20
	<b>1,196.39</b>	598.20
Add : Shares forfeited (amount paid-up)	<b>0.13</b>	0.13
	<b>1,196.52</b>	598.33

**Notes:**

Of the above: 104,684,300 (Previous year 44,864,700) Equity shares of Re. 1/- each are allotted as fully paid bonus shares by capitalization of Capital Redemption Reserve, Securities Premium and General Reserve.

**Schedule — 2 : Reserves and Surplus**

<b>Capital Redemption Reserve*</b>		
Balance as per last account	<b>400.00</b>	400.00
Less : utilization for bonus issue	<b>(400.00)</b>	-
	<b>-</b>	400.00
<b>General Reserve</b>		
Balance as per last account	<b>7,238.71</b>	5,238.71
Add : Transfer from Profit & Loss Account	<b>3,000.00</b>	2,000.00
Less : utilization for bonus issue	<b>(198.20)</b>	-
	<b>10,040.51</b>	7,238.71
<b>Hedging Reserve Account</b>		
Balance as per last account	<b>-</b>	-
Add: Created during the year	<b>(30.65)</b>	-
	<b>(30.65)</b>	-
<b>Profit &amp; Loss Account Balance</b>		
	<b>3,845.34</b>	3,123.95
	<b>13,855.20</b>	10,762.66

\*created pursuant to the redemption of the preference shares, as per the requirement of Section 80 of the Companies Act, 1956.

(All amount in Rs. Lacs)  
As at March 31,  
2010                      As at March 31,  
2009

**Schedule — 3 : Secured Loans**

Term Loans from banks		
-Rupee Term Loan	<b>765.83</b>	1,189.17
[Due within one year Rs. 285.83 lacs, (Previous year Rs. 423.33 lacs)]		
-Foreign Currency Loan	<b>931.27</b>	926.10
[Due within one year Rs. 673.48 lacs, (Previous year Rs. 308.70 lacs)]		
Cash Credit Facilities from Banks	<b>3,224.17</b>	3500.59
	<b>4,921.27</b>	5,615.86

**Notes:**

1. The rupee term loan is secured by first pari passu charge on the movable fixed assets of the Company. The loan is further secured by mortgage of immovable properties of the Company.
2. The Foreign currency term loan amounting Rs. 546.96 lacs (Previous year Rs. 926.10 lacs) is secured by first pari passu charge on the movable fixed assets of the Company. The loan is further secured by mortgage of the immovable properties of the Company.  
Foreign currency term loan amounting Rs. 384.31 lacs (Previous Rs. Nil) is secured by hypothecation of stocks of raw materials, finished and semi-finished goods and book debts of the Company. The Loan is further secured by second pari passu charge on the entire fixed assets of the Company including mortgage of immovable properties of the Company.
3. Cash credit facilities from banks are secured by hypothecation of stocks of raw materials, finished and semi-finished goods and book debts of the Company. These facilities are further secured by second pari passu charge on the entire Fixed Assets of the Company including mortgage of all immovable properties of the Company.
4. Term Loans amounting to Rs. 1,697.10 lacs (Previous year Rs. 2,115.27 lacs) and Cash Credit Facilities amounting to Rs. 3,224.17 lacs (Previous year Rs. 3,500.59 lacs) are also personally guaranteed by Managing Director of the Company.

**Schedule — 4 : Unsecured Loans**

Fixed Deposits	<b>161.25</b>	159.80
[Due within one year Rs. 72.65 lacs (Previous year Rs. 47.60 lacs)]		
Short Term Loans:		
From Banks	<b>1,250.00</b>	-
(Loans amounting to Rs. 1250 lacs (Previous year Rs. Nil) are personally guaranteed by the Managing Director of the Company)		
From others		
Bodies Corporate	-	24.00
Director	-	100.00
	<b>1,411.25</b>	283.80

**Schedule — 5 : Deferred Tax Liabilities (net)**
**Deferred Tax Liabilities**

Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	<b>646.25</b>	511.68
Income accrued but taxable on receipt	<b>10.62</b>	9.34
<b>Gross Deferred Tax Liabilities</b>	<b>656.87</b>	521.02

**Deferred Tax Assets**

Effect of expenditure debited to profit and loss account in the current year/ earlier years but allowable for tax purposes in following years.	<b>83.10</b>	84.09
Provision for doubtful debts	<b>13.93</b>	11.69
<b>Gross Deferred Tax Assets</b>	<b>97.03</b>	95.78
<b>Net Deferred Tax Liabilities</b>	<b>559.84</b>	425.24



(All amount in Rs. Lacs)

**SCHEDULE — 6 : FIXED ASSETS**

Particulars	Land-Freehold	Land-Leasehold	Lease Hold Improvement	Buildings	Plant & Machinery	Furniture and Fixtures	Office Equipment	Vehicles	Total	Pervious Year
<b>Gross Block</b>										
At 01.04.2009	13.76	33.28	19.49	1,720.43	11,831.26	36.74	134.16	418.77	14,207.89	12,943.30
Additions	-	36.00	-	26.73	3,534.88	0.71	55.29	104.33	3,757.94	1,307.05
Deductions	-	-	-	0.50	53.72	3.28	6.73	39.58	103.81	42.46
<b>At 31.03.2010</b>	<b>13.76</b>	<b>69.28</b>	<b>19.49</b>	<b>1,746.66</b>	<b>15,312.42</b>	<b>34.17</b>	<b>182.72</b>	<b>483.52</b>	<b>17,862.02</b>	<b>14,207.89</b>
<b>Depreciation</b>										
At 01.04.2009	-	8.83	19.49	356.23	4,401.56	21.73	55.67	105.63	4,969.14	4,029.77
For the year	-	0.71	-	53.09	954.97	1.71	16.92	42.48	1,069.88	960.67
Deductions	-	-	-	0.41	42.06	3.07	6.39	18.26	70.19	21.30
<b>At 31.03.2010</b>	<b>-</b>	<b>9.54</b>	<b>19.49</b>	<b>408.91</b>	<b>5,314.47</b>	<b>20.37</b>	<b>66.20</b>	<b>129.85</b>	<b>5,968.83</b>	<b>4,969.14</b>
<b>Net Block</b>										
<b>At 31.03.2010</b>	<b>13.76</b>	<b>59.74</b>	<b>-</b>	<b>1,337.75</b>	<b>9,997.95</b>	<b>13.80</b>	<b>116.52</b>	<b>353.67</b>	<b>11,893.19</b>	<b>9,238.75</b>
At 31.03.2009	13.76	24.45	-	1,364.20	7,429.70	15.01	78.50	313.14	9,238.75	8,913.53
Capital Work in Progress									<b>281.55</b>	172.37
Capital Advances (Unsecured and considered good)									<b>1,050.47</b>	67.40
									<b>1,332.02</b>	239.77

**Notes:**

- Building of the cost of Rs. Nil (Previous year Rs. 1.72) is yet to be registered in the name of the Company.
- The detail of assets discarded during the year is as follows;

Assets	Current year		Previous year	
	Cost	WDV	Cost	WDV
Building	0.50	0.09	-	-
Plant & Machinery	44.11	4.98	-	-
Furniture & Fixtures	3.28	0.21	-	-
Office equipment	7.92	0.50	-	-
- Plant & Machinery includes electrical installations and fittings of the value of Rs. 189.92 (WDV- 99.16) (Previous year Rs. 189.92 (WDV- 106.03))

(All amount in Rs. Lacs)  
As at March 31,  
2010                      As at March 31,  
2009

**Schedule — 7 : Intangible assets**
**Software**
**Gross Block**

At 01.04.2009	53.08	–
Additions	2.22	53.08
Deductions	–	–
At 31.03.2010	55.30	53.08

**Amortisation**

At 01.04.2009	10.59	–
For the year	10.73	10.59
Deductions	–	–
At 31.03.2010	21.32	10.59

**Net Block**

<b>At 31.03.2010</b>	<b>33.98</b>	42.49
At 31.03.2009	42.49	–

**Schedule — 8 : Investments**
**Long Term (At Cost)**
**Government Securities (Unquoted-non trade)**

7 year National Savings Certificates (Certificates pledged with Sales Tax Authorities Rs. 0.27 lacs, Previous year Rs. 0.27 lacs)	0.27	0.27
	<b>0.27</b>	<b>0.27</b>

Note: The following investments were purchased and sold during the year.

