41st
Annual Report
2011-12

ORIENT ABRASIVES LIMITED

MANAGEMENT

BOARD OF DIRECTORS

	Mr. R K Rajgarhia, Chairman Mr. R S Bajoria Mr. S K S Narayan Mr. T N Chaturvedi Mr. U K Khaitan Mr. S G Rajgarhia, Managing Director Mr. P P Khanna, Executive Director Mr. R K Khanna, President
BANKERS	HDFC Bank State Bank of India
AUDITORS	S. R. Batliboi & Co.
REGISTERED OFFICE	1307, Chiranjiv Tower 43, Nehru Place New Delhi-110 019 e-mail:ho@oalindia.com web site: www.orientabrasives.com
REGISTRAR & TRANSFER AGENT	Skyline Financial Services Pvt. Ltd. D-153/A, 1st Floor Okhla Industrial Area, Phase - I New Delhi – 110 020
WORKS **Abrasives Grains & Power Division**	GIDC Industrial Area, Porbandar Gujarat-360 577

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NOTICE

Notice is hereby given that the FORTY FIRST 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 Monday, September 24, 2012 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, 2012 and the report of the Directors' and Auditors' thereon.
2. To appoint a director in place of Mr T N Chaturvedi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr R S Bajoria who retires by rotation and being eligible offers himself for re-appointment.
4. To declare a final dividend on equity shares.
5. 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.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass the following resolution with or without modification as a **Special Resolution**

   "RESOLVED THAT subject to the provisions of Section 198, 269, 309, 314 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956 the approval of the members of the Company be and is hereby accorded to the appointment of Mr P P Khanna as a whole-time director of the Company by the board of directors, designated as executive director, for a period of 3 years *w.e.f.* May 2, 2012 upon the following terms and conditions

   (i) **Basic Salary**

   In the range of ₹ 234,000/- to ₹ 350,000/- per month. In the first year, *i.e*, from May 02, 2012 to March 31, 2013, ₹ 234,000 per month will be paid. Thereafter the board of directors shall fix annual increments every year within the above ceiling. First increment shall become due from April 01, 2013. Other allowances, bonus, perquisites linked with basic salary shall also increase accordingly.

   (ii) **Bonus/Ex-Gratia**

   As may be payable to the senior executives of the Company but not exceeding 20% of the basic salary.

   (iii) **Lump-Sum Payment**

   A lump-sum payment not exceeding ₹ 1,500,000 per annum as may be approved by the board, which is payable in every financial year once during the term of Mr P P Khanna. The first of such payments will be made during the financial year 2012-13.

   (iv) **Perquisites**

   a) **Housing** : Rent free furnished accommodation or house rent allowance in lieu thereof, either of which shall be subject to a maximum value of 50% of the basic salary ;

   b) **Supply of Water, Gas and Electricity** : Supply of water, gas and electricity free of charge subject to a ceiling of 10% of the basic salary;

   c) **Medical Reimbursement** : Medical expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years. He is also entitled to a medical insurance cover for ₹ 2.00 Lacs at present which may be increased in due course, under a group mediclaim policy taken by the Company and the proportionate premium on the same may also be taken as perquisite;

   d) **Leave Travel Concession/Allowance** : Reimbursement of travelling expenses of self and dependent family members once in an year incurred in accordance with the rules of the Company;

   e) Subscription to newspapers and other magazines at home;

f) **Car with Driver and Telephone**: Free use of Company's car(s) with driver and free telephone/internet facility at residence for official as well as personal use. The car and telephone used for official purposes shall not be included in the computation of remuneration

g) Company's contribution to Provident Fund to the extent not taxable under the Income-tax Act, Gratuity according to the Company's rules and Encashment of Leave at the end of the tenure shall not be included in the limits for the remuneration or perquisites.

The total of perquisites listed from (a) to (g) shall not exceed the amount of basic salary payable as above.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profit in any financial year of the Company during the term of office of Mr P P Khanna as executive director, the remuneration payable to him shall be paid to him as minimum remuneration provided that the total remuneration by way of salary, ex-gratia, perquisites and other allowances shall not exceed the limits prescribed from time to time in paragraph 1 (B) of Section II in Part II of Schedule XIII of the Companies Act, 1956."

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

"RESOLVED THAT Mr. R K Khanna who was appointed as an additional director by the board of directors on August 11, 2012 pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this annual general meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as a director of the Company whose office shall be liable to retire by rotation**."**

8. To consider, and if thought fit, to pass the following resolution with or without modification as a **Special Resolution** :

"RESOLVED THAT subject to the provisions of Section 198, 269, 309, 314 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956 the approval of the members of the Company be and is hereby accorded to the appointment of Mr R K Khanna as a whole time director of the Company by the board of directors, designated as President, for a period of 3 years *w.e.f.* August 11, 2012 upon the following terms and conditions

(i) Basic Salary

In the range of ₹ 170,000/- to ₹ 250,000/- per month. In the first year, *i.e*, from August 11, 2012 to March 31, 2013, ₹ 170,000 per month will be paid. Thereafter the board of directors shall fix annual increments every year within the above ceiling. First increment shall become due from April 01, 2013. Other allowances, bonus, perquisites linked with basic salary shall also increase accordingly.

(ii) Bonus/Ex-Gratia

As may be payable to the senior executives of the Company but not exceeding 20% of the basic salary.

(iii) Lump-Sum Payment

A lump-sum payment not exceeding ₹ 1,000,000/- per annum as may be approved by the board, which is payable in every financial year once during the term of Mr R K Khanna. The first of such payments will be made during the financial year 2013-14.

(iv) Perquisites

a. **Housing** : Rent free furnished accommodation or house rent allowance in lieu thereof, either of which shall be subject to a maximum value of 50% of the basic salary ;

b. **Special Allowance:** ₹ 27,800/- per month ;

c. **Supply of Electricity** : Supply of electricity free of charge subject to a ceiling of 5 % of the basic salary in a year ;

d. **Medical Reimbursement** : Medical expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years. He is also entitled to a medical insurance cover for ₹ 2.00 Lacs at present which may be increased in due course, under a group mediclaim policy taken by the Company and the proportionate premium on the same may also be taken as perquisite;

e. **Leave Travel Concession/Allowance** : Reimbursement of travelling expenses of self and dependent family members once in an year incurred in accordance with the rules of the Company;

f. **Car with Driver and Telephone**: Free use of Company's car(s) with driver and free telephone/internet facility at residence for official as well as personal use. The car and telephone used for official purposes shall not be included in the computation of remuneration;

g. **Club Membership Fee** : not more than ₹ 10,000/- per annum,

h. Company's contribution to Provident Fund to the extent not taxable under the Income-tax Act, Gratuity according to the Company's rules and Encashment of Leave at the end of the tenure shall not be included in the limits for the remuneration or perquisites.

The total of perquisites listed from (a) to (h) shall not exceed the amount of basic salary payable as above.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profit in any financial year of the Company during the term of office of Mr R K Khanna as executive director, the remuneration payable to him shall be paid to him as minimum remuneration provided that the total remuneration by way of salary, ex-gratia, perquisites and other allowances shall not exceed the limits prescribed from time to time in paragraph 1 (B) of Section II in Part II of Schedule XIII of the Companies Act, 1956."

for **Orient Abrasives Limited**

New Delhi R K Rajgarhia
August 11, 2012 **Chairman**

NOTES

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 ("Act") in respect of the business under item nos. 6,7 & 8 above, are annexed hereto. The relevant details as required by clause 49 of the listing agreement entered into with the stock exchanges, of persons seeking appointment/ re-appointment as directors under item nos. 2, 3, 6 and 7 of the notice, are also annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTIONS/ AUTHORITY, AS APPLICABLE.**
3. **THE REGISTER OF MEMBERS AND SHARES TRANSFER BOOK OF THE COMPANY WILL BE CLOSED FROM SATURDAY, SEPTEMBER 15, 2012 TO MONDAY, SEPTEMBER 24, 2012, BOTH DAYS INCLUSIVE.**
4. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name and e-mail address, etc., to their depository participant. Changes intimated to the depository participant will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Transfer Agent to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Transfer Agent.
5. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or the Company's Registrar and Transfer Agent for assistance in this regard.
6. Members holding physical shares in identical order of names in more than one folio are requested to send to the Company or the Company's Registrar and Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
7. Members desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.

8. Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/unpaid dividends, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.
9. Members, who have not yet encashed their dividend warrant for the financial years 2005-06 and onwards, are requested to make their claims without any delay to the Company. Members' attention is particularly drawn to the "Corporate Governance" section of the annual report in respect of unclaimed dividend.
10. The Ministry of Corporate Affairs *(vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively)*, has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. A recent amendment to the listing agreement with the stock exchanges permits companies to send soft copies of the annual report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this 'Green Initiative' by registering/updating their e-mail addresses for receiving electronic communications.
11. 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 Company's Registrar and Transfer Agent.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

As you are aware of, Mr. P P Khanna had been firstly appointed as a whole-time director designated as executive director *w.e.f.* August 07, 2006 for a period of three years by the members at their 36th annual general meeting held on September 20, 2007. He was again appointed on same designation *w.e.f.* May 2, 2009 for a period of three years, his re-appointment was approved by the members at their 38th annual general meeting held on August 3, 2009 and accordingly his term expired on May 1, 2012. However, board of directors in their meeting held on February 09, 2012, after mutual agreement between Mr P P Khanna & the board of directors and subject to approval of the members of the company, re-appointed him for a period of three years *w.e.f.* May 2, 2012.

ITEM NOS. 7 & 8

Mr R K Khanna was appointed as an additional director *w.e.f.* August 11, 2012.In terms of Section 260 of the Companies Act, 1956 he holds office till the date of this annual general meeting. The company has received a notice under Section 257 of the Act proposing Mr. Khanna for appointment as director at the ensuing annual general meeting liable to retire by rotation.

The board of directors in their meeting held on August 11, 2012, after mutual agreement between Mr R K Khanna & the board of directors and subject to approval of the members of the company, appointed him as whole time director of the Company designated as President for a period of three years *w.e.f.* August 11, 2012.

THE INFORMATION REQUIRED TO BE GIVEN AS PER PARAGRAPH 1 (B) (IV) OF SECTION II OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956 IN THE CONTEXT OF APPOINTMENTS OF MR. P P KHANNA AND MR. R K KHANNA ARE GIVEN BELOW

I. GENERAL INFORMATION

1. Nature of Industry

The Company's activities can be classified under the engineering industry. The Company manufactures fused aluminum oxide abrasive grains, monolithics and generation of power.

2. Commencement of Commercial Production

Commercial production commenced in January 1975.

3. The financial performance for the year ended March 31, 2012

(₹ in Lacs)

Net sales and other income	16,835.61
Operating profit	1,257.62
Net profit	914.05
EPS	0.76

II. INFORMATION ABOUT THE APPOINTEES

Mr. P P Khanna

Mr P P Khanna, aged 73 years, is a highly qualified engineer with the degrees BSc, B.E. and AMIE. He has been associated with the Company for the last 39 years in different capacities like a senior executive and as member of the board of directors. The current appointment is for a fresh term in the office of executive director.

Mr. Khanna has been highly instrumental in the progress made by the Company over the years. He has vastly contributed in the setting up of various divisions of the Company and in their growth. His technical expertise and industry experience have immensely helped the Company in production, marketing and development. He also played a major part in setting up of the 9 MW thermal power plant at Porbandar in 2007, which has considerably reduced the cost of power for the Company.

The attributes possessed by him like good business acumen, far-sightedness and leadership have largely propelled the activities of the Company and inspired the workforce. Mr P P Khanna is the key-person in helping to coordinate the activities of various branches and the plants and in making the Company work as an integrated unit.

As the executive director he has the responsibility of virtually looking after the entire Company affairs after the managing director. The job profile includes coordinating the operations of various divisions and in formulating policies and strategies for each division and for the Company as a whole in consultation with the managing director and under the supervision of the board of directors. His performance in the Company in various capacities as an executive director and as a senior non-director executive has been commendable. The board of directors deemed it to be in the interest of the Company to avail the services of Mr P P Khanna as an executive director for another 3 years.

The remuneration proposed to be paid to him is mentioned elsewhere in this annual report. The total remuneration paid to him during the financial year 2011-2012 was ₹ 54.63 Lacs.

Mr. R K Khanna

Mr R K Khanna, aged 59 years, is a highly qualified engineer with the degree in B.E. in mechanical engineering. He has been associated with the Company for the last 39 years in different capacities like a senior executive. For last 20 years he is President of the Company.

Mr. Khanna has been highly instrumental in the progress made by the Company over the years. He has vastly contributed in successfully implementation of various projects and in their growth. His technical expertise and industry experience have immensely helped the Company in production and maintenance.

The attributes possessed by him like good business acumen, far-sightedness and leadership have largely propelled the activities of the Company and inspired the workforce. Mr R K Khanna is the key-person in helping to coordinate the activities of various branches and the plants and in making the Company work as an integrated unit.