4,236,232 (Previous year Nil) units of SBI Premier Liquid Fund Institutional - Daily Dividend purchased at a cost of Rs. 425 lacs (Selling price Rs. 425.15 lacs)

4,983,803 (Previous year Nil) units of SBI Premier Liquid Fund Super Institutional-Daily Dividend purchased at a cost of Rs. 500 lacs (Selling price Rs. 500.65 lacs)

Nil (Previous year 3,582,025) units of SBI Magnum Insta Cash Fund (Dividend Plan) were purchased during previous year at a cost of Rs. 600 lacs (Selling price Rs. 600.35 lacs)

Nil (Previous year 14,992,504) units of SBI-SHF-Liquid Plus-Institutional Plan (Dividend Plan) were purchased during previous year at a cost of Rs. 1500 lacs (Selling price Rs. 1,501.47 lacs)

**Schedule — 9 : Inventories (at lower of cost and net realisable value)**

Raw Materials (including stock in transit Rs. 252.37 lacs (Previous year Rs. 206.19 lacs))	2,803.43	2,129.29
Stores and Spare parts	1,008.23	795.99
Goods Purchased for Resale	131.95	108.74
Work-in-Progress	1,051.25	820.22
Finished Goods	1,532.69	2,250.36
Waste	52.96	25.45
	<b>6,580.51</b>	<b>6,130.05</b>

**Schedule — 10 : Sundry Debtors (Unsecured)**
**Debts outstanding for a period exceeding six months**

Considered Good	316.54	498.85
Considered Doubtful	41.93	34.40

**Others Debts:**

Considered Good	5,444.05	5,448.63
	<b>5,802.52</b>	<b>5,981.88</b>

Less: Provision for Doubtful Debts	41.93	34.40
	<b>5,760.59</b>	<b>5,947.48</b>

(All amount in Rs. Lacs)

	As at March 31, 2010	As at March 31, 2009
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**Schedule — 11 : Cash & Bank Balances**

Cash on hand	6.05	3.58
Balances with Scheduled Banks :		
on Current accounts	71.00	53.76
on Deposit accounts	95.52	74.04
(Receipts of Rs. 87.45 lacs (Previous year Rs. 68.66 lacs) pledged with banks, Excise and sales tax authorities)		
On Unpaid dividend accounts	86.88	66.26
Post Office Savings Bank account	0.10	0.10
	<b>259.55</b>	<b>197.74</b>

**Schedule — 12 : Other Current Assets**

Surrender Value of Keyman Insurance Policies	31.96	27.47
Interest Receivable on Fixed Deposit Receipts	7.24	7.21
	<b>39.20</b>	<b>34.68</b>

**Schedule — 13 : Loans & Advances (Unsecured)**
**Considered Good**

Advances recoverable in cash or in kind or for value to be received	369.51	365.07
Balances with customs, excise, etc	460.34	314.91
Deposits - Others	134.61	119.63
Advance Tax (Net of Provision for Tax)	378.73	176.56
Advance Fringe Benefit Tax (Net of Provision for FBT)	4.07	2.15
	<b>1,347.26</b>	<b>978.32</b>

**Schedule — 14 : Current Liabilities**

Sundry Creditors		
(a) total outstanding dues to Micro and small Enterprises (Refer Note No. 7 of Schedule No. 24)	34.84	135.41
(b) total outstanding dues of creditors other than Micro and small Enterprises	2,991.96	2,750.06
Advance from customers	102.03	86.85
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
Unpaid Dividend (Statutory Liabilities as referred in Section 205C of the Companies Act, 1956.)	86.85	66.23
Interest accrued but not due on Loans	32.40	17.89
Loss on derivatives contracts	101.05	470.10
Sundry deposits	62.39	73.62
Others	217.36	207.04
	<b>3,628.88</b>	<b>3,807.20</b>

**Schedule — 15 : Provisions**

For Taxation (Net of advance tax payments)	61.85	227.38
For Fringe Benefit Tax (Net of advance tax payments)	1.72	2.27
For Gratuity	78.28	66.27
For Leave Encashment	136.65	110.73
Proposed Dividend	1,196.39	777.65
Tax on proposed dividend	198.72	132.16
	<b>1,673.61</b>	<b>1,316.46</b>

(All amount in Rs. Lacs)

For the year ended  
March 31,  
2010

For the year ended  
March 31,  
2009

### Schedule — 16 : Turnover (Gross)

Finished Goods (Including sale of goods purchased for resale of Rs. 2713.89 lacs, Previous year Rs. 3,178.85 lacs)	<b>33,757.40</b>	32,497.05
Service Revenue	<b>393.51</b>	391.07
Waste	<b>385.70</b>	313.78
	<b>34,536.61</b>	33,201.90
Less : Trade Discounts	<b>166.55</b>	66.43
	<b>34,370.06</b>	33,135.47

### Schedule — 17 : Other Income

Interest (Gross)		
From Banks	<b>11.72</b>	13.24
(Tax Deducted at Source Rs. 1.79 lacs, Previous year Rs. 2.90 lacs)		
Dividend from Current Investment (other than trade)	<b>0.84</b>	1.82
Exchange Difference [net off of loss of Rs. 94.44 (Previous year Rs. Nil)]	<b>2.26</b>	–
Bad Debt recovered (earlier written off)	–	12.00
Surrender Value of Keyman Insurance Policies	<b>4.48</b>	3.46
Export Incentive	<b>184.70</b>	193.27
Royalty Income	<b>23.38</b>	13.67
Miscellaneous income	<b>7.33</b>	22.18
	<b>234.71</b>	259.64

### Schedule — 18 : Raw Materials Consumed

Inventories as at March 31, 2009	<b>2,129.30</b>	1,944.26
Add : Purchases/Raising*	<b>10,035.75</b>	9316.85
	<b>12,165.05</b>	11,261.11
Less : Sales	<b>174.55</b>	201.47
Less : Inventories as at March 31, 2009	<b>2,803.43</b>	2,129.30
	<b>9,187.07</b>	8,930.34

\* including direct expenses relating to raising of Bauxite at Company's own mines amounting to Rs.1,406.26 lacs (Previous year Rs.1228.42 lacs). [Refer note 13 of Schedule 24]

### Schedule — 19 : Personnel Expenses

Salaries, Wages and Bonus	<b>2,403.62</b>	2,149.07
Gratuity expenses (Refer Note No. 9 of Schedule 24)	<b>87.17</b>	45.50
Contribution to Provident and other funds	<b>133.47</b>	117.84
Workmen and Staff Welfare Expenses	<b>151.25</b>	126.19
	<b>2,775.51</b>	2,438.60

(All amount in Rs. Lacs)  
For the year ended      For the year ended  
March 31,                      March 31,  
2010                              2009

**Schedule — 20 : Operating and Other Expenses**

Consumption of Stores and Spares	2,481.98	2,237.31
Power and Fuel	4,159.64	4,617.43
Freight & Forwarding Charges	531.02	500.98
Rent	46.87	38.99
Packing Expenses	473.40	458.16
Rates & Taxes	13.56	29.24
Insurance	42.87	40.64
Repairs and Maintenance		
Plant & Machinery	311.38	214.67
Buildings	142.00	88.98
Others	9.97	12.36
Managerial Remuneration (Refer Note No. 15.1 in Schedule 24)	217.14	160.25
Legal and Professional Fees	83.30	75.89
Vehicle Running & Maintenance	46.84	47.01
Commission on Sales (other than sole selling agents)	457.16	438.13
Cash Discount on Sales	-	0.32
Other Selling Expenses	36.42	26.26
Travelling & Conveyance	137.32	127.64
Communication Costs	52.18	50.73
Printing and Stationery	24.12	21.20
Directors' Sitting Fees	3.00	2.50
As Auditor		
Audit Fee	12.84	10.83
Tax audit Fee	-	-
Limited Review	7.75	6.75
Out-of-Pocket Expenses	1.79	1.14
In other manner		
Certification	0.11	0.11
(Increase) of Excise Duty on Inventory/samples (Refer Note. 14 in schedule 24)	(59.19)	(37.71)
Donations and Contributions to charitable institutions	3.56	14.47
Provision for doubtful debts & advances	7.53	-
Bad Debt written off	0.26	0.05
Loss on Disposal/Discard of Fixed Assets	4.80	3.30
Exchange Difference [net off of gain of Rs. Nil (Previous year Rs. 118.68 lacs)]	-	192.62
Miscellaneous Expenses	96.89	76.49
	<b>9,346.51</b>	<b>9,456.74</b>

**Schedule — 21 : Decrease/(Increase) in Inventories**

Inventories as at March 31, 2010		
- Goods Purchased for Resale	131.95	108.74
- Work-in-progress	1,051.25	820.22
- Finished goods	1,532.69	2,250.36
- Waste	52.96	25.45
	<b>2,768.85</b>	<b>3,204.77</b>
Inventories as at March 31, 2009		
- Goods Purchased for Resale	108.74	235.33
- Work-in-progress	820.22	830.62
- Finished goods	2,250.36	1,602.75
- Waste	25.45	19.63
	<b>3,204.77</b>	<b>2,688.33</b>
	<b>435.92</b>	<b>(516.44)</b>

(All amount in Rs. Lacs)  
**For the year ended**      For the year ended  
**March 31, 2010**      March 31, 2009

**SCHEDULE — 22 : Financial Expenses**

	For the year ended March 31, 2010	For the year ended March 31, 2009
Interest		
– on term loans	128.61	210.55
– on banks	325.65	428.13
– others	2.17	64.12
Bank charges	59.30	88.70
	<u>515.73</u>	<u>791.50</u>

**SCHEDULE — 23 : Earnings per share (EPS)**

Net profit as per profit and loss account	5,116.50	3,184.42
Net Profit available for equity shareholders	<u>5,116.50</u>	<u>3,184.42</u>
Weighted average number of Equity Shares considered for calculating Basic and Diluted EPS	119,639,200	119,639,200
Basic and Diluted Earnings per Share (nominal value Rs.1 each)	4.28	2.66

**SCHEDULE — 24 : Notes to the Accounts**

(All amount in Rs. lacs, unless otherwise stated)

**1. Nature of Operations**

Orient Abrasives Limited ('The Company') is engaged in the production and selling of Fused Aluminum Oxide Grains, Calcined Products, Refractories and Monolithics and Ceramic Paper and generation of power. The Company has manufacturing facilities at Porbandar (Gujarat) and Bhiwadi (Rajasthan) and power generation facilities at Rajasthan and Karnataka.

**2. Statement of Significant Accounting Policies**
**(a) Basis of preparation**

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies are consistent with those used in the previous year.

**(b) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**(c) Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

**(d) Depreciation**

Depreciation on leasehold land is provided over the unexpired period of lease and depreciation on leasehold improvements which includes temporary structures is provided over unexpired period of lease or estimated useful life whichever is lower.

Depreciation on all other fixed assets is provided on Straight Line Method as per rates computed based on estimated useful lives (estimated by the management), which are equal to the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on assets costing below Rs. 5000 is depreciated at the rate of 100% on pro-rata basis.

**(e) Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**(f) Intangible Assets**

**Software :**

Software is amortized using the straight-line method over a period of 5 years.

**(g) Leases**

*Where the Company is the lessee*

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss Account on a straight-line basis over the lease term.

**(h) Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**(i) Inventories**

Inventories are valued as follows:

Raw materials, Goods purchased for resale, stores and spares	Lower of cost and net realisable value. Cost is determined on weighted average basis. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty, wherever applicable.
Waste	Net realizable value
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make sale.	

**(j) Revenue recognition**

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

**(i) Sale of Goods**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty and value added tax deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability accrued during the year.

**(ii) Maintenance and Repair Services**

Revenue from maintenance and repair services is accounted for in accordance with the terms of contracts, as and when these services are rendered.

**(iii) Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**(iv) Export Benefits**

Export Benefits under Duty Exemption Advance License Scheme are accounted for in the year of purchase of raw materials under the above scheme. However, Export Benefits under Duty Exemption Pass Book Schemes (DEPB) are accrued in the year of export. The same is disclosed in 'Other income'.

**(v) Dividends**

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

**(vi) Royalty**

Revenue is recognized on an accrual basis in accordance with the terms of the relevant agreement.

**(k) Foreign currency transactions****(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(iii) Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**(iv) Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for that year.

**(l)** As per the ICAI Announcement, derivative contracts other than those covered under Accounting Standard-11, are accounted on the basis of hedging principles to the extent that the same does not conflict with the existing mandatory Accounting Standards, other Authoritative pronouncements and other regulatory requirements. Accordingly, the derivative contract are marked to market on a portfolio basis, and the net gain/loss after considering the offsetting effect on the underlying hedge item are recognized in profit and loss account except effective portion of hedges which is transferred to Hedge Reserve account.

**(m) Retirement and other benefits**

- i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions are due to Regional Provident Fund Commissioner. There are no other obligations other than the contribution payable to the fund.
- ii. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit (PUC) method made at the end of each financial year. However, the Company has created an approved Gratuity Fund, which has taken a group gratuity cum insurance policy with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and premium paid to LIC is charged to Profit & Loss account. At the end of accounting year, difference between obligation as per actuarial valuation and the fair value of plan asset is further provided for.
- iii. Short term compensated absences are provided for on based on estimates at cost to company basis. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- iv. Actuarial gains/losses are immediately taken to Profit and Loss account and are not deferred.
- v. Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss account.