As whole time director he has the responsibility of virtually looking after the entire manufacturing activity of the Company at Probander, Gujarat. His performance in the Company in various capacities and as a President has been commendable. The board of directors deemed it to be in the interest of the Company to avail the services of Mr R K Khanna as whole time director for 3 years.

The remuneration proposed to be paid to him is mentioned elsewhere in this annual report. The total remuneration paid to him as President of the Company during the financial year 2011-2012 was ₹ 31.19 Lacs.

The remuneration being paid by other comparable entities to their executive directors in the industry is as under. The figures have been drawn from the annual reports 2011-12.

Name of Company	Turnover (₹ in Lacs)	Remuneration (₹ in Lacs)
Carborundum Universal Ltd.	117,646.90	134.46
Grindwell Norton Ltd.	95,131.63	472.78

Pecuniary relationship & relationship with managerial persons

Mr P P Khanna's and Mr. R K Khanna's pecuniary relationship are limited to their remuneration they receive in the capacity of whole time director and the dividend or other benefits accruing to shareholders to the extent of their shareholding.

They are not related to any employee in the Company.

III. OTHER INFORMATION

The profit of the Company during the financial year 2011-12 was adequate and it is expected that the Company will perform satisfactorily in the coming years making provision of minimum remuneration redundant.

However, there could be events or external factors beyond the control of the Company which would influence Company's profitability. Hence it is necessary to provide for minimum remuneration to adequately compensate the executive directors in case of any such eventuality.

IV. DISCLOSURES

The remuneration packages are already explained in the foregoing paragraphs. The report on corporate governance which forms part of this annual report also gives various details related to remuneration and contract of service as required.

The appointment and the remuneration of Mr. P P Khanna have been approved by the remuneration committee and the board of directors in their respective meetings held on February 09, 2012.

The appointment and the remuneration of Mr. R K Khanna have been approved by the remuneration committee and the board of directors in their respective meetings held on August 11, 2012.

Your directors recommend your acceptance and passing of the proposed special resolutions in the interest of the Company. The special resolution combines both the appointment and payment of minimum remuneration.

No director of the Company except Mr. P P Khanna and Mr. R K Khanna are himself interested or concerned in their respective resolutions.

These may be treated as an abstract of the terms of the contract between the Company and Mr. P P Khanna & the Company and Mr. R K Khanna and of the memorandum of interest under Section 302 of the Companies Act, 1956.

An appointment letters dated May 2, 2012 and August 11, 2012, stating the terms and conditions as approved at the remuneration committee meeting and the board meeting has been issued to Mr P P Khanna and Mr. R. K. Khanna respectively, which on having been accepted by them constitutes a contract between them and the Company.

The said contract is open for inspection on all working days during business hours at the registered office of the Company.

for **Orient Abrasives Limited**

New Delhi R K Rajgarhia
August 11, 2012 **Chairman**

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

Particulars	Mr. T N Chaturvedi	Mr. R S Bajoria	Mr. P P Khanna	Mr. R K Khanna
Date of Birth	January 15, 1959	May 17, 1943	April 3, 1939	January 25, 1953
Date of Appointment	July 30, 2001	July 30, 2001	August 07, 2006	August 11, 2012
Qualifications	Chartered Accountant	B.Com.	B.Sc., BE, AMIE	B.E.
Expertise in specific functional areas	Wide experience in Institutional Finance, Corporate Restructuring, Financial Due Diligence, Auditing, Corporate Laws & Taxation.	Wide experience in Rubber Industry	Wide experience in setting up manufacturing and power plants of the Company.	Wide experience in implementation of various projects works, maintenance and production.
Directorships held in other public companies (excluding foreign companies and section 25 companies)	• IVRCL Limited • IVRCL Assets & Holdings Limited • Hindustan Dorr Oliver Limited • Perfect Pac Limited	• Orient Refractories Limited • Farseen Rubber Industries Limited • Rajputana Investment & Finance Limited	• Orient Refractories Limited	Nil
Memberships/ Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	**Audit Committee** • IVRCL Limited* • IVRCL Assets & Holdings Limited* • Hindustan Dorr Oliver Limited	**Audit Committee** • Orient Refractories Limited	Nil	Nil
Number of shares held in the Company	Nil	Nil	498,510	Nil

*Chairman of the Committee

DIRECTORS' REPORT

Dear Members

Your directors have pleasure in presenting the forty first annual report of the Company along with the audited financial statements for the financial year ended March 31, 2012.

SCHEME OF DEMERGER

During the year under review, a scheme of demerger ("The Scheme") was sanctioned by the Hon'ble High Court of Judicature at Delhi vide its order dated September 19, 2011. The scheme becomes effective with effect from October 31, 2011 ("the effective date"). Pursuant to scheme the refractory business of the Company carried at its manufacturing unit at Bhiwadi (demerged undertaking), was transferred to the transferee company i.e. Orient Refractories Limited with effect from April 01, 2011 (the appointed date).

The said scheme provides, inter alia, the transfer of demerged undertaking on a going concern basis to the transferee company in consideration of which, each shareholder of the Company whose name appeared in the register of members of the Company on the record date i.e. November 14, 2011, received one fully paid equity share of face value of ₹ 1.00 each in the transferee company.

OPERATIONS REVIEW AND FUTURE OUTLOOK

The financial results for the year ended March 31, 2012 are for the businesses remaining with the Company, after giving effect to the scheme of demerger and accordingly, are not strictly comparable with the previous corresponding period and hence not given here.

During the year under review your Company has achieved a Gross Turnover of ₹ 18,360.79 Lacs. Gross profit and Net profit are ₹ 1,257.62 Lacs and ₹ 914.05 Lacs respectively. The performance of the abrasive grains division was overall satisfactory during the year under review. The turnover of the abrasive grains increased to ₹ 12,632.44 Lacs from ₹ 8,731.01 Lacs, growing by 45% .

Your Company has a total thermal power plant capacity of 18 Mega Watt (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 operating at full capacity and satisfactorily meeting the maximum power requirement of the abrasive grains division, Porbandar. Due to increase in the price of furnace oil, the furnace oil based power plant is used as and when required and found viable.

As you are aware that your Company has also wind generation power plants having capacity of 11.1 MW, located at Jodhpur & Jaisalmer in Rajasthan and Kalmangi & Gajendragarh in Karnataka. These plants are operating satisfactorily, the power generated by these plants are sold to the respective state power distribution companies. During the year under review gross revenue for sale of power increased to ₹ 824.13 Lacs from ₹ 410.35 Lacs in the previous year.

Your directors are hopeful that the turnover and profitability of the Company will increase in the current year.

DIVIDEND

Based on the Company's performance, your directors are pleased to recommend a final dividend of ₹ 0.20 per share (i.e. 20%) for the financial year 2011-12 on the capital of 119,639,200 equity shares of ₹ 1.00 each. The final dividend on the equity shares, if approved by the members would involve a cash outflow of ₹ 278.10 Lacs including dividend distribution tax.

SUBSIDIARY COMPANY

During the year, pursuant to the scheme of arrangement for demerger, Orient Refractories Limited ceased to be subsidiary of the Company.

FIXED DEPOSIT

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

AUDITORS

M/s. S.R. Batliboi & Co., Chartered Accountants, who are the statutory auditors of the Company, hold office, in accordance with the provisions of the Act up to the conclusion of the forthcoming annual general meeting and offer themselves for re-appointment. They have confirmed that their re-appointment, if made, shall be within the limits laid down in Section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT

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

COST AUDITORS

M/s. K G Goyal & Associates, Cost Accountants have been appointed as Cost Auditor of the Company for the financial year 2012-13.

DIRECTORS

Mr T N Chaturvedi and Mr R S Bajoria having been longer in the office, retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment. A brief resume of the appointees is given in the notice to the annual general meeting.

Mr P P Khanna was appointed as a whole-time director designated as executive director *w.e.f.* August 07, 2006 for a period of three years by the members at their 36th annual general meeting held on September 20, 2007. He was again appointed on same designation *w.e.f.* May 2, 2009 for a period of three years, his re-appointment was approved by the members at their 38th annual general meeting held on August 3, 2009 and accordingly his term expired on May 1, 2012. However, board of directors in their meeting held on February 09, 2012, after mutual agreement between Mr P P Khanna & the board of directors and subject to approval of the members of the company, re-appointed him for a period of three years *w.e.f.* May 2, 2012.

During the year Mr. R K Khanna was appointed as additional director of your Company and holds office up to ensuing annual general meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member, proposing the candidature of Mr. R K Khanna as director. Further, board of directors in their meeting held on August 11, 2012, after mutual agreement between Mr R K Khanna & the board of directors and subject to approval of the members of the company, appointed him as a whole-time director designated as President *w.e.f.* August 11, 2012.

Your directors recommend their appointment/re-appointment at the ensuing annual general meeting in the overall interest of the Company.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 ("Act"), the Directors hereby confirm that

(i) in the preparation of the annual accounts for the year 2011-12, the applicable accounting standards have been followed and there are no material departures;

(ii) 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 of the Company for the financial year;

(iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

(iv) they have prepared the annual accounts on a going concern basis.

CREDIT RATING OF BANK BORROWINGS

The Company continues to have A+ (Single A Plus) rating on its long term borrowings by Credit Analysis & Research Ltd. (CARE). This rating indicates adequate safety and carries low credit risk.

For short term borrowings A1+ (A One Plus) have been assigned by CARE. This rating indicates very strong degree of safety and carries lowest credit risk.

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*. 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.

DELISTING OF EQUITY SHARES

Your Company has received confirmation from the Calcutta Stock Exchange Ltd. about voluntary delisting of equity shares *w.e.f.* December 14, 2011.

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

Information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, required to be made pursuant to 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, is given in **Annexure-A** and forms part of this report.

PARTICULARS OF EMPLOYEES

None of the employee of the Company was drawing salary in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

MANAGEMENT DISCUSSION AND ANALYSIS

Notes on Management Discussion and Analysis of the company have been given in **Annexure-B** and forms part of this report.

CORPORATE GOVERNANCE

A separate section on corporate governance is attached to this report as **Annexure-C**. A certificate from the Practicing Company Secretary regarding compliance of the conditions of corporate governance as stipulated under clause 49 of the listing agreements with stock exchanges is enclosed as **Annexure-D**. A certificate from the managing director that all board members and senior management personnel have affirmed compliance with the code of conduct for the year ended March 31,2012 is attached as **Annexure-E**. CEO/CFO certificate is enclosed as **Annexure-F**.

CORPORATE SOCIAL RESPONSIBILITY

The Company will in due course of time shall make efforts contribute to the society and environment by following the voluntary guidelines on Corporate Social Responsibility, 2009 and the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 framed by the Ministry of Corporate affairs, in letter and spirit.

ACKNOWLEDGEMENTS

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

New Delhi R K Rajgarhia
August 11, 2012 **Chairman**

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE-A

DISCLOSURE 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

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. After giving effect to the scheme of demerger refractory division of the Company transferred to Orient Refractories Limited and Form A is now not applicable to the Company.

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.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review foreign exchange earning was ₹ 72.56 Lacs and outgo was ₹ 561.78 Lacs.

ANNEXURE-B

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 at Porbandar, Gujarat that manufactures fused alumina grains and calcined products, the Refractory Monolithics Division that manufactures refractory castables and monolithics and the Power division comprising of thermal power plants and wind turbine generators.

The Abrasives Grains Division, the first of Company's all divisions, was established in the year 1974. The Company established Refractory Division in 1985 at Bhiwadi, Rajasthan, which was demerged in the year 2011-12.

The Company also has a Power Division that generates electricity for captive consumption which was set up in 1998 and expanded in 2007 with the addition of a 9 MW coal based thermal power plant. In 2010, the Company ventured into green energy projects by setting up wind turbines. At present the total commissioned capacity of the wind farms is 11.1 MW. The power generated from the windmills is sold to the state electricity board with which there are power purchase agreements in place.

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 (ii) Refractories Monolithics and (iii) Power Generation (Power Division), which have been elucidated in the following paragraphs:

Abrasive Grains

The Abrasives Grains Division at Porbandar 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, Hindalco Industries Limited being prominent amongst them. These products are used in the manufacturing of refractories and grinding wheels & coated abrasives.

Refractories Monolithics

The Company manufactures refractory castables & monolithics used in the cement & steel industries. It is also located at Porbandar, Gujarat.

Power Generation

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 Porbandar.

The Company also has wind power generation capacity of 11.1 MW. The power generated by these plants is sold to the respective state power distribution companies.

Financials of Segments

Financials of business segments are given in detail in note 26 (Segment Information) of the Annual Report.

FINANCIALS AND INTERNAL CONTROL

Post demerger of refractory undertaking the gross turnover of the Company during the year ended March 31, 2012 was ₹ 183.61 crore. Gross profit and net profit were ₹ 12.58 crore and ₹ 9.14 crore respectively. However the gross profit and the net profit declined due to abnormal increase under various heads of expenditure.

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.

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 on the domestic front is increasing steadily. The Company has adequate production capacity and technology to meet the increased demand while maintaining the quality.