**(n) Income taxes**

Tax expense comprises of current, fringe benefit and deferred taxes. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the income tax authorities in accordance with Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, entire deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtual certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**(o) Segment Reporting Policies***Identification of segments :*

Business Segment:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

*Intersegment Transfers :*

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

*Allocation of common costs :*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items :*

General corporate income and expense items are not allocated to any business segment.

*Segment Policies*

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

**(p) Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**(q) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement.

**(r) Cash Flow Statement**

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques in hand and short-term investments with an original maturity of three months or less.

**3. Segment Information**

*Business Segments :*

The Company operates in primarily three segments i.e. Fused Aluminum Oxide Grains including Calcined Products, Refractories & Monolithics and generation of power.

*Geographical Segments:*

The analysis of geographical segment is based on the geographical location of the customers. The Company operates primarily in India and has presence in international markets as well. Its business is accordingly aligned geographically, catering to two markets. The Company has considered domestic and exports markets as geographical segments and accordingly disclosed these as separate segments. The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

**Segment Information**
**Primary Segment – Reporting (by Business Segment)**

The following table presents revenue and profit information regarding business segments for the years ended March 31, 2010 and March 31, 2009 and certain assets and liability information regarding business segments at March 31, 2010 and March 31, 2009.

**Primary Segments Reporting (by Business Segments)**

Segment Revenue, Results and Other Information								(Amount in Rs. lacs)
Particulars	Fused Aluminum Oxide Grains Including Calcined Products		Refractories & Monolithics		Power Generation		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>REVENUE</b>								
External sales	<b>10,344.49</b>	9,264.91	<b>21,778.04</b>	20,936.03	<b>55.83</b>	–	<b>32,178.36</b>	30,200.94
Other Income	<b>98.47</b>	13.82	<b>123.67</b>	230.02	–	–	<b>222.14</b>	243.84
Inter-segment sales	<b>3,770.83</b>	4,041.24	<b>12.26</b>	10.58	<b>3,573.72</b>	3,321.41	<b>7,356.81</b>	7,373.23
Total Revenue	<b>14,213.79</b>	13,319.97	<b>21,913.97</b>	21,176.63	<b>3,629.55</b>	3,321.41	<b>39,757.31</b>	37,818.01
Less : Inter segment sale	<b>3,770.83</b>	4,041.24	<b>12.26</b>	10.58	<b>3,573.72</b>	3,321.41	<b>7,356.81</b>	7,373.23
Add: Unallocated Corporate Income							<b>12.57</b>	15.80
Total revenue	<b>10,442.96</b>	9,278.73	<b>21,901.71</b>	21,166.05	<b>55.83</b>	–	<b>32,413.07</b>	30,460.58
<b>SEGMENT RESULTS</b>	<b>2,137.71</b>	1,854.43	<b>4,658.95</b>	4,405.79	<b>628.32</b>	131.26	<b>7,424.98</b>	6,391.48
Less: Corporate Expenses (Net) (Unallocated)							<b>(94.06)</b>	(810.84)
Operating Profit							<b>7,330.92</b>	5,580.64
Interest Expenses							<b>(462.49)</b>	(690.06)
Interest Income							<b>11.72</b>	13.24
Profit from Operating activity							<b>6,880.15</b>	4,903.82
Taxes							<b>(1,763.65)</b>	(1,719.40)
Net Profit							<b>5,116.50</b>	3,184.42
Segment Assets	<b>8,335.54</b>	8,376.03	<b>10,384.54</b>	9,821.49	<b>7,739.88</b>	4,191.58	<b>26,459.96</b>	22,389.10
Unallocated Corporate Assets							<b>786.15</b>	420.45
Total Assets	<b>8,335.54</b>	8,376.03	<b>10,384.54</b>	9,821.49	<b>7,739.88</b>	4,191.58	<b>27,246.57</b>	22,809.55
Segment Liabilities	<b>774.92</b>	943.56	<b>2,600.54</b>	2,170.63	<b>134.52</b>	100.36	<b>3,509.98</b>	3,214.55
Unallocated Corporate Liabilities							<b>8,684.87</b>	8,234.01
Total Liabilities	<b>774.92</b>	943.56	<b>2,600.54</b>	2,170.63	<b>134.52</b>	100.36	<b>12,194.85</b>	11,448.56
Capital Expenditure	<b>680.13</b>	623.56	<b>248.60</b>	447.78	<b>3,903.24</b>	91.81	<b>4,831.97</b>	1,163.15
Unallocated Corporate Capital Expenditure							<b>20.44</b>	46.44
Total Capital Expenditure							<b>4,852.41</b>	1,209.59
Depreciation	<b>405.47</b>	360.10	<b>233.13</b>	200.79	<b>430.51</b>	401.10	<b>1,069.11</b>	961.99
Unallocated Corporate Depreciation							<b>11.50</b>	9.27
Total Depreciation	<b>405.47</b>	360.10	<b>233.13</b>	200.79	<b>430.51</b>	401.10	<b>1,080.61</b>	971.26
Other non-cash expenses	<b>0.96</b>	0.41	<b>11.65</b>	0.24	<b>(0.02)</b>	2.70	<b>12.59</b>	3.35

Note: Un-bold figures indicates previous year Figures

**Secondary Segment Reporting (By Geographical Segments)**

The following is the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced:

	<b>For the year ended March 31, 2010</b>	<b>(Amount in Rs.lacs) For the year ended March 31, 2009</b>
Domestic Market	<b>28,808.40</b>	26,473.12
Overseas Markets	<b>3,369.96</b>	3,727.82
<b>Total</b>	<b>32,178.36</b>	30,200.94

The following table shows the carrying amount of segment assets by geographical markets

	<b>As at March 31, 2010</b>	As at March 31, 2009
Domestic Market	<b>5,014.25</b>	5,452.43
Overseas Markets	<b>746.34</b>	495.05
<b>Total</b>	<b>5,760.59</b>	5,947.48

**Note :** The Company has common fixed assets for producing goods for Domestic Market as well as Overseas Markets. Hence, separate figures for fixed assets/ additions have not been furnished.

**4. Related Party Disclosures**

Names of Related Parties

A. Individuals holding 20% or more voting rights and his relatives

1. Mr S.G. Rajgarhia (Managing Director)

B. Key Management personnel and their relatives

	Relationship
1. Mr S.G. Rajgarhia	Managing Director
2. Mrs Usha Rajgarhia	Wife
3. Mr R.K. Rajgarhia	Brother
4. Mrs Prabha Rajgarhia	Brother's Wife
5. Mr N.K. Rajgarhia	Brother
6. Mrs Rajkumari Rajgarhia	Brother's Wife
7. Mr S.K. Rajgarhia	Brother
8. Mrs Sulabha Rajgarhia	Brother's Wife
9. Mr P.K. Rajgarhia	Brother
10. Mrs Madhushree Rajgarhia	Brother's Wife
11. Mrs Sunita Bagla	Sister
12. Ms Anisha Mittal	Daughter
13. Mr Ashwin Mittal	Son-in-Law
14. Ms Bhavna Rajgarhia	Daughter
15. S G Rajgarhia (HUF)	HUF
16. R.K. Rajgarhia & Sons (HUF)	HUF
17. RKR Foundation	Trust
18. Mr P.P. Khanna	Executive Director
19. Mrs Prabha Khanna	Wife
20. Mr Sanjay Khanna	Son
21. Mr Sandeep Khanna	Son

C. The Enterprises controlled by the above persons

1. Perfectpac Ltd.	9. Madhushree Properties Pvt. Ltd.
2. Unifrax India Ltd.	10. Rajgarhia Leasing & Financial Services Pvt. Ltd.
3. Pyramid Abrasives Pvt. Ltd.	11. AJR Fiscal Pvt. Ltd.
4. Orient Abratech Pvt. Ltd.	12. Faridabad Paper Mills Ltd.
5. APM Industries Ltd.	13. Orient Abratool Pvt. Ltd.
6. Hindustan General Industries Ltd.	14. Orient Coated Pvt. Ltd.
7. HGI Finance & Leasing Ltd	15. Orient Steel & Industries Ltd.
8. Rovo Marketing Pvt. Ltd.	