The abrasive grains division is a power intensive unit and at present it depends on the state supplier and captive thermal power plant to fulfill its energy needs. The in house power plant was set up to economise on the cost of electricity and to avail uninterrupted supply. However since the cost of generation has increased over the years due to steep rise in fuel costs, the capacity availed from the state electricity board is being reviewed as an alternative. There was an increase in demand of royalty by the Gujarat Government for the low grade bauxite mine and exported by the Company in the previous years, which is being contested at higher levels by all the affected parties including the Company. The availability of abrasive grade bauxite is a matter of concern. The reserves in our mines are depleting. The Company is making efforts to get more mining leases. Efforts are also underway for importing the raw material.

Except for the above concerns, the future of the Company looks encouraging. The wind turbines have started generation on full scale which will increase the sales and profits in the coming years.

CAUTIONARY STATEMENT

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

ANNEXURE-C

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 held during the year & at the last annual general meeting and the number of directorships and committee chairmanships/memberships held by them in other companies are given herein below. Other directorships do not includes alternate directorships, directorships of private limited companies, section 25 companies and of companies incorporated outside India. Chairmanships/memberships of board committees include only audit and shareholders/investors grievance committees.

Name of the Director	Category	Number of Board Meetings during the year 2011-12		Whether attended last AGM held on September 26, 2011	Number of Directorships in other Public Companies		Number of Committee positions held in other public Companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. R K Rajgarhia (Chairman)	Non-Executive, Promoter	5	5	Yes	2	2	1	0
Mr. S G Rajgarhia (Managing Director)	Executive, Promoter	5	5	Yes	0	5	0	0
Mr. P P Khanna	Executive	5	5	Yes	0	1	0	0
Mr. R S Bajoria	Non-Executive, Independent	5	4	No	0	3	0	0
Mr. U K Khaitan	Non-Executive, Independent	5	4	No	0	11	0	0
Mr. T N Chaturvedi	Non-Executive, Independent	5	5	Yes	0	4	3	2
Mr. S K S Narayan	Non-Executive, Independent	5	1	No	0	0	0	0

Five board meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows: May 30, 2011; July 30, 2011; October 18, 2011, November 14, 2011 and February 09, 2012.

The necessary quorum was present for all the meetings.

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 note no. 28 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	%' age of Share Capital
Mr R K Rajgarhia	600,666	0.50

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.

3. AUDIT COMMITTEE

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

a) to review the un-audited financial results and the internal audit reports

b) to suggest internal control measures after discussion with the internal auditors

c) to oversee their implementation

d) to review the annual financial statements with the management

e) to recommend appointment of auditors and

f) 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).

Mr T N Chaturvedi is the chairman, who is a chartered accountant having good financial and accounting knowledge. The previous annual general meeting of the Company was held on September 26, 2011 and was attended by him. The other members also have adequate financial and accounting knowledge. The Company secretary acts as the secretary to the audit committee.

Details of meetings attended by the committee members are given below

Name	Category	Number of meeting during the year 2011-12	
		Held	Attended
Mr T N Chaturvedi (Chairman)	Independent, Non-executive	5	5
Mr U K Khaitan	Independent, Non-executive	5	4
Mr R S Bajoria	Independent, Non-executive	5	4

Five audit committee meetings were held during the year and not more than 4 months elapse between successive meetings. The dates on which the said meetings were held are as follows: May 30, 2011; July 30, 2011; October 18, 2011; November 14, 2011 and February 09, 2012.

The necessary quorum was present for all the meetings.

The meetings were also attended by the representatives of statutory auditors and internal auditors.

4. REMUNERATION COMMITTEE

The remuneration committee was constituted in the year 2002 comprising of Mr T N Chaturvedi (Chairman), Mr U K Khaitan and Mr R S Bajoria, all being independent and non-executive directors. Two meetings of the remuneration committee were held during the year on July 30, 2011 and February 09, 2012.

Details of meetings attended by the committee members are given below:

Name	Category	Number of meeting during the year 2011-12	
		Held	Attended
Mr T N Chaturvedi (Chairman)	Independent, Non-executive	2	2
Mr U K Khaitan	Independent, Non-executive	2	2
Mr R S Bajoria	Independent, Non-executive	2	2

The non-executive directors are paid sitting fees for the board and committee meetings attended by them, except for the share transfer committee meeting. The non-executive directors are not paid remuneration in any other form. The sitting fees being paid is ₹ 10,000/- per board meeting and ₹ 5,000/- per committee meeting.

The members have at the 40th annual general meeting of the Company on September 26, 2011 approved remuneration being paid to managing director *w.e.f.* October 1, 2011.

Basic Salary	:	In the range of ₹ 250,000/- to ₹ 400,000/- 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 per 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.

Since the appointment of managing director and executive director are governed by members' approval, no notice period or severance fees are applicable in their case.

There is 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 the remuneration/sitting fees to directors for the year ended March 31, 2012:

(a) Non-Executive Directors (in ₹)

Name	Sitting Fees
Mr R K Rajgarhia	60,000
Mr R S Bajoria	50,000
Mr U K Khaitan	65,000
Mr T N Chaturvedi	45,000
Mr S K S Narayan	10,000

(b) Managing Director and Executive Director (in ₹)

Name	Salary	Benefits Perquisites and Allowances	Commission	Contribution to PF
Mr S G Rajgarhia (Managing Director)	2,108,548	1,666,444	1,400,000	253,026
Mr P P Khanna (Executive Director)	2,496,000	2,667,286	0	299,520

5. SHAREHOLDERS'/INVESTORS GRIEVANCES COMMITTEE

A shareholders/Investors grievances committee was constituted on March 11, 2002 to specifically look into the redressal of investor complaints regarding transfer of shares, non-receipt of annual reports, bonus, dividend etc. During the year 2011-2012, one meeting of the grievances committee was held on October 18, 2011.

The composition of the shareholders/investors grievance committee and the details of meetings attended by its members are given below:

Name	Category	Number of meeting during the year 2011-12	
		Held	Attended
Mr R K Rajgarhia (Chairman)	Promoter, Non-Executive	1	1
Mr R S Bajoria	Independent, Non-Executive	1	1
Mr S G Rajgarhia	Promoter, Executive	1	1

Details of investor complaints received and redressed during the year 2011-12 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	46	45	1

Name, designation and address of the Compliance Officer :

Mr. Ankush Gautam
Company Secretary
Orient Abrasives Limited
1307, Chiranjiv Tower
43, Nehru Place
New Delhi-110019

Telephone : +91 11 46425400
Fax : +91 11 26443859
e-mail : csankush@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 **investor@oalindia.com**

6. GENERAL BODY MEETING

(i) Annual General Meeting

<table>
<tr><th>Details</th><th>Date</th><th>Time</th><th>Venue</th><th>Special Resolutions</th></tr>
<tr><td>38th
Annual General Meeting</td><td>August 03, 2009</td><td rowspan="3">11.00 A.M.</td><td rowspan="3">Hindi Bhawan
11, Vishnu
Digambar Marg
(Near Bal Bhawan)
New Delhi - 110 002</td><td>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</td></tr>
<tr><td>39th
Annual General Meeting</td><td>August 05, 2010</td><td>None</td></tr>
<tr><td>40th
Annual General Meeting</td><td>September 26, 2011</td><td>Reappointment and increase in remuneration of Mr S G Rajgarhia, managing director for further term of 5 years w.e.f. October 1, 2011</td></tr>
</table>

(ii) Postal Ballot

No postal ballot was conducted during the year 2011-12.

(iii) At the ensuing 41st annual general meeting to be held on September 24, 2012 no resolution is proposed to be passed by postal ballot.

1. 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 note no. 28 (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.

2. MEANS OF COMMUNICATION OF FINANCIAL STATEMENTS ETC., NEWSPAPERS WHERE PUBLISHED.

- Quarterly financial statements are normally published in the Economic Times, Business Standard and Navbharat Times.
- 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 December 31, 2004 onwards are also available on the Company's website – 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.

3. CEO/CFO CERTIFICATION

Mr S G Rajgarhia, Managing Director and Mr B L Gupta, Sr. Vice President (Finance) have given the certificate pertaining to financial year 2011-12 to the board of directors which was taken note of at the board meeting held on August 11, 2012.

4. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date	:	September 24, 2012
Time	:	11:00 A.M.
Venue	:	Hindi Bhawan, 11, Vishnu Digambar Marg, (Near Bal Bhawan), New Delhi – 110 002

Financial Calendar

Financial Year	:	March 31
AGM in	:	Last week of September
Quarterly Results		:
1st quarter ended on June 30, 2012	:	on or before August 15, 2012
2nd quarter ended on September 30, 2012	:	on or before November 15, 2012
3rd quarter ended on December 31, 2012	:	on or before February 15, 2013
4th quarter ended on March 31, 2013	:	on or before May 15, 2013
Date of Book Closure/Record Date	:	from Saturday, September 15, 2012 to Monday, September 24, 2012 (both days inclusive)
Dividend Payment Date	:	The final dividend, if declared, shall be paid/ credited by October 23, 2012.
Listing on Stock Exchanges	:	**National Stock Exchange of India Limited (NSE)** Exchange Plaza, C-1, Block G, Bandra Kurla Complex Bandra (East), Mumbai 400 051
	:	**Bombay Stock Exchange Limited (BSE)** 25th Floor, P. J. Towers, Dalal Street, Mumbai 400 001
	:	The shares of the Company were voluntarily delisted from The Calcutta Stock Exchange Ltd. *w.e.f.* December 14, 2011 .

Stock Codes/Symbol

National Stock Exchange of India Limited	:	ORIENTABRA
Bombay Stock Exchange Limited	:	504879

Listing Fees as applicable have been paid.

Corporate Identification Number (CIN) : L24299DL1971PLC005854

Market Price Data:

Monthly high, low and volume, number of trades and value of total shares traded during each month of the last financial year 2011-12

Bombay Stock Exchange *(data from www.bseindia.com)*

Month	High (₹)	Low (₹)	Volume	No. of trades	Trunover (₹ in Lacs)
April, 2011	39.90	36.00	500,933	1307	189.40
May, 2011	37.70	32.50	275,348	1092	97.15
June, 2011	34.25	27.50	585,711	1521	184.56
July, 2011	34.00	30.55	440,281	1477	140.07
August, 2011	32.90	28.05	292,574	1230	87.49
September, 2011	38.50	29.00	471,863	2700	168.95
October, 2011	37.20	33.75	193,533	1054	67.52
November, 2011	40.50	9.80*	1,243,777	4551	262.27
December, 2011	11.80*	8.90*	171,654	986	17.52
January, 2012	11.30*	9.27*	336,818	1766	35.34
February, 2012	11.00*	9.15*	654,099	2801	66.60
March, 2012	10.90*	6.88*	886,387	2555	78.63