**Transactions with related parties during the year**
**(Amount in Rs. lacs)**

Particulars	A. An Individual with substantial interest		B. Relatives of Key Management personnel		C. Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>Sales to :</b>								
Orient Coated Pvt. Ltd.	-	-	-	-	11.20	-	11.20	-
Pyramid Abrasives Pvt. Ltd.	-	-	-	-	81.59	57.34	81.59	57.34
Others	-	-	-	-	5.22	5.54	5.22	5.54
<b>Total Sales</b>	-	-	-	-	98.01	62.88	98.01	62.88
<b>Purchase of Raw Materials:</b>								
Unifrax India Ltd.	-	-	-	-	20.57	41.64	20.57	41.64
Others	-	-	-	-	0.12	17.23	0.12	17.23
<b>Total Purchase of Raw Materials</b>	-	-	-	-	20.69	58.87	20.69	58.87
<b>Packing Expenses</b>								
Perfectpac Ltd.	-	-	-	-	104.10	56.49	104.10	56.49
<b>Commission paid</b>								
Hindustan General Industries Ltd.	-	-	-	-	17.03	12.79	17.03	12.79
<b>Rent paid</b>								
Bhavna Rajgarhia	-	-	17.01	16.19	-	-	17.01	16.19
Usha Rajgarhia	-	-	6.91	6.91	-	-	6.91	6.91
Madhushree Properties Pvt. Ltd.	-	-	-	-	1.80	1.80	1.80	1.80
<b>Total Rent Paid</b>	-	-	23.92	23.10	1.80	1.80	25.72	24.90
<b>Guarantee given by S G Rajgarhia</b>	2,350.00	600.00	-	-	-	-	2,350.00	600.00
<b>Financial Expenses:</b>								
Rovo Marketing Pvt. Ltd.	-	-	-	-	-	32.70	-	32.70
P P Khanna	-	-	1.77	10.27	-	-	1.77	10.27
Others	-	-	-	-	-	-	-	-
<b>Total Financial Expenses</b>	-	-	1.77	10.27	-	32.70	1.77	42.97
<b>Dividend paid to :</b>								
S G Rajgarhia	117.10	80.03	-	-	-	-	117.10	80.03
S G Rajgarhia (HUF)	-	-	50.60	34.39	-	-	50.60	34.39
Usha Rajgarhia	-	-	42.78	29.26	-	-	42.78	29.26
Anisha Mittal	-	-	86.00	59.54	-	-	86.00	59.54
Bhavna Rajgarhia	-	-	53.12	34.37	-	-	53.12	34.37
Rovo Marketing Pvt. Ltd.	-	-	-	-	0.09	0.07	0.09	0.07
Faridabad Paper Mills Ltd.	-	-	-	-	0.23	0.16	0.23	0.16
Madhushree Properties Pvt. Ltd.	-	-	-	-	-	1.46	-	1.46
Others	-	-	68.88	45.61	0.91	0.50	69.79	46.11
<b>Total Dividend Paid</b>	117.10	80.03	301.38	203.17	1.23	2.19	419.71	285.39
<b>*Managerial Remuneration:</b>								
S G Rajgarhia	180.27	132.23	-	-	-	-	180.27	132.23
P P Khanna	-	-	36.87	28.02	-	-	36.87	28.02
<b>Total Managerial Remuneration</b>	180.27	132.23	36.87	28.02	-	-	217.14	160.25

Particulars	A. An Individual with substantial interest		B. Relatives of Key Management Personnel		C. Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
<b>Salaries, Wages and Bonus</b>								
Mrs Usha Rajgarhia	–	–	<b>1.32</b>	1.32	–	–	<b>1.32</b>	1.32
Ms. Anisha Mittal	–	–	<b>5.64</b>	5.35	–	–	<b>5.64</b>	5.35
<b>Total Salaries, Wages and Bonus</b>	–	–	<b>6.96</b>	6.67	–	–	<b>6.96</b>	6.67
<b>Directors' Sitting Fees:</b>								
R K Rajgarhia	–	–	<b>0.60</b>	0.65	–	–	<b>0.60</b>	0.65
<b>Unsecured Loan taken:</b>								
Rovo Marketing Pvt. Ltd.	–	–	–	–	–	414.00	–	414.00
P P Khanna	–	–	–	55.00	–	–	–	55.00
<b>Total Unsecured Loan taken</b>	–	–	–	55.00	–	414.00	–	469.00
<b>Unsecured Loan repaid:</b>								
Rovo Marketing Pvt. Ltd.	–	–	–	–	–	743.06	–	743.06
P P Khanna	–	–	<b>100.00</b>	5.00	–	–	<b>100.00</b>	5.00
<b>Total Unsecured Loan repaid</b>	–	–	<b>100.00</b>	5.00	–	743.06	<b>100.00</b>	748.06
<b>Balance outstanding as at year end</b>								
<b>Sundry Debtors:</b>								
Pyramid Abrasives Pvt. Ltd.	–	–	–	–	<b>26.07</b>	6.00	<b>26.07</b>	6.00
Orient Coated Pvt. Ltd.	–	–	–	–	<b>0.45</b>	–	<b>0.45</b>	–
<b>Total Sundry Debtors</b>	–	–	–	–	<b>26.52</b>	6.00	<b>26.52</b>	6.00
<b>Sundry Creditors:</b>								
S G Rajgarhia	<b>146.38</b>	102.87	–	–	–	–	<b>146.38</b>	102.87
Usha Rajgarhia	–	–	<b>0.19</b>	0.19	–	–	<b>0.19</b>	0.19
Anisha Mittal	–	–	<b>0.78</b>	0.78	–	–	<b>0.78</b>	0.78
Hindustan General Industries Ltd.	–	–	–	–	<b>1.56</b>	1.36	<b>1.56</b>	1.36
Perfectpac Ltd.	–	–	–	–	<b>22.90</b>	26.45	<b>22.90</b>	26.45
Unifrax India Ltd.	–	–	–	–	<b>7.28</b>	11.55	<b>7.28</b>	11.55
P P Khanna	–	–	<b>4.94</b>	2.84	–	–	<b>4.94</b>	2.84
<b>Total Sundry Creditors</b>	<b>146.38</b>	102.87	<b>5.91</b>	3.81	<b>31.74</b>	39.36	<b>184.03</b>	146.04
<b>Outstanding Guarantees given</b>								
	<b>11,400.00</b>	9050.00	–	–	–	–	<b>11,400.00</b>	9050.00

**Notes:**

- No amount has been provided as doubtful debts or advances/written off or written back in the year in respect of debts due from above related parties.
- \*As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