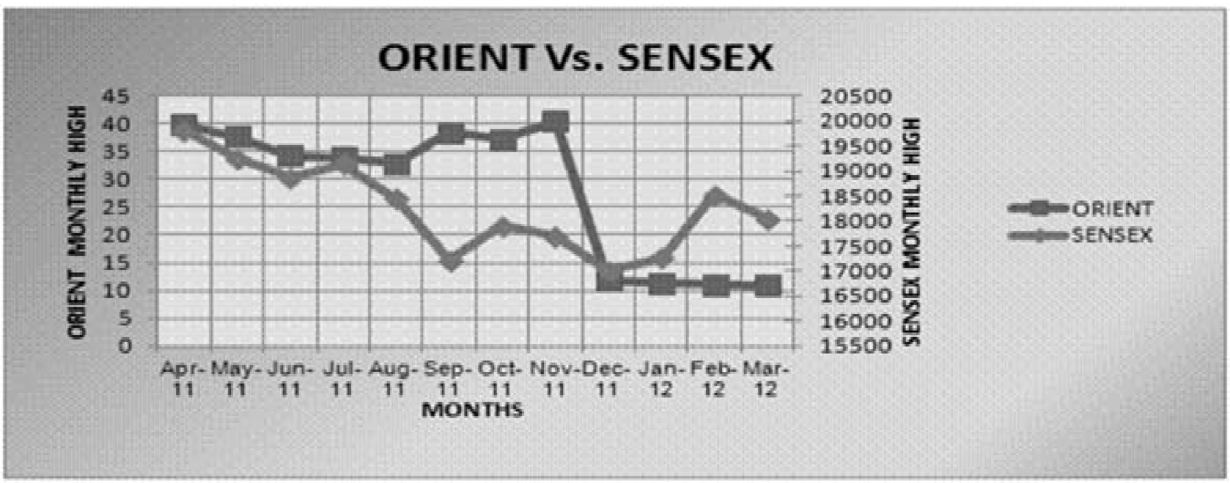
***Post De-Merger**

National Stock Exchange*(data from www.nseindia.com)*

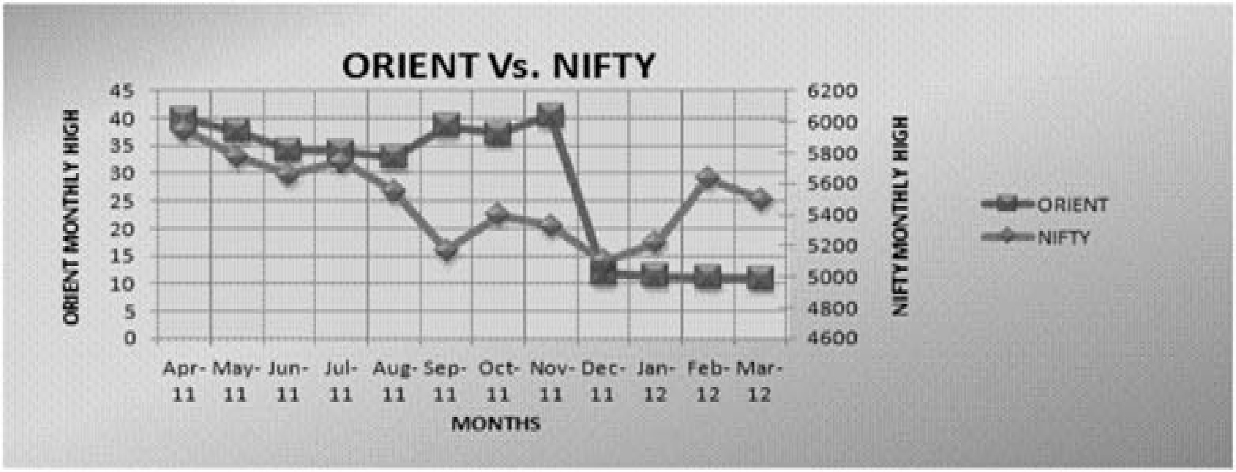
Month	High (₹)	Low (₹)	Volume	Turnover (₹ in Lacs)
April, 2011	39.85	35.85	626,186	237.56
May, 2011	37.70	32.70	488,903	171.40
June, 2011	34.20	27.85	1,076,766	337.63
July, 2011	33.50	29.10	660,463	209.16
August, 2011	32.00	27.65	598,982	178.90
September, 2011	38.65	29.20	1,030,332	368.38
October, 2011	37.00	30.40	516,758	181.49
November, 2011	40.25	10.00*	2,133,078	560.17
December, 2011	11.75*	8.05*	362,767	36.53
January, 2012	11.25*	9.10*	606,827	63.98
February, 2012	11.00*	9.25*	911,335	92.83
March, 2012	11.00*	6.90*	1,022,405	88.62

***Post De-Merger**

Performance of the share price of the Company in comparison to the BSE Sensex:



Performance of the share price of the Company in comparison to the NSE Nifty:



Registrar & Share Transfer Agents

Name and Address	:	Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020
Telephone	:	+91 11-26812682,83, 30857575 (10 Lines)
Fax	:	+91 11-30857562
E-mail	:	admin@skylinerta.com, grievances@skylinerta.com
Website	:	www.skylinerta.com

Share Transfer System

Transfer of shares are done through the depositories with no involvement of the Company. Transfer of shares in physical form is normally processed within ten to twelve days from the date of receipt, if the documents are complete in all respects. The senior executives and the company secretary are severally empowered to approve transfers.

Shareholding as on March 31, 2012

Distribution of equity shareholding as on March 31, 2012

Number of shares	Shareholders number	%' age of total number	Shares			Total Shares	%' age
			Physical	NSDL	CDSL		
1-5,000	6,968	50.70	71,986	895,571	464,692	1,432,249	1.20
5,001-10,000	2,325	16.92	446,830	1,170,335	481,607	2,098,772	1.75
10,001-20,000	2,078	15.12	940,890	2,211,944	613,957	3,766,791	3.15
20,001-30,000	438	3.19	121,100	804,278	263,834	1,189,212	0.99
30,001-40,000	640	4.66	558,100	1,578,956	334,203	2,471,259	2.07
40,001-50,000	201	1.46	24,920	619,785	319,554	964,259	0.81
50,001-100,000	553	4.02	514,480	2,930,322	764,976	4,209,778	3.52
100,001-above	541	3.94	594,000	99,394,438	3,518,442	103,506,880	86.52
GRAND TOTAL	**13,744**	**100.00**	**3,272,306**	**109,605,629**	**6,761,265**	**119,639,200**	**100.00**

Categories of equity shareholders as on March 31, 2012

	Category	Number of shares held	Percentage of holding
A.	**Promoter and Promoter Group**		
	- Individual/HUF	57,638,333	48.18
	- Bodies Corporate	65,580	0.05
	- Trust	231,000	0.19
	Total (A)	**57,934,913**	**48.42**
B.	**Public Shareholding**		
	- Mutual Funds/UTI	33,500	0.03
	- Financial Institutions/Banks	7,000	0.01
	- Bodies Corporate	14,588,438	12.19
	- Individuals		
	(a) Nominal share capital up to ₹ 1 Lakh	23,774,317	19.87
	(b) Nominal share capital in excess of ₹ 1 Lakh	20,993,895	17.55
	- Any Other		
	(a) NRI	479,762	0.40
	(b) HUF/AOPs	1,799,920	1.50
	(c) Clearing Members	27,455	0.02
	Total (B)	**61,704,287**	**51.58**
	GRAND TOTAL (A + B)	**119,639,200**	**100.00**

Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 97.26% of the Company's equity share capital are dematerialised as on March 31, 2012.

The Company's equity shares are regularly traded on the National Stock Exchange of India Limited and BSE Limited, in dematerialised form.

Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is **INE569C01020.**

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

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence as on March 31, 2012, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

Scheme of arrangement for demerger

During the year, the Company has, pursuant to the provisions of sections 391 to 394 of the Companies Act, 1956, and with the approvals of the shareholders and creditors as also of the Hon'ble High Court of Judicature at New Delhi on September 19, 2011, has demerged and transferred, through a scheme of arrangement (the Scheme), its undertakings / businesses pertaining to refractories to Orient Refractories Limited. The shareholders of the Company were allotted one fully paid-up equity shares of ₹ 1.00 each of Orient Refractories Limited for every one equity share of ₹ 1.00 each fully paid up held by them in Orient Abrasives Limited as on record date November 11, 2011, in terms of the Scheme. The shares of the Orient Refractories Limited are listed on the stock exchanges. The successful implementation of the scheme for demerger has resulted in enhancement of the shareholder value.

Subsidiary Company

During the year, pursuant to the scheme of arrangement for demerger, Orient Refractories Limited ceased to be subsidiary of the Company.

Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

Pursuant to sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/ unpaid dividends pertaining to the Company remaining unpaid or unclaimed for period of seven years from the date they became due for payment, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claims. Members who have not yet encashed their dividend warrant(s) for the financial years 2005-06 and onwards, are requested to make their claims, without any delay, from the Company and /or the Company's Registrar and Transfer Agent, Skyline Financial Services Private Limited.

The following table gives information relating to outstanding dividend accounts and the dates by which they can be claimed by the shareholders:

Financial Year	Date of Declaration	Due Date of Transfer to IEPF
2005-06	August 02, 2006	September 08, 2013
2006-07	September 20, 2007	October 27, 2014
2007-08	September 05, 2008	October 12, 2015
2008-09	August 03, 2009	September 09, 2016
2009-10	August 05, 2010	September 10, 2017
2010-11	March 09, 2011	April 14, 2018

Plant Location:

Abrasive Grains & Power Division : GIDC Industrial Area
Porbandar
Gujarat – 360 577

Address for correspondence:

Orient Abrasives Limited
1307, Chiranjiv Tower
43, Nehru Place
New Delhi-110019

Telephone : +91 11 46425400

Fax : +91 11 26443859

e-mail : csankush@oalindia.com

website : www.orientabrasives.com

ANNEXURE-D

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

TO THE MEMBERS

ORIENT ABRASIVES LIMITED

We have examined the compliance of conditions of corporate governance by **ORIENT ABRASIVES LIMITED** ("the Company"), for the year ended March 31, 2012, as stipulated in clause 49 of the listing agreement of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

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

for **Naresh Verma & Associates**
Company Secretaries

New Delhi Naresh Verma
August 11, 2012 FCS 5403, CP 4424

ANNEXURE-E

DECLARATION REGARDING COMPLIANCE OF CODE OF CONDUCT

This is to confirm that all the board members and the senior managerial personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2012.

for **Orient Abrasives Limited**

New Delhi S G Rajgarhia
August 11, 2012 **Managing Director**

ANNEXURE-F

CERTIFICATION OF CEO/CFO

This is to certify that

(a) We have reviewed financial statements and the cash flow statement for the year 2011-12 and that to the best of our knowledge and belief

  i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, *if any*, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the audit committee

  i. significant changes in internal control over financial reporting during the year;

  ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and

  iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

for **Orient Abrasives Limited**

New Delhi	S G Rajgarhia	B L Gupta
August 11, 2012	Managing Director	Sr. Vice President (Finance)

AUDITORS' REPORT

To

The Members of Orient Abrasives Limited

1. We have audited the attached balance sheet of Orient Abrasives Limited ('the Company') as at March 31, 2012 and also the statement of profit and loss 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
   - iv. In our opinion, the balance sheet, statement of profit and loss 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, 2012, and taken on record by the board of directors, we report that none of the directors is disqualified as on March 31, 2012 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, 2012;
     - b) in the case of the statement of profit and loss , 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 number: 301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.: 94421

Place : Gurgaon

Date : May 29, 2012

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) All fixed assets were physically verified by the management in 2009-10 in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part 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.

(iii) (a) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(e) The Company had taken loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 572.28 Lacs and the year-end balance of loans taken from such parties was ₹ 234.16 Lacs.

(f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of 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, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(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 Companies Act, 1956 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 and exceeding the 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 or 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) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to production of fused aluminum oxide grains and calcined products and the generation of power, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(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, cess and other material statutory dues applicable to it.

(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 cess and other material 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 (₹ 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
Service Tax Act, 1994	Service tax demand for input tax credit availed on foreign business auxiliary services and other consulting services	85.48	Joint Commissioner Excise, Jaipur
Income Tax Act, 1961	Disallowance of various expenses/ deductions (under section 80IA) claimed by the Company for the year 2001-02 to 2008-09	2,289.52	High Court, Delhi

(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 bank. The Company did not have dues to financial institutions. The Company did not have any debentures during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced before 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 Companies (Auditor’s Report) Order, 2003 (as amended) 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 Companies (Auditor’s Report) Order, 2003 (as amended) 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 the 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 preferential allotment of shares to parties and 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 year.

For S.R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.: 94421

Place : Gurgaon
Date : May 29, 2012

BALANCE SHEET
AS AT MARCH 31, 2012

(Amount in ₹ Lacs)

	Notes	As at March 31, 2012	As at March 31, 2011
EQUITIES AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	3	**1,196.52**	1,196.52
Reserves and Surplus	4	**11,976.27**	17,174.27
		13,172.79	18,370.79
NON-CURRENT LIABILITIES			
Long-term borrowings	5	**1,300.25**	1,915.26
Deferred tax liability (NET)	6	**1,023.08**	993.32
Long-term provisions	7	**35.66**	75.43
Other long-term liabilities	8	**42.87**	98.76
		2,401.86	3,082.77
CURRENT LIABILITIES			
Short-term borrowings	9	**3,539.19**	5,972.50
Trade payables	10	**1,276.68**	4,028.91
Other current liabilities	10	**1,067.38**	1,793.04
Short-term provisions	7	**374.06**	217.83
		6,257.31	12,012.28
Total		**21,831.96**	33.465.84
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	11	**12,294.32**	14,010.48
Intangible assets	11	**–**	22.92
Capital work-in-progress		**63.21**	358.18
Non-current investments	12	**5.26**	5.26
Long-term loans and advances	13	**1,176.40**	2,518.07
Other non current assets	14	**32.05**	90.40
		13,571.24	17,005.31
CURRENT ASSETS			
Inventories	15	**4,717.02**	8,292.17
Trade receivables	16	**2,873.41**	7,071.91
Cash and bank balances	17	**185.21**	315.08
Short-term loans and advances	13	**258.47**	416.21
Other current assets	14	**226.61**	365.16
		8,260.72	16,460.53
Total		**21,831.96**	33,465.84
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

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

S.G.Rajgarhia (MANAGING DIRECTOR) T.N.Chaturvedi (DIRECTOR) P.P.Khanna (EXECUTIVE DIRECTOR)

per Vikas Mehra
Partner
Membership No. 94421

B.L.GUPTA (SR. VICE PRESIDENT - FINANCE) ANKUSH GAUTAM (COMPANY SECRETARY)

Place : Gurgaon
Date : May 29, 2012

Place : Delhi
Date : May 29, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(Amount in ₹ Lacs)

	Notes	For the year ended March 31, 2012	For the year ended March 31, 2011
INCOME			
Revenue from operations (GROSS)	18	**18,360.79**	39,567.57
Less : Excise duty		**1,647.16**	2,978.60
Revenue from operations (NET)		**16,713.63**	36,588.97
Other Income	19	**121.98**	390.14
Total Revenue (I)		**16,835.61**	36,979.11
EXPENSES			
Cost of raw and components consumed	20	**5,162.29**	11,993.32
Purchase of traded goods		**–**	3,516.21
Increase in inventories	21	**(508.87)**	(1,291.61)
Employee benefits expenses	22	**1,179.08**	3,055.59
Other expenses	23	**7,856.38**	11,680.28
Finance costs	24	**657.81**	783.88
Depreciation and amortization expense	11	**1,231.30**	1,298.21
Total (II)		**15,577.99**	31,035.88
PROFIT BEFORE TAX (including profit from operations relating to discontinued operations amounting to ₹ Nil (previous year ₹ 4,036.88 lacs) (refer note 32)		**1,257.62**	5,943.23
TAX EXPENSE			
Current tax		**251.92**	1,207.00
Less: MAT credit entitlement		**(57.00)**	(265.00)
Deferred tax		**148.65**	433.38
Income tax charge / (credit) for earlier years			(115.76)
Total tax expense (including ₹ Nil (previous year ₹ 1,351.79 lacs) for discontinued operations (refer note 32)		**343.57**	1,259.72
PROFIT FOR THE YEAR AFTER TAX (including ₹ Nil (previous year ₹ 2,685.08 lacs) for discontinued operations (refer note 32)		**914.05**	4,683.51
EARNINGS PER EQUITY SHARE (₹) (nominal value of share ₹ 1.00)			
Basic and diluted	25	**0.76**	3.91
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

per Vikas Mehra
Partner
Membership No. 94421

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)
ANKUSH GAUTAM (COMPANY SECRETARY)

Place : Gurgaon
Date : May 29, 2012

Place : Delhi
Date : May 29, 2012

CASH FLOW STATEMENT
FOR THE YEAR ENDED ON MARCH 31, 2012

(Amount in ₹ Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	**1,257.62**	5,943.23
Adjustments for :		
Depreciation/amortization	**1,231.32**	1,298.21
Loss/(profit) on disposal of fixed assets	**(48.61)**	0.80
Provision for doubtful debts and advances	–	74.33
Provision for export incentive receivables	–	33.00
Unrealized foreign exchange gain/loss (net)	**57.40**	(64.50)
Interest income	**(4.26)**	(10.30)
Unrealized loss on derivative instruments	–	14.06
Interest expense	**489.18**	697.82
Operating profit before Working Capital changes	**2,982.65**	7,986.65
Movements in working capital		
Increase in sundry debtors	**(825.22)**	(1,361.68)
Increase in loans and advances and other current assets	**(127.45)**	(321.30)
Increase in inventories	**(858.43)**	(1,711.66)
Increase in current liabilities and provisions	**166.73**	1,016.69
Cash generated from operations	**1,338.28**	5,608.70
Direct taxes paid (net of refunds)	**(260.87)**	(1,302.41)
Net cash from operating activities	**1,077.41**	4,306.29
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	**(428.41)**	(2,446.02)
Capital advances made during the year	–	(1,233.31)
Proceeds from sale of fixed assets	**61.35**	14.62
Purchase of investment in subsidiaries	–	(4.99)
Interest received	**9.51**	8.27
Deposits (with maturity more than three months)	–	(32.01)
Proceeds of deposits matured (with maturity more than three months)	**(1.20)**	43.00
Net cash used in investing activities	**(358.75)**	(3,650.44)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(repayment) of long term borrowings	**(1,108.65)**	1,451.64
Proceeds from short term borrowings	**898.09**	1,482.18
Interest paid	**(554.64)**	(670.34)
Dividends paid	**(81.87)**	(2,392.78)
Tax paid on equity dividend	–	(397.43)
Net cash used in financing activities	**(847.07)**	(526.73)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(128.41)**	129.12
Cash and cash equivalents transferred pursuant to demerger scheme	**(1.46)**	–
Cash and cash equivalents at the beginning of the year	**315.08**	185.96
Cash and cash equivalents at the end of the year	**185.21**	315.08

(Amount in ₹ Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Component of cash and cash equivalent		
Cash and cheques on hand	**8.63**	7.92
With banks:		
On current account	**37.72**	84.14
On fixed deposit account	**9.23**	11.42
On unpaid dividend accounts*	**129.63**	211.50
Post office savings bank account	**–**	0.10
Total cash and cash equivalents (note 17)	**185.21**	315.08

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.1

*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) Cash outflows have been shown in brackets.

c) For cash flows relating to discontinued operation (refer note 32)

d) Assets and liabilities (other than cash and cash equivalents) transferred to Orient Refractories Limited pursuant to scheme of demerger has not been considered. (refer note 27).

As per our report of even date

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

per Vikas Mehra
Partner
Membership No. 94421

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)
ANKUSH GAUTAM (COMPANY SECRETARY)

Place : Gurgaon
Date : May 29, 2012

Place : Delhi
Date : May 29, 2012

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

1. CORPORATE INFORMATION

Orient Abrasives Limited ('The Company') is engaged in the production and selling of Fused Aluminum Oxide Grains, Calcined Products, and Generation of Power. The Company has manufacturing facilities at Porbandar (Gujarat) and Power Generation facilities at Gujarat, Rajasthan and Karnataka.

During the year, the Court approved the demerger of the refractory undertaking with effect from April 1, 2011. As per the scheme, one share of Orient Refractories Limited has been issued for one share of the Company. (refer note 27)

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) CHANGE IN ACCOUNTING POLICY

Presentation and disclosure of financial statements

During the year ended March 31, 2012, the Revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements, however, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(b) USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(c) TANGIBLE FIXED ASSETS

Fixed assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(d) DEPRECIATION ON TANGIBLE FIXED ASSETS

Depreciation on leasehold land is provided over the unexpired period of lease, which is 20 years 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, which are equal to the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956.

Assets costing below ₹ 5,000 are depreciated at the rate of 100%.

(e) INTANGIBLE ASSETS

Intangible assets amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of software will not exceed five years from the date when the assets is available for use.

(f) 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 using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(g) LEASES

Where the Company is the lessee

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 statement of profit and loss 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 spare parts	Lower of cost and net realizable value. 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. Cost is determined on weighted average basis.
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. Cost is determined on a weighted average basis.
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. The following specific recognition criteria must also be met before revenue is recognized.

(i) SALE OF GOODS

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) INCOME FROM SERVICES

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

(iii) POWER GENERATION INCOME

Revenue from sale of power is recognized on accrual basis in accordance with the provisions of the the agreements with the respective state governments/organization.

(iv) INTEREST

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

(v) EXPORT BENEFITS

Export benefits under Duty Exemption Pass Book Schemes (DEPB) and Duty Drawback are accrued when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

(vii) ROYALTY

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

(k) BORROWING COST

Borrowing costs include interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(l) 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 exchange rate prevailing at the reporting date. 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 ENTERED INTO TO HEDGE FOREIGN CURRENCY RISK OF AN ASSET / LIABILITY**

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.

(m) DERIVATIVE INSTRUMENTS

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

(n) 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 statement of profit and loss for the year when the contributions to respective funds are due. 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.

(iii) Short term compensated absences are measured at the expected cost of such absences that is expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

(iv) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(o) INCOME TAXES

Tax expense comprises of current and deferred taxes. Current income tax is 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 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.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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.

Minimum Alternate Tax (MAT) paid in during a year is charged to the statement of profit and loss as current tax. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period i.e. for the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(p) 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.

Allocation of other income

Other income are allocated to each segment according to the relative contribution of each segment to the other income as per the requirements of AS-17.

Unallocated items

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

Segment Policies

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

(q) EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders 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.

(r) 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.

(s) CASH AND CASH EQUIVALENT

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

(t) CONTINGENT LIABILITY

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The company does not recognize a contingent liability but discloses its existence in the financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

(Amount in ₹ Lacs)

	As at March 31, 2012	As at March 31, 2011
3. SHARE CAPITAL		
Authorised shares (no. in lacs)		
1,200.00 (Previous year 1,200.00) Equity Shares of ₹ 1.00 each	**1,200.00**	1,200.00
4.00 (Previous year 4.00) - 6% Redeemable Cumulative Preference Shares of ₹ 100.00 each	**400.00**	400.00
	1,600.00	1,600.00
Issued and subscribed shares		
1,196.59 (Previous period 1,196.59) Equity Shares of ₹ 1.00 each	**1,196.59**	1,196.59
Paid up shares		
1,196.39 (Previous period 1,196.39) Equity Shares of ₹ 1.00 each	**1,196.39**	1,196.39
Add: Shares forfeited (amount paid up)	**0.13**	0.13
Total issued, subscribed and paid-up share capital	**1,196.52**	1,196.52
a. Reconciliation of the Equity Shares outstanding at the beginning and at the end of reporting period		
1,196.39 (Previous year 1,196.39) Equity Shares of ₹ 1.00 each	**1,196.39**	1,196.39
Outstanding at the year end		
1,196.39 (previous year 1,196.39) equity shares of ₹ 1.00 each	**1,196.39**	1,196.39

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 1.00 per share. The holder of each fully paid equity share is entitled to one vote. The Company declares and pays dividends in Indian rupees.

The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders is ₹ 0.20 (Previous year ₹ 1.00)

In the event of liquidation of the Company, holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	As at March 31, 2012	As at March 31, 2011
Equity shares issued as fully paid bonus shares by capitalisation of capital redemption reserve, securities premium and general reserve (No. in Lacs)	**598.20**	598.20

d. Details of shareholders holding more than 5% shares in the Company

Name	As at March 31, 2012		As At March 31, 2011	
	No. Lacs	**%' age holding**	No. Lacs	%' age holding
Mr. S G Rajgarhia	**177.86**	**14.87**	177.86	14.87
Ms. Anisha Mittal	**132.31**	**11.06**	132.31	11.06
S G Rajgarhia (HUF)	**80.15**	**6.70**	80.15	6.70
Ms. Bhavna Rajgarhia	**82.62**	**6.91**	82.23	6.87
Mrs. Usha Rajgarhia	**65.82**	**5.50**	65.82	5.50

(Amount in ₹ Lacs)

	As at March 31, 2012	As at March 31, 2011
4. RESERVES AND SURPLUS		
General Reserve		
Balance as per the last financial statements	**13,040.52**	10,040.52
Add: Amount transferred from surplus balance in the statement of profit and loss	**300.00**	3,000.00
Less: Transferred pursuant to scheme of demerger	**5,833.95**	–
Closing Balance	**7,506.57**	13,040.52
Hedging Reserve		
Balance as per the last financial statements	**–**	(30.65)
Add: Created during the year	**–**	–
Less: Adjusted during the year	**–**	30.65
	–	–
Surplus balance in statement of profit and loss		
Balance as per the last financial statements	**4,133.75**	3,845.34
Profit for the year	**914.05**	4,683.51
Less: Appropriations		
Proposed final equity dividend ₹ 0.20 (previous year ₹ 1.00)	**239.28**	1,196.39
Tax on proposed equity dividend	**38.82**	198.71
Transferred to general reserve	**300.00**	3,000.00
Total appropriations	**578.10**	4,395.10
Surplus in the statement of profit and loss	**4,469.70**	4,133.75
Total reserves and surplus	**11,976.27**	17,174.27
5. LONG-TERM BORROWINGS		
Term loans (secured)		
Indian rupee loan from a bank*	**240.00**	480.00
Foreign currency loan from banks**	**1,782.55**	2,593.80
Other loans and advances		
Deposits (unsecured)		
Deposits from shareholders	**71.00**	135.60
Deposits from public	**5.50**	9.50
	2,099.05	3,218.90
Less: Current maturity of term loans disclosed under other current liabilities (note 10)		
Indian rupee loan from bank	**240.00**	240.00
Foreign currency loan from banks	**509.30**	1,013.89
Less: Current maturities of deposits disclosed under other current liabilities (note 10)	**49.50**	49.75
	798.80	1,303.64
	1,300.25	1,915.26

*Indian rupee loan carries interest @ 9.50% p.a., is repayable in 20 quarterly installments of ₹ 60.00 lacs each from the date of the loan, viz. February 08, 2008. The loan is secured by a first pari passu charge on the movable fixed assets of the Company and mortgage of immovable properties of the Company. The managing director has also given a personal guarantee to the bank for this facility

**Foreign currency loan of

a) ₹ Nil (Previous year ₹ 270.84 lacs) is secured by first pari passu charge on all the movable and immoveable fixed assets of the Company.

b) ₹ 1,782.55 lacs (Previous year ₹ 1,805.60) carries interest @ LIBOR plus 3% p.a., is repayable in 16 quarterly installments of USD 250,000 each from the date of October 2011. It is exclusively secured on all the wind mills of the Company.

c) ₹ Nil (Previous year ₹ 517.36) is secured by first pari passu charge on all current assets of Company and second pari passu charge on all present and future fixed assets of the Company.