		(Amount in Rs. lacs)	
		2010	2009
5.	Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Capital advances Rs 1,050.47 lacs, Previous year Rs. 67.40 lacs)	879.23	86.36
6.	Contingent liabilities (not provided for) in respect of:		
i)	Power claim matters decided in favour of the Company by the District Court (Civil Court, Senior Division, Porbandar) but Pashim Gujarat Vidyut Company Limited has gone into further appeal before Hon,ble High Court of Gujarat,*	338.02	338.02
ii)	Sales tax and interest demand raised by Kolkata Sales tax authorities for non-submission of declarations forms for the year 1993-94.	3.75	3.75
iii)	Demand raised by the Income Tax Authorities, being disputed by the Company (Refer Note A below)	1,469.84	1,469.84
iv)	Show cause issued by service tax authorities for input tax credit availed on foreign business auxiliary services, consulting engineer service, Telephone service and insurance service.	71.46	51.43
v)	Cases pending with Labour Courts	(Amount unascertainable)	

\* In view of decision already in favour of the Company by the District Court (Civil Court, Senior Division, Porbandar) and based on discussions with the solicitors, the management believes that the Company has a strong chance and hence no provision there against is considered necessary.

In view of large number of cases, it is not practicable to disclose individual details of all the cases. On the basis of current status of individual case and as per legal advice obtained by the Company, wherever applicable, the Company is of view that no provision is required in respect of these cases.

(A) The Company has a thermal power plant at Porbander to meet the energy needs of its abrasives grains division (AGD) at Porbander. Under Section 80 IA of the Income Tax Act, 1961, the profit of the power plant is not liable to income tax and therefore a deduction of an amount equal to hundred percent of the profit derived from such business is allowable from the total income of the Company for a period of 10 consecutive assessment years. The Department allowed the benefit to Company with respect to year 2001-02 and 2002-03. However in respect of year 2003-04, 2004-05, 2005-06 and 2006-07, department denied the benefit by taking a different view. The Company appealed against the same and Commissioner of Income Tax (Appeals) decided appeal in favor of Company by reversing the department's order. Against this, the department has gone into appeal before the Income Tax Appellate Tribunal (ITAT). Subsequently, the department reopened the cases for the year 2001-02 and disallowed the benefit to Company. The Company has appealed against this, and CIT (Appeals) and ITAT has passed orders in favour of Company. The department also reopened the case for the year 2002-03 against which the Company has filled a writ petition in Hon'ble High Court and court has passed an interim order staying further assessment by department. During the current year, ITAT has decided the cases in respect of years 2001-02, 2003-04, 2004-05, 2005-06 and 2006-07 in favour of Company. Thereafter department has filed with High Court of Delhi against the order of ITAT in respect of year 2003-04. The Company is not aware of any department appeals in respect of other years where ITAT has decided the cases in favour of Company. Company on the basis of current status of the case and advice obtained from legal counsel is confident that there would not be any probable outflow of resources in this matter.

7. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006			
No.	Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	March 31, 2010	March 31, 2009
i	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
	Principal Amount Unpaid	34.84	135.41
	Interest Due	-	3.41
ii	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year		
	Payment made beyond the Appointed Date	-	334.17
	Interest Paid beyond the Appointed Date	-	-

No.	Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	March 31, 2010	March 31, 2009
iii	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	–	14.08
iv	The amount of interest accrued and remaining unpaid at the end of the year; and	–	17.49
v	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	–	–

8. The Company has taken a foreign currency loan of JPY 784.31 lacs from Citibank. As per terms of the loan agreement, interest is payable at LIBOR plus 150 basis points on a monthly basis. The loan is repayable after one year from the date of agreement. The Company has entered into cross currency and interest rate swap agreements with the same bank for the repayment of principal and interest whereby the bank will charge fixed rate on the principal in exchange for variable interest (LIBOR plus 45 basis points) and repayment of principal at the end of term.

As per the Announcement by Institute of Chartered Accountants of India, the Company has accounted for cross currency and interest rate swap agreement on the basis of principles of hedge accounting to the extent the same does not conflict with the existing mandatory accounting standards and other authoritative pronouncements. Consequently, the net loss amounting to Rs. 30.64 lacs on restatement of loan and mark to market valuation of derivative has been transferred to Hedge Reserve Account.

9. **Gratuity and other Post- employment benefit plans:**

The Company has a defined benefit gratuity plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employees after completion of 5 years of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. At the end of accounting year actuarial valuation is done as per the Projected unit credit method and any shortfall in the funding claims is further provided for.

The Company has also provided long term compensated absences which are unfunded.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the unfunded status and amounts recognized in the balance sheet for the Gratuity

**Profit and Loss account**

**Net employee benefit expense (recognised in Employee Cost)**

(Amount in Rs. Lacs)

Particulars	(Gratuity)	
	March 31, 2010	March 31, 2009
Current service cost	29.04	23.98
Interest cost on benefit obligation	31.83	29.93
Expected return on plan assets	(31.14)	(28.98)
Net actuarial (gains) / loss recognised in the year	23.03	20.57
Past service cost	34.41	–
Net benefit expense	87.17	45.50
Actual return on plan assets	–	–

**Balance Sheet**
**Details of provision for Gratuity**
**(Amount in Rs. Lacs)**

Particulars	(Gratuity)	
	March 31, 2010	March 31, 2009
Defined benefit obligation	<b>504.06</b>	402.92
Fair value of plan assets	<b>(425.78)</b>	(336.65)
Deficit	<b>78.28</b>	66.27
Less: Unrecognised Past service cost	–	–
Plan asset / (liability)	<b>(78.28)</b>	(66.27)

Changes in the present value of the defined benefit obligation are as follows:

**(Amount in Rs. Lacs)**

Particulars	March 31, 2010	March 31, 2009
Defined benefit obligation as at the beginning of the year	<b>402.92</b>	378.80
Interest cost	<b>31.83</b>	29.93
Past service cost	<b>34.41</b>	–
Current service cost	<b>29.04</b>	23.98
Benefits paid	<b>(18.82)</b>	(49.29)
Actuarial (gains) / losses on obligation	<b>24.68</b>	19.50
Defined benefit obligation as at the end of the year	<b>504.06</b>	402.92

Changes in the fair value of plan assets for Gratuity are as follows:

**(Amount in Rs. Lacs)**

Particulars	March 31, 2010	March 31, 2009
Fair value of plan assets as at the beginning of the year	<b>336.35</b>	313.33
Expected return	<b>31.15</b>	28.98
Contributions by employer	<b>75.15</b>	44.70
Benefits paid	<b>(18.82)</b>	(49.29)
Actuarial gains / (losses)	<b>1.65</b>	(1.07)
Fair value of plan assets as at end of the year	<b>425.78</b>	335.65

The company expects to contribute Rs 21.81 lacs to gratuity in 2010-11

The major categories of plan assets as a percentage of the fair value of total plan assets is as follows:

Particulars	March 31, 2010	March 31, 2009
Investments with insurer - Insurance policy with Life Insurance Corporation of India	<b>100%</b>	100%

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

Particulars	March 31, 2010	March 31, 2009
	%	%
Discount rate	<b>7.90</b>	7.90
Increase in Compensation cost	<b>7.00</b>	7.00
Expected rate of return on assets	<b>9.25</b>	9.25
Employee turnover – Age Group		
Up to 30 years	<b>3%</b>	3%
30 – 44 years	<b>2%</b>	2%
Above 44 years	<b>1%</b>	1%

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

Amounts for the current and previous years are as follows: **(Amount in Rs. Lacs)**

	March 31, 2010	March 31, 2009	March 31, 2008
Defined benefit obligation	504.06	402.92	378.80
Plan assets	425.78	336.65	313.33
Surplus / (deficit)	(78.28)	(66.27)	(65.47)
Experience adjustments on plan liabilities (loss)/gain	(24.68)	(46.55)	—
Experience adjustments on plan assets (loss)/gain	1.65	(1.07)	—

Information in respect of experience adjustments has been disclosed only for current year as the same was not applicable for any of the previous years.