The managing director has also given a personal guarantee to the bank for this facility.

(Amount in ₹ Lacs)

	As at March 31, 2012	As at March 31, 2011
6. DEFERRED TAX LIABILITIES (NET)		
DEFERRED TAX LIABILITIES		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	**1,076.52**	1,116.85
Others	**3.71**	12.29
Gross deferred tax liability	**1,080.23**	1,129.14
DEFERRED TAX ASSETS		
Provision for doubtful debts, advances and recoverables	**12.64**	38.14
Effect of expenditure debited to profit and loss account in the current year / earlier years but allowable for tax purposes in following years	**44.51**	97.68
Gross deferred tax asset	**57.15**	135.82
Net deferred tax liability	**1,023.08**	993.32
7. PROVISIONS		
NON-CURRENT		
Provision for gratuity	**35.66**	75.43
	35.66	75.43
CURRENT		
Provision for leave benefits	**66.98**	144.46
Provision for gratuity	**14.24**	–
Provision for income tax (net of advances tax)	**–**	4.53
Provision for derivative contract	**14.74**	68.84
Proposed equity dividend	**239.28**	–
Provision for tax on proposed equity dividend	**38.82**	–
	374.06	217.83
8. OTHER LONG-TERM LIABILITIES		
Interest free deposits		
From customers	**20.10**	22.70
From staff	**22.77**	76.06
	42.87	98.76

(Amount in ₹ Lacs)

	As at March 31, 2012	As at March 31, 2011
9. SHORT-TERMS BORROWINGS		
Working capital loan from bank (secured)*		
Loan from body corporate (unsecured)	**3,305.04**	5,972.50
Loan from director (unsecured)	**133.54**	–
	100.61	–
	3,539.19	5,972.50

*Working Capital loans from banks are secured by first pari passu charge on all current assets of the Company, both present & future, including 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. The managing director has also given a personnel guarantee to the bank for this facility. The working capital loans are repayable on demand and carry interest @ 11.8 % p.a.

10. OTHER CURRENT LIABILITIES

	As at March 31, 2012	As at March 31, 2011
Trade payables (refer note 31 for details of dues to micro and small enterprises)	**1,276.68**	4,028.91
Other liabilities		
Current maturities of long-term borrowings (note 5)	**749.30**	1,253.89
Current maturities of deposits (note 5)	**49.50**	49.75
Interest accrued but not due on borrowings	**13.20**	37.96
Interest accrued and due on working capital loan	**–**	40.70
Advance from customers	**13.80**	65.95
[Investor education and protection fund will be credited by following amounts (as and when due)]		
Unpaid dividend	**129.63**	211.50
Interest free deposits from staff	**4.19**	12.41
PF and ESI payable	**14.62**	29.24
CST/VAT and other payable	**78.23**	58.96
Service tax payable	**–**	5.54
WCT payable	**–**	0.71
TDS payable	**14.91**	26.43
	1,067.38	1,793.04

11. TANGIBLE AND INTANGIBLE FIXED ASSETS

(Amount in ₹ Lacs)

TANGIBLE FIXED ASSETS

	Freehold Land	Leasehold Land	Leasehold Improvement	Building	Plant & Machinery	Furniture & Fixtures	Office Equipment	Vehicles	Total	Previous Year
GROSS BLOCK										
At April 1, 2011	**13.76**	**69.28**	**19.49**	**1,843.71**	**18,473.59**	**43.33**	**199.42**	**581.68**	**21,244.26**	17,862,.02
Additions	–	–	–	32.67	1,274.18	0.96	28.88	51.03	1,387.72	3,419.86
Disposals	–	–	–	8.23	–	–	–	18.02	26.25	37.62
Transfer pursuant to demerger scheme	–	22.11	0.38	321.07	2,615.74	26.98	120.48	275.30	3,382.06	0.00
At March 31, 2012	**13.76**	**47.17**	**19.11**	**1,547.08**	**17,132.03**	**17.31**	**107.82**	**339.39**	**19,223.67**	21,244.26
DEPRECIATION										
At April 1, 2011	**–**	**11.68**	**19.49**	**464.82**	**6,470.50**	**22.69**	**88.47**	**156.13**	**7,233.78**	5,968.83
Charge for the year	–	1.93	–	49.08	1,137.31	0.72	12.29	29.97	1,231.30	1,287.15
Disposals	–	–	–	2.38	–	–	–	11.13	13.51	22.20
Transfer pursuant to demerger scheme	–	6.47	0.38	177.58	1,213.96	13.60	50.31	59.92	1,522.22	0.00
At March 31, 2012	**–**	**7.14**	**19.11**	**333.94**	**6,393.85**	**9.81**	**50.45**	**115.05**	**6,929.35**	7,233.78
NET BLOCK										
At March 31, 2012	**13.76**	**40.03**	**–**	**1,213.14**	**10,738.18**	**7.50**	**57.37**	**224.34**	**12,294.32**	**14,010.48**
At March 31, 2011	13.76	57.60	–	1,378.89	12,003.09	20.64	110.95	425.55	14,010.48	11,893.19

Intangible Fixed Asset

	Software
GROSS BLOCK	
At April 1, 2011	**55.30**
Purchase	–
Transfer in pursuance of Demerger Scheme	55.30
At March 31, 2012	**–**
AMORTISATION	
At April 1, 2011	**32.38**
Charge for the year	–
Transfer in pursuance of Demerger Scheme	32.38
At March 31, 2012	–
Net Block	
At March 31, 2012	–
At March 31, 2011	22.92

(Amount in ₹ Lacs)

	As at March 31, 2012	As at March 31, 2011

12. NON-CURRENT INVESTMENTS

Trade investments		
Unquoted equity instruments		
Investment in subsidiary		
Nil (previous year 4.99 lacs) equity shares of ₹ 1.00 each in Orient Refractories Limited**	**–**	4.99
Investments in equity instruments (quoted)		
4.99 lacs (previous year Nil) equity shares of ₹ 1.00 each in Orient Refractories Limited**	**4.99**	–
Non-trade investments		
Government securities (unquoted)		
7 years National Savings Certificates*	**0.27**	0.27
	5.26	5.26

*Certificates pledged with Sales Tax Authorities ₹ 0.27 lacs (previous year ₹ 0.27 lacs)

**With effect from April 1, 2011, Orient Refractories Limited has ceased to be the subsidiary of the Company (refer note 27 for details).

13. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Non Current		
Capital advances	**–**	1,233.31
Advances recoverable in cash or kind	**233.11**	294.47
Other loans and advances		
MAT credit entitlement	**322.00**	265.00
Prepaid expenses	**65.56**	50.11
Loans and advances to employees	**–**	15.21
Security deposits (interest free)	**16.42**	63.91
Security deposits (interest bearing)	**–**	61.13
Advance income-tax (net of provision for tax)	**535.24**	530.86
Advance fringe benefit tax (net of provision for FBT)	**4.07**	4.07
	1,176.40	2,518.07
Current		
Advances recoverable in cash or kind	**99.33**	157.15
Loans and advances to related parties	**54.74**	9.32
Other loans and advances		
Security deposits	**–**	9.90
Prepaid expenses	**22.35**	27.79
Loans and advances to employees	**–**	19.83
Balance with statutory/government authorities	**82.05**	192.22
	258.47	416.21
Loans and advances due by directors or other officer, etc.		
Loans and advances to related party include		
Due From Orient Refractory Limited (ORL) in which the Company's managing director is a member (refer note 33)	**54.74**	–
Advance to Subsidiary	**–**	9.32

(Amount in ₹ Lacs)

	As at March 31, 2012	As at March 31, 2011
14. OTHER ASSETS		
Non current		
Non current bank balances (refer note 17)	**16.60**	62.61
Interest accrued on non current bank balances and security deposits	**4.02**	9.27
Surrender value of Keyman Insurance Policies	**11.43**	18.52
	32.05	90.40
Current		
Surrender value of Keyman Insurance Policies	**–**	18.47
Export benefits recoverable	**8.42**	379.69
Unbilled revenue	**54.48**	–
Mark to market value of derivative instrument	**165.55**	–
	228.45	398.16
Less: Provision for doubtful export benefits receivable	**1.84**	33.00
	226.61	365.16
15. INVENTORIES		
Raw materials (including goods in transit ₹ 64.91 lacs, Previous year ₹ 94.02 lacs) (refer note 20)	**1,365.61**	2,972.49
Work-in-progress (refer note 21)	**729.84**	1,230.09
Finished goods (refer note 21)	**1,351.52**	2,631.85
Traded goods (refer note 21)	**–**	157.93
Waste	**123.11**	40.59
Stores and spares (including goods in transit ₹ 37.34 lacs, Previous year ₹ Nil)	**1,146.94**	1,259.22
	4,717.02	8,292.17
16. TRADE RECEIVABLES (UNSECURED UNLESS OTHERWISE STATED)		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	**18.78**	–
Unsecured, considered good	**4.45**	271.47
Considered doubtful	**37.13**	114.82
	60.36	386.29
Provision for doubtful receivables	**37.13**	114.82
(A)	**23.23**	271.47
Others receivables		
Considered good	**2,850.18**	6,800.44
(B)	**2,850.18**	6,800.44
	2,873.41	7,071.91
17. CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with banks		
- Current accounts	**37.72**	84.14
- Unpaid dividend accounts	**129.63**	211.50
Post office savings bank account	**–**	0.10
Cash on hand	**5.72**	7.92
Cheque in hand	**2.91**	–
	175.98	303.66
Other bank balances		
Margin money deposits*	**16.60**	62.61
Fixed deposit receipts	**9.23**	11.42
	25.83	74.03
Amount disclosed under non-current asset (refer note 14)	**(16.60)**	(62.61)
	9.23	11.42
	185.21	315.08

*Margin money deposits are given against the bank guarantees given to various customers and government authorities.

(Amount in ₹ Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011

18. REVENUE FROM OPERATIONS

Sales of products		
Finished goods	**16,838.85**	34,488.77
Traded goods	**–**	3,628.37
Sale of power	**824.13**	410.35
Sale of services	**–**	547.12
Other operating revenue		
Sale of waste	**697.81**	492.96
Revenue from operations (gross)	**18,360.79**	39,567.57
Less: Excise duty*	**1,647.16**	2,978.60
Revenue from operations (net)	**16,713.63**	36,588.97

* Excise duty on sales amounting to ₹ 1,647.16 lacs (Previous year ₹ 2,978.60) has been reduced from sales in statement of profit and loss and excise duty on increase in stock amounting to ₹ 55.87 lacs (previous year ₹ 91.36) has been considered as expense in note 23 of financial statements.

Details of finished goods sold		
Grains	**12,632.44**	8,731.01
Refractories	**–**	18,927.86
Monolithics	**1,525.81**	5,614.82
Calcined products	**2,674.05**	1,206.65
Others	**6.55**	8.43
	16,838.85	34,488.77
Details of traded goods sold		
Spray/Ramming mass	**–**	2,839.70
Others	**–**	788.67
	–	3,628.37
Details of services rendered		
Refractory management services	**–**	547.12
	–	547.12

19. OTHER INCOME

Interest income		
From banks	**2.13**	4.46
From others	**2.13**	5.84
Exchange difference (net)	**–**	73.30
Bad debts recovered (earlier written off)	**0.36**	2.76
Increase in surrender value of Keyman Insurance Policies	**4.76**	5.03
Profit on sale of assets	**48.61**	–
Export incentive	**2.30**	255.44
Royalty income	**–**	31.01
Miscellaneous income	**61.69**	12.30
	121.98	390.14

(Amount in ₹ Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
20. COST OF RAW MATERIAL AND COMPONENTS CONSUMED		
Inventory at the beginning of the year	**2,972.49**	2,803.43
Purchases	**5,399.87**	12,347.86
	8,372.36	15,151.29
Less: transferred pursuant to demerger scheme (refer note 27)	**(1,844.46)**	–
Less: Sales	**–**	(185.48)
Less: Inventory at the end of the year	**(1,365.61)**	(2,972.49)
Cost of raw materials and components consumed	**5,162.29**	11,993.32
Details of raw material and components		
Raw materials and components consumed		
Bauxite	**1,755.62**	1,647.83
Alumina	**2,759.56**	3,957.49
Zirconia	**377.55**	1,240.16
Others	**269.56**	5,147.84
	5,162.29	11,993.32
Details of closing inventory of raw material and components		
Bauxite	**999.45**	1,149.79
Alumina	**357.82**	896.95
Zirconia	**–**	391.46
Others	**8.34**	534.29
	1,365.61	2,972.49
21. INCREASE/(DECREASE) IN INVENTORIES		
Inventories at the end of the year		
Work-in-progress	**729.84**	1,230.09
Finished goods	**1,351.52**	2,631.85
Traded goods	**–**	157.93
Waste	**123.11**	40.59
	2,204.47	4,060.46
Inventories at the beginning of the year		
Work-in-progress	**1,230.09**	1,051.25
Finished goods	**2,631.85**	1,532.69
Traded goods	**157.93**	131.95
Waste	**40.59**	52.96
	4,060.46	2,768.85
Less: Transferred pursuant to scheme of demerger		
Work-in-progress	**722.70**	–
Finished goods	**1,484.23**	–
Traded goods	**157.93**	–
	2,364.86	–
	1,695.60	2,768.85
Increase in inventories	**508.87**	1,291.61
Details of purchase of traded goods		
Spray/Ramming mass	–	2,806.57
Others	–	709.64
	–	3,516.21
Details of Inventory		
Traded goods		
Spray/Ramming mass		82.85
Others		75.08
	–	157.93
Finished Goods		
Grains	**864.32**	480.16
Monolithics	**16.18**	281.13
Calcined products	**471.02**	629.11
Refractories	**–**	1,241.45
	1,351.52	2,631.85