**Contribution to Defined Contribution Plans:**

**(Amount in Rs. Lacs)**

Particulars	March 31, 2010	March 31, 2009
Provident Fund	101.12	82.85

10. Provision for Income tax Act has been made after taking into consideration the benefits available under Section 80IA of the Income Tax Act, 1961 in respect of Power Plant installed at Porbandar for captive consumption.
11. The Company has taken various residential, office and warehouse premises and plant & machinery under operating lease agreements. These are not non-cancellable and are renewable by mutual consent on mutually agreed terms. The lease payment recognized in the statement of profit & loss account for the year is Rs. 46.87 lacs (Previous year Rs. 38.99 lacs).
12. **Derivative Instrument and Unhedged Foreign Currency Exposure**

**Forward Contract Outstanding as at Balance Sheet date**

Particulars		March 31, 2010	March 31, 2009	Purpose
Sell	USD	US \$ 1,900,000	US \$ 6,250,000	Hedge of Debtors/expected future sales
Interest and cross currency swap Outstanding as at Balance Sheet Date:	JPY	JPY 78,431,372	—	Hedge of expected future payment and exposure to variable interest outflow on loans. Swap to receive fixed rate of interest of 9% and pay a variable rate equal to LIBOR 150 Basis Point on the notional amount

**Particulars of Unhedged Foreign Currency Exposure at the Balance Sheet Date are :**

Particulars	Amount in Foreign Currency			Amount in Indian Currency (Rs. Lacs)	
	Currency	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Sundry Creditors	USD	279,937 @ 45.58	283,574 @ 51.45	127.60	145.90
	EURO	62,830 @ 61.31	34,817 @ 68.43	38.52	23.83
	GBP	1,745 @ 68.94	1,745 @ 73.83	1.20	1.29
Secured Loan	USD	1,200,000 @45.58	1,800,000 @ 51.45	546.96	926.10
	EURO	—	217,590 @ 68.43	—	148.90
Financial Expenses	USD	5,210 @ 45.58	14,415 @ 51.45	2.37	7.42
Sundry Debtors	USD	310,804 @44.67	450,165 @ 50.53	138.84	227.47
	EURO	1,018,777 @ 59.63	401,172 @ 66.70	607.50	267.58

13. The Breakup of expenses relating to raising of Raw Bauxite at Company's own mines is as under :

Particulars	(Amount in Rs. Lacs)	
	March 31, 2010	March 31, 2009
<b>Personnel Expenses</b>		
Salaries, Wages and Bonus	1,172.91	1,103.68
Contribution to Provident and other funds	2.35	2.07
Workmen and Staff Welfare Expenses	4.58	1.83
<b>Operating and Other Expenses</b>		
Consumption of Stores and Spares	1.16	2.81
Rent	0.36	0.57
Rates & Taxes	5.51	10.86
Royalty on Raw Bauxite (On dispatch to factory)	186.41	67.43
Insurance	0.17	0.23
Legal and Professional Fees	13.57	11.15
Vehicle Running & Maintenance	4.30	6.05
Repairs and Maintenance :		
- Plant & Machinery (excluding Stores & Spares Consumed)	0.03	0.03
- Buildings	1.34	2.28
- Others	0.43	0.46
Travelling & Conveyance	3.64	2.73
Printing and Stationery	1.12	1.08
Communication cost	1.37	-
Donations and Contributions	0.24	0.18
Bank Charges	0.40	0.19
Miscellaneous Expenses	6.36	14.80
<b>TOTAL</b>	<b>1,406.26</b>	<b>1,228.42</b>

14. In accordance with Para 10 of Accounting Standard - 9 on Revenue Recognition notified under Companies (Accounting Standard) Rules, 2006, excise duty on sales amounting to Rs.2,191.70 lacs (Previous Year Rs.2,934.53 lacs) has been reduced from sales in profit & loss account and excise duty on (increase)/decrease in stock amounting to Rs.(59.19) lacs (Previous Year Rs.(37.71) lacs) has been considered as (income)/expense in Schedule 20 of the financial statements.

#### 15. Supplementary Statutory Information

##### 15.1 Directors' Remuneration

	(Amount in Rs. Lacs)	
	For the year ended March 31, 2010	For the year ended March 31, 2009
Salaries	71.29	55.07
Commission	139.46	99.41
Contribution to Provident fund	4.91	3.79
Perquisites	1.48	1.98
	<b>217.14*</b>	<b>160.25*</b>

\*Note :- As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

##### 15.2 Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 for calculation of commission payable to directors

Profit as per Profit and Loss Account	6,880.15	4,903.82
<i>Add:</i>		
Directors' Remuneration	217.14	160.25
Director Fee	3.00	2.50
Loss on sale / discard of fixed assets	4.80	3.30
Provision for doubtful debts	7.53	-
Net profit as per Section 349 of the Companies Act, 1956	7,112.62	5,069.87
Commission to Managing Director @ 2% (Previous Year 2%) of the net profits as calculated above	139.46	99.41

(Amount in Rs. Lacs)

	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>Commission to Managing Director and Wholetime Director</b>	<b>646.60</b>	460.90
Maximum commission u/s 309 of companies Act, 1956 at 10% of net profits		
Commission actually approved for payment	<b>139.46</b>	99.41
<b>15.3 Earnings in foreign currency (on accrual basis)</b>		
Exports at F.O.B. Value	<b>3,113.99</b>	3,424.92
Royalty	<b>23.38</b>	13.67
	<b>3,137.37</b>	3,438.59
<b>15.4 Expenditure in foreign currency (on accrual basis)</b>		
Travelling	<b>10.74</b>	14.17
Interest	<b>16.81</b>	55.99
Legal and professional fees	<b>21.80</b>	13.81
Commission	<b>168.20</b>	174.12
Others	<b>14.84</b>	8.60
	<b>232.39</b>	266.69
<b>15.5 Value of imports calculated on CIF basis (on accrual basis)</b>		
Raw Materials	<b>1,704.24</b>	977.92
Stores and Spares	<b>393.86</b>	281.93
Capital Goods	<b>22.03</b>	35.80
Goods purchased for resale	<b>103.67</b>	123.53
	<b>2,223.80</b>	1,419.18

**16.0 Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956**

**16.1 Licensed Capacity, Installed Capacity and Actual Production**

Class of Goods	Unit	Licensed	Capacity	Installed	Capacity*	Actual	Production
		2010	2009	2010	2009	2010	2009
Fused Aluminum Oxide Grains	MT	NA	NA	<b>28,500</b>	28,500	<b>26,337</b>	26,289
Calcined Products	MT	NA	NA	<b>74,250</b>	74,250	<b>51,383</b>	56,213
Refractories	MT	NA	NA	<b>16,000</b>	16,000	<b>12,313</b>	11,464
Monolithics	MT	NA	NA	<b>28,000</b>	28,000	<b>18,412</b>	27,173
Ceramic Paper	Pcs	NA	NA	<b>20,000</b>	20,000	<b>1,449</b>	814
Waste	MT	NA	NA	–	–	<b>43,752</b>	11,632

\* As Certified by the Technical Head and relied upon by auditors

**Notes :**

1. Production of Fused Aluminum Oxide Grains 6,978 MT for captive consumption (Previous year 6,892 MT).
2. Production of Calcined Products includes 36,980 MT for captive consumption (Previous year 39,664 MT).
3. Production of Refractories includes 6 MT for captive consumption (Previous year 18 MT)
4. Production of Monolithics includes 3,231 MT for captive consumption (Previous year 5,910 MT).
5. Production of waste includes 519 MT used for captive consumption (Previous year 247 MT).

**16.2 Sales & Stocks of Finished Goods**
**Sales** (Amount in Rs. Lacs)

Class of Goods	Unit	Quantity		Value (Rs. in lacs)	
		2010	2009	2010	2009
Fused Aluminum Oxide Grains	MT	21,567	18,078	8,485.47	7,314.40
Calcined Products	MT	16,362	15,146	1,839.03	1,768.00
Refractories	MT	11,987	11,263	15,752.77	14,319.47
Monolithics	MT	15,063	20,816	4,285.39	4,888.26
Ceramic Paper	Pcs	1,369	814	4.65	3.95
Waste	MT	36,947	7,562	378.93	313.78
Sale of wind power		–	–	55.83	–
Goods purchased for resale		–	–	2,713.89	3,178.85
Service Revenue		–	–	393.51	391.07
Miscellaneous				460.59	957.68
<b>Total</b>				<b>34,370.06</b>	<b>33,135.47</b>

**Stocks** (Amount in Rs. Lacs)

Class of Goods	Unit	Quantity		Value (Rs. in lacs)	
		2010	2009	2010	2009
<b>Opening Stock</b>					
Fused Aluminum Oxide Grains	MT	2,952	1,633	989.18	496.57
Calcined Products	MT	3,397	1,994	287.94	157.35
Refractories	MT	1,124	991	810.46	827.05
Monolithics	MT	825	500	162.77	121.78
Waste	MT	4,226	403	25.46	19.63
				<b>2,275.82</b>	<b>1,622.38</b>
<b>Closing Stock</b>					
Fused Aluminum Oxide Grains	MT	744	2,952	287.23	989.18
Calcined Products	MT	1,438	3,397	131.84	287.94
Refractories	MT	1,378	1,124	957.42	810.46
Monolithics	MT	801	825	156.20	162.77
Waste	MT	10,512	4,226	52.96	25.46
				<b>1585.65</b>	<b>2,275.82</b>

**Notes :**

- The quantitative figures in respect of Refractories in Excise Records are available in numbers and the same have been converted into tonnage by the management.
- Differences in quantitative tally in respect of Refractories and Monolithics are on account of samples, free replacements, damages etc.

**16.3 Consumption of Raw Materials**
(Amount in Rs. Lacs)

Class of Goods	Unit	Quantity		Value (Rs. in lacs)	
		2010	2009	2010	2009
Raw Bauxite	MT	164,725	317,620	1,581.00	1,691.00
Calcined Alumina	MT	9,642	9,981	2,771.83	2,617.70
Fused Aluminium Oxide Grains	MT	5,327	4,601	2,190.19	1,923.57
Others*		–	–	2,644.05	2,698.07
<b>Total</b>				<b>9,187.07</b>	<b>8,930.34</b>

\* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

**16.4 Imported and Indigenous Raw Materials, Stores and Spares Consumed (Amount in Rs. Lacs)**

	% of total consumption		Value (Rs. in lacs)	
	2010	2009	2010	2009
<b>Raw Materials</b>				
Indigenous	<b>82.70</b>	90.90	<b>7,597.98</b>	8,117.71
Imported	<b>17.30</b>	9.10	<b>1,589.09</b>	812.63
	<b>100.00</b>	100.00	<b>9,187.07</b>	8,930.34
<b>Stores and Spares</b>				
Indigenous	<b>82.23</b>	88.63	<b>2,034.90</b>	1,982.95
Imported	<b>17.77</b>	11.37	<b>447.08</b>	254.36
	<b>100.00</b>	100.00	<b>2,481.98</b>	2,237.31

**16.5 Detail of goods Purchased for Resale**

	Value(Rs. in lacs)*	
	2010	2009
Opening Stock	<b>108.74</b>	235.33
Purchases	<b>2,538.77</b>	2,970.24
	<b>2,647.51</b>	3,205.57
Sales	<b>2,713.89</b>	3,178.85
Closing Stock	<b>131.95</b>	108.74

\*It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

**17. Previous year Comparatives**

Previous year's figures have been regrouped/rearranged where necessary to confirm to this year's classification.

As per our report of even date

For S.R.BATLIBOI & CO  
Firm Registration No. 301003E  
Chartered Accountants

Per Manoj Gupta  
Partner  
Membership No. 83906  
Place : Gurgaon, Haryana  
Date : May 31, 2010

S.G.RAJGARHIA  
(Managing Director)

B.L.GUPTA  
(Sr. Vice President - Finance)

For and on behalf of the Board of Directors  
of Orient Abrasives Limited

T.N.CHATURVEDI  
(Director) P.P.KHANNA  
(Executive Director)

DEEPAK C.S.  
(Company Secretary)

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I. Registration Details</b>	<b>CIN : L24299DL1971PLC005854</b>		
Registration No.	5854	State Code	55
Balance Sheet Date	31	03	2010
<b>II. Capital Raised during the year (Amount in Rs. Thousands)</b>			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	59820	Private Placement	NIL
<b>III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)</b>			
Total Liabilities	2194408	Total Assets	2194408
<b>Sources of Funds</b>			
Paid-up Capital	119652	Reserves & Surplus (including Deferred Tax Liability)	1441504
Secured Loans	492127	Unsecured Loans	141125
<b>Application of Funds</b>			
Net Fixed Assets (including intangible assets)	1325919	Investments	27
Net Current Assets	868462	Misc. Expenditure	NIL
<b>IV. Performance of Company (Amount in Rs. Thousands)</b>			
Turnover (Including other Income)	3241307	Total Expenditure	2553292
Profit Before Tax	688015	Profit After Tax	511650
Earning per Share in Rs	4.28	Dividend Rate %	100%
<b>V. Generic Names of Three Principal Products of Company (As per monetary terms)</b>			
Item Code No. (ITC Code)	28182090		
Product Description	Fused Aluminium Oxide Grains		
Item Code No. (ITC Code)	69022030		
Product Description	Slide Gate and Continuous Casting Refractories		
Item Code No. (ITC Code)	38160000		
Product Description	Refractory Cement and Castables		

For and on behalf of the Board of Directors  
of Orient Abrasives Limited

S.G.RAJGARHIA  
(Managing Director)

T.N.CHATURVEDI  
(Director)

P.P.KHANNA  
(Executive Director)

Place : New Delhi  
Date : May 31, 2010

B.L.GUPTA  
(Sr. Vice President - Finance)

DEEPAK C.S.  
(Company Secretary)