(Amount in ₹ Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
22. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	**1,009.59**	2,652.28
Contribution to provident and other fund	**92.38**	157.73
Gratuity expense (refer note 33)	**20.89**	76.55
Staff welfare expenses	**56.22**	169.03
	1,179.08	3,055.59
23. OTHER EXPENSES		
Consumption of stores and spare parts	**1,850.74**	2,634.32
Power and fuel	**4,977.86**	5,068.48
Job work and processing charges	**–**	706.96
Freight and forwarding expenses	**49.49**	776.35
Rent	**16.37**	47.41
Repairs and maintenance		
Plant and machinery	**228.34**	313.86
Buildings	**80.61**	139.86
Others	**8.25**	10.50
Insurance	**24.47**	50.01
Packing expenses	**166.96**	667.37
Rates and taxes, excluding taxes on income	**96.10**	14.58
Commission on sales (other than sole selling agents)	**14.89**	415.56
Cash discount on sales	**4.21**	5.67
Other selling expenses	**5.18**	55.79
Travelling and conveyance	**32.67**	139.58
Vehicle running and maintenance	**39.71**	55.45
Communication expenses	**9.00**	51.64
Donation expenses	**2.00**	3.56
Printing and stationery	**10.14**	25.71
Legal and professional fees	**82.51**	155.85
Auditor's remuneration (refer details below)	**11.94**	22.52
Directors fees	**1.15**	2.75
Exchange difference (net)	**14.24**	–
Provision for doubtful debts and advances	**–**	74.33
Provision for doubtful export incentives recievables	**–**	33.00
Provision for loss on derivative contracts	**–**	14.06
Loss on sale of fixed assets	**–**	0.80
Increase in excise duty on closing stock	**55.87**	91.36
Miscellaneous expenses	**73.68**	102.95
	7,856.38	11,680.28
Payment to auditor		
As auditor		
- Audit fee	**5.25**	12.69
- Limited review	**5.75**	7.75
In other capacity		
- Certification	**–**	0.44
Out of pocket expenses	**0.94**	1.64
	11.94	22.52
24. FINANCE COSTS		
Interest	**489.18**	600.11
Charges on derivative instruments	**122.36**	97.71
Bank charges	**46.27**	86.06
	657.81	783.88

25. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Net profit for calculation of basic and diluted EPS	**914.05**	4,683.51
Weighted average number of equity shares in calculating basic and diluted EPS (no. in lacs)	**1,196.39**	1,196.39
Basic and diluted earning per share (₹)	**0.76**	3.91

26. SEGMENT INFORMATION

Business Segments

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

A description of the types of products and services provided by each reportable segment is as follows:

Fused Aluminium Oxide Grains 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 were being captively consumed by the refractory division till the demerger of refractory devision.

Refractories and Monolothics manufacture various types of continuos casting and slide gate refractories, low cement castables etc, which are mainly consumed in steel plants. The segment 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 and Greece etc. Post demerger of refractory undertaking, this segment does not produce slide gate and refractories and does not have any exports.

Power Generation segment – The Company has a thermal power plant and a furnace oil based power plant with capacity of 9MW each. The electricity from these power plants is meant for captive consumption by the manufacturing division at Porbandar (Fused aluminium oxide grain).

The Company has also set up windmills of total power generation capacity of 11.1 MW. The power generated by these windmills is sold to the respective state power distribution companies.

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 i.e India and Outside India. 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

The following table presents revenue and profit information regarding business segments for the years ended March 31, 2012 and March 31, 2011 and certain assets and liability information regarding business segments at March 31, 2012 and March 31, 2011.

(Amount in ₹ Lacs)

PRIMARY SEGMENTS REPORTING (BY BUSINESS SEGMENTS)

Segment Revenue, Results and Other Information

Particulars	Fused Aluminum Oxide Grains Including Calcined Products		Refractories & Monolithics		Power Generation		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
REVENUE								
External Sales (net of Excise duty)	**14,496.63**	9,456.96	**1,392.87**	26,721.66	**824.13**	410.35	**16,713.63**	36,588.97
Other Income (net, where applicable)	**3.50**	8.48	**0.74**	341.97	**60.00**	–	**64.24**	350.45
Inter Segment Sales	**–**	3,617.90	**–**	10.39	**3,950.93**	3,459.46	**3,950.93**	7,087.75
Total Revenue	**14,500.13**	13,083.34	**1,393.61**	27,074.02	**4,835.06**	3,869.81	**20,728.80**	44,027.17
Less : Inter Segment Sale	**–**	3,617.90	**–**	10.39	**3,950.93**	3,459.46	**3,950.93**	7,087.75
Add: Unallocated Corporate Income (net, where applicable)	**–**	–	**–**	–	**–**	–	**57.74**	39.69
Total Revenue	**14,500.13**	9,465.44	**1,393.61**	27,063.63	**884.13**	410.35	**16,835.61**	36,979.11

(Amount in ₹ Lacs)

PRIMARY SEGMENTS REPORTING (BY BUSINESS SEGMENTS)

Segment Revenue, Results and Other Information

Particulars	Fused Aluminum Oxide Grains Including Calcined Products		Refractories & Monolithics		Power Generation		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
SEGMENT RESULTS	**1,287.19**	2,193.96	**23.94**	4,603.92	**673.17**	330.85	**1,984.30**	7,128.73
Less: Corporate Expenses (Net)-(Unallocated)							**(119.40)**	(497.98)
Operating Profit							**1,864.90**	6,630.75
less : Interest Expenses							**(611.54)**	(697.82)
Add : Interest Income							**4.26**	10.30
Profit from Operating Activity							**1,257.62**	5,943.23
less : Taxes							**(343.57)**	(1,259.72)
NET PROFIT AFTER TAX							**914.05**	4,683.51
Segment Assets	**10,693.03**	9,418.86*	**466.43**	13,132.00	**9,260.82**	9,601.72	**20,420.28**	32,152.58
Unallocated Corporate Assets							**1,411.68**	1,313.26
Total Assets	**10,693.01**	9,418.86	**466.43**	13,132.00	**9,260.82**	9,601.72	**21,831.96**	33,465.84
Segment Liabilities	**1,196.66**	890.50*	**53.10**	3,203.90	**196.92**	168.37	**1,446.68**	4,262.77
Unallocated Corporate Liabilities							**7,212.49**	10,832.28
Total Liabilities	**1,196.66**	890.50	**53.10**	3,203.90	**196.92**	168.37	**8,659.17**	15,095.05
Capital Expenditure	**188.63**	467.82	**–**	807.50	**201.95**	2,344.99	**390.58**	3,620.31
Unallocated Corporate Capital Expenditure							**37.83**	59.02
Total Capital Expenditure							**428.41**	3,679.33
Depreciation/Amortisation	**478.88**	429.01	**11.05**	216.78	**729.67**	639.60	**1,219.60**	1,285.39
Unallocated Corporate Depreciation							**11.70**	12.82
Total Depreciation/ Amortisation							**1,231.30**	1,298.21
Other non-cash expenses	**–**	37.13	**–**	84.26	**37.10**	–	**37.10**	121.39

*Includes certain common assets and liabilities at Porbandar unit for both Fused Aluminium oxide grains and Refractories and monolithic segments which cannot be segregated between two segments.

SECONDARY SEGMENT REPORTING (BY GEOGRAPHICAL SEGMENTS)

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

Particulars	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Domestic Market	**16,641.06**	32,508.19
Overseas Markets	**72.57**	4,080.78
Total	**16,713.63**	36,588.97

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

Particulars	**As at March 31, 2012**	As at March 31, 2011
Domestic Market	**2,899.36**	5,697.03
Overseas Markets	**11.18**	1,374.88
Total	**2,910.54**	7,071.91

All other assets (other than trade receivables) used in the Company's business are located in India and are used to cater both the customers (within India and outside India), accordingly the total cost incurred during the period to acquire tangible and intangible fixed assets has not been disclosed.

27. Pursuant to the scheme of arrangement between the Company and Orient Refractories Limited ("ORL" or "transferee company"), the Refractory business of the Company carried at its manufacturing unit at Bhiwadi (demerged undertaking), was transferred to the transferee company with effect from April 01, 2011 (the Appointed Date). The said scheme under Section 391 to 394 of the Companies Act, 1956 has been approved by the Hon'ble High Court of Delhi vide its order dated September 19, 2011 and has been effective from October 31, 2011 ("the effective date"), i.e. date of filing the above order with the Registrar of Companies.

The said scheme provides, inter alia, the transfer of demerged undertaking on a going concern basis to the transferee company in consideration of which, each shareholder of the Company whose name appeared in the register of members of the Company on the record date i.e. November 14, 2011, received one fully paid equity share of face value of ₹1.00 each in the transferee company.

The scheme provides for its basis of transfer of certain specific assets and liabilities and where not specifically provided in the scheme, has authorized the 'Board of Directors' of both the companies to mutually decide through a resolution. In terms of above, following have been done

(i) The book value of assets, liabilities, reserves and surplus (as agreed) of the demerged undertaking as on the Appointed Date has been accounted for as assets and liabilities and reserves in the books of the transferee as on the Appointed Date. Following is the amount of such assets, liabilities and reserves:

(Amount ₹ in Lacs)

Reserves and Surplus	5,833.95
Secured Loans	3,400.00
Deferred Tax Liability (Net)	118.89
Fixed Assets including intangibles (net block)	1,882.80
Capital Work-in-Progress including Capital Advances	568.97
Investments	0.27
Inventories	4,433.58
Sundry Debtors	5,023.72
Cash and Bank Balances	48.67
Other Current Assets	356.25
Loans and Advances	248.57
Current Liabilities	3,106.52
Provisions	103.47

(ii) Loans as identified for the demerged undertaking and transferred to ORL have been recorded in the books of the transferee company.

(iii) Aggregate face value of the new equity shares (1,196.39 lacs shares of ₹ 1.00 each amounting to ₹ 1,196.39 lacs) to be issued by the transferee company to the members of the Company was credited to the share capital account on the Appointed Date by the transferee company. The transferee company in its board meeting dated November 15, 2011 had allotted these shares. In view of the allotment of shares, the Company is no longer the holding Company of the transferee company.

(iv) The employees of the demerged undertaking have been transferred to ORL on their existing terms of employment with the Company.

(v) All contingent liabilities relating to demerged undertaking have been transferred to the transferee company on the Appointed Date.

(vi) Deferred tax liability (net) pertaining to the demerged undertaking and as agreed by the board of directors has been transferred to the transferee company.

The Company was carrying on business of demerged undertaking in trust on behalf of the transferee company for the period from the Appointed Date till the Effective Date.

28. RELATED PARTY DISCLOSURES

Names of Related Parties

A. Parties where control exists
Orient Refractories Limited – Subsidiary Company up to November 15, 2011

B. Individuals holding 20% or more voting rights
Mr. S.G.Rajgarhia (Managing Director)
S.G.Rajgarhia (HUF)

C. Key Management personnel and their relatives

	Name	**Relationship**
1.	Mr. S.G. Rajgarhia	Managing Director
2.	Mrs. Usha Rajgarhia	Wife
3.	Mr. R.K. Rajgarhia	Brother
4.	Ms. Anisha Mittal	Daughter
5.	Ms. Bhavna Rajgarhia	Daughter
6.	S G Rajgarhia (HUF)	HUF
7.	Mr. P.P. Khanna	Executive Director

D. The Enterprises controlled, owned or significantly influenced by key management personnel or their relatives.

1. Perfectpac Ltd.
2. Unifrax India Ltd.
3. Pyramid Abrasives Pvt. Ltd.
4. Hindustan General Industries Ltd.
5. HGI Finance & Leasing Ltd.
6. Rovo Marketing Pvt. Ltd.
7. Madhushree Properties Pvt. Ltd.
8. Orient Coated Pvt. Ltd.
9. Orient Refractories Limited after November 15, 2011

Note:- As individual holding 20% or more voting right is also a key managerial personnel, his relative and transactionsn with relative are covered under Key management personnel, and their relatives.

TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR

(Amount in ₹ Lacs)

Particulars	A. Subsidiary Company		B. An Individual with substantial interest personnel		C. Key Management personnel and their relatives		D. Enterprises owned or significantly influenced by key management personnel, major shareholders or their relatives		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Sales										
Pyramid Abrasives Pvt. Ltd.	–	–	–	–	–	–	**65.29**	71.98	**65.29**	71.98
Unifrax India Ltd.	–	–	–	–	–	–	**12.65**	–	**12.65**	–
Orient Coated Pvt. Ltd.	–	–	–	–	–	–	**27.94**	43.12	**27.94**	43.12
Orient Refractories Ltd.	–	–	–	–	–	–	**3,752.14**	–	**3,752.14**	–
Others	–	–	–	–	–	–	–	3.32	–	3.32
Total Sales	–	–	–	–	–	–	**3,858.02**	118.42	**3,858.02**	118.42
Purchase										
Unifrax India Ltd.	–	–	–	–	–	–	–	17.87	–	17.87
Pyramid Abrasives Pvt. Ltd.	–	–	–	–	–	–	**0.54**	9.14	**0.54**	9.14
Orient Coated Pvt. Ltd.	–	–	–	–	–	–	**0.12**	–	**0.12**	–
Orient Refractories Ltd.	–	–	–	–	–	–	**97.48**	–	**97.48**	–
Total Purchase	–	–	–	–	–	–	**98.14**	27.01	**98.14**	27.01
Packing Expenses										
Perfectpac Ltd.	–	–	–	–	–	–	–	134.11	–	134.11
Commission on sales										
Hindustan General Industries Ltd.	–	–	–	–	–	–	**0.04**	19.10	**0.04**	19.10
Rent paid										
Ms. Bhavna Rajgarhia	–	–	–	–	**17.01**	17.01	–	–	**17.01**	17.01
Mrs. Usha Rajgarhia	–	–	–	–	**6.91**	6.91	–	–	**6.91**	6.91
Madhushree Properties Pvt. Ltd.	–	–	–	–	–	–	**1.80**	1.80	**1.80**	1.80
Total Rent Paid	–	–	–	–	**23.92**	23.92	**1.80**	1.80	**25.72**	25.72
Guarantee Given by										
Mr. S G Rajgarhia	–	–	**8,065.00**	9,200.00	–	–	–	–	**8,065.00**	9,200.00
Financial Expenses:										
Rovo Marketing Pvt. Ltd.	–	–	–	–	–	–	**24.65**	0.62	**24.65**	0.62
Mr. S.G Rajgarhia	–	–	–	0.32	–	–	–	–	–	0.32
Mr. P P Khanna	–	–	**0.77**	–	–	–	–	–	**0.77**	–
Total	–	–	**0.77**	0.32	–	–	**24.65**	062	**25.42**	0.94
Dividend paid to :										
Mr. S. G. Rajgarhia	–	–	–	355.70	–	–	–	–	–	355.70
S. G. Rajgarhia (HUF)	–	–	–	–	–	160.31	–	–	–	160.31
Mrs. Usha Rajgarhia	–	–	–	–	–	131.63	–	–	–	131.63
Ms. Anisha Mittal	–	–	–	–	–	264.62	–	–	–	264.62
Ms. Bhavna Rajgarhia	–	–	–	–	–	164.46	–	–	–	164.46
Rovo Marketing Pvt. Ltd.	–	–	–	–	–	–	–	0.30	–	0.30
HGI Finance & Leasing Ltd.	–	–	–	–	–	–	–	2.19	–	2.19
Others	–	–	–	–	–	181.90	–	–	–	181.90
Total	–	–	–	355.70	–	902.92	–	2.49	–	1,261.11
***Managerial Remuneration:**										
Mr. S G Rajgarhia	–	–	**54.28**	171.99	–	–	–	–	**54.28**	171.99
Mr. P P Khanna	–	–	–	–	**54.63**	48.93	–	–	**54.63**	48.93
Total	–	–	**54.28**	171.99	**54.63**	48.93	–	–	**108.91**	220.92

TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR

(Amount in ₹ Lacs)

Particulars	A. Subsidiary Company		B. An Individual with substantial interest personnel		C. Key Management personnel and their relatives		D. Enterprises owned or significantly influenced by key management personnel, major shareholders or their relatives		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Salaries, Wages and Bonus										
Mrs. Usha Rajgarhia	–	–	–	–	**1.32**	1.32	–	–	**1.32**	1.32
Ms. Anisha Mittal	–	–	–	–	**16.33**	23.71	–	–	**16.63**	23.71
Total	–	–	–	–	**17.65**	25.03	–	–	**17.65**	25.03
Directors Fees										
Mr. R K Rajgarhia	–	–	–	–	**0.60**	0.80	–	–	**0.60**	0.80
Unsecured Loan taken:										
Rovo Marketing Pvt. Ltd.	–	–	–	–	–	–	**1,545.19**	–	**1,545.19**	–
Mr. P P Khanna	–	–	**100.61**	–	–	–	–	–	**100.61**	–
Mr. S G Rajgarhia	–	–	–	100.00	–	–	–	–	–	100.00
Total	–	–	**100.61**	100.00	–	–	**1,545.19**	–	**1,645.80**	100.00
Short Term Borrowings Repaid										
Rovo Marketing Pvt. Ltd.	–	–	–	–	–	–	**1,411.65**	280.00	**1,411.65**	280.00
Mr. S G Rajgarhia	–	–	–	100.00	–	–	–	–	–	100.00
Total	–	–	–	100.00	–	–	**1,411.65**	280.00	**1,411.65**	380.00
Trade receivables										
Pyramid Abrasives Pvt. Ltd.	–	–	–	–	–	–	**26.35**	–	**26.35**	–
Orient Coated Pvt. Ltd.	–	–	–	–	–	–	**6.28**	27.33	**6.28**	27.33
Orient Refractories Ltd.	–	–	–	–	–	–	**42.81**	–	**42.81**	–
Total	–	–	–	–	–	–	**75.44**	27.33	**75.44**	27.33
Trade Payables										
Mr. S. G. Rajgarhia	–	–	**20.56**	126.83	–	–	–	–	**20.56**	126.83
Mrs. Usha Rajgarhia	–	–	–	–	**0.26**	0.19	–	–	**0.26**	0.19
Ms. Anisha Mittal	–	–	–	–	**2.82**	3.01	–	–	**2.82**	3.01
Mr. P. P. Khanna	–	–	–	–	**5.86**	5.53	–	–	**5.86**	5.53
Hindustan General Industries Ltd.	–	–	–	–	–	–	**0.04**	1.72	**0.04**	1.72
Perfectpac Ltd.	–	–	–	–	–	–	–	21.17	–	21.17
Unifrax India Ltd.	–	–	–	–	–	–	–	5.31	–	5.31
Total	–	–	**20.56**	126.83	**8.94**	8.73	**0.04**	28.20	**29.54**	163.76
Short term borrowings										
Rovo Marketing Pvt. Ltd.	–	–	**133.54**	–	–	–	–	–	**133.54**	–
Mr. P. P. Khanna	–	–	**100.61**	–	–	–	–	–	**100.61**	–
Total Loans	–	–	**234.15**	–	–	–	–	–	**234.15**	–
Investments made in Subsidiary	–	4.99	–	–	–	–	–	–	–	4.99
Other Advances (Gratuity Recoverable)**	–	–	–	–	–	–	**54.74**	–	**54.74**	–
Reimbursement of Expenses	–	9.32	–	–	–	–	–	–	–	9.32
Recoverable from Subsidiary	–	9.32	–	–	–	–	**181.54**	–	**181.54**	9.32

Notes:

1. 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.
2. * 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.

**Maximum amount outstanding during the year ₹ 54.74 lacs (March 31, 2011:- ₹ Nil). There is no repayment schedule in respect of this loan. It is repayable on demand (refer note no. 33).

		(Amount in ₹ Lacs)	
		March 31, 2012	March 31, 2011
29.	Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of capital advances ₹ Nil lacs, Previous year ₹ 1,183.61 lacs)	–	268.51
30.	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 (note A below)	**2,289.52**	1,756.69
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. (Transfer to ORL under De-Merger Scheme)	–	85.48
v)	Demand for payment of royalty (note B below)	**3,809.46**	1,289.07
v)	Cases pending with Labour Courts #	(Amount unascertainable)	

* In view of decision already in favour of Company by the District Court (Civil Court, Senior Division, Porbandar) and based on discussion 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) Demand raised by the Income tax authorities relate to the following matters:

(i) The Company has a thermal power plant at Porbandar to meet the energy needs of its abrasives grains division (AGD) at Porbandar. 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 financial 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 favor 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 year 2009-10, ITAT has decided the cases in respect of years 2001-02, 2003-04, 2004-05, 2005-06, and 2006-07 in favor of Company. Again, regarding above orders of ITAT, the department has filed an appeal with the Hon'ble High Court. Further during the previous year, the Company received demand in respect of the financial year 2007-08 against which the Company filed an appeal with CIT(A). During the year, the Company received re-assessment order in relation to financial year 2002-03 where assessing officer has disallowed the deduction. The Company has filed an appeal against the same. Further, the Company has also received CIT (A) order in relation to 2007-08 allowing the deduction. The department has appealed against this order with ITAT. Also assessment order in relation to financial year 2008-09 has been received during the year, again denying the benefit. The Company has preferred an appeal against this order. Aggregate amount involved in relation to all these years is ₹ 1,988.73 lacs. The 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.

(ii) The assessing officer has treated surrender value of keyman insurance policy income on accrual basis and added the same to taxable income with respect to financial year 2002-03 and 2008-09. Amount involved is ₹ 27.45 lacs.

(iii) The assessing officer has disallowed unrealized foreign exchange loss in respct of years 2007-08 and 2008-09 treating the same to be of capital nature. The Company has appealed against the same and it has been decided in its favour by CIT(A). Amount involved is ₹ 113.54 lacs.

(iv) The Company had claimed notional loss on account of derivative transaction with respect to year 2008-09, which was later on disallowed by the Company by way of revising its return. The assessing officer has accepted the Company's revised return, however, initiated penalty proceedings. Amount involved is ₹ 159.79 lacs.

(B) (i) The Company on the basis of current status of the cases and advice obtained from legal counsel is confident that there would not be any probable outflow of resources in this matter.

(ii) The Company has also received various demands for payment of differential royalty on Raw bauxite dispatched from the company owned mines. The amount involved is ₹ 1,289.07 lacs. As the company has disputed this demand, it has also paid ₹100 lacs as deposit. Further the company based on legal advice is of view that no provision is necessary for the present demand.

During the year, the Company has received various demands from Geology and Mining Department, for payment of royalty on difference between quantity of raw bauxite dispatched from the company owned mines as per the its records and as computed by the department. The amount involved is ₹ 2,520.39 lacs.

The Company has disputed this demand and has filed an appeal with the appropriate authority. Further, based on legal advice, the company is of the view that no provision for the same is required as of now.

31. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 **(Amount in ₹ lacs)**

No.	**Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006**	**March 31, 2012**	March 31, 2011
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
	Principal Amount Unpaid	**–**	22.79
	Interest Due	**–**	–
(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	**–**	–
	Interest Paid beyond the Appointed Date	**–**	–
(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.	**–**	–
(iv)	The amount of interest accrued and remaining unpaid at the end of the year and	**–**	–
(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	**–**	–

32. DISCONTINUING OPERATIONS **(Amounts in ₹ Lacs)**

The demerger of refractory undertaking has been done for the purpose of better, efficient and economical management, control and operation of the businesses of the Company and for a focused strategy and independent planning and growth of the different businesses and also to keep one business free from the regulatory or economic constraints faced by the other.

The carrying amounts of the total assets and liabilities disposed of are as follows

Particulars	As at March 31, 2012	As At March 31, 2011
Total assets	–	12,625.26
Total liabilities	–	(6,790.93)
Net assets	–	5,834.33

The amounts of revenue, expenses pre-tax profits and the income tax expense related thereto in respect of the ordinary activities attributable to the discontinuing operation.

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Total Revenue (Net of excise duty)	–	25,190.16
Total Expenses	–	21,153.18
Profit before Taxation	–	4,036.88
Less: Total Tax expense	–	(1,351.79)
Profit after Tax	–	2,685.08

The amounts of estimated net cash flows attributable to the discontinuing operation are as follows

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Net Cash from Operating Activities	–	2,086.18
Net cash (used in) Investing Activities	–	(864.56)
Net Cash (used in) Financing Activities	–	982.16
Net cash inflows / (outflows)	–	2,203.78

For the purpose of segment disclosure, the refractory undertaking has been disclosed as a part of the refractory and monolothics division.

33. 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 statement of profit and loss and the funded status and amounts recognized in the balance sheet for the Gratuity

Profit and Loss account
Net employee benefit expense (recognised in Employee Cost)

Particulars	March 31, 2012	March 31, 2011
Current service cost	**21.12**	33.49
Interest cost on benefit obligation	**29.19**	39.82
Expected return on plan assets	**(28.76)**	(39.38)
Net actuarial (gains) / loss recognised in the year	**(0.14)**	42.62
Past service cost	–	–
Net benefit expense	**21.41**	76.55

Balance Sheet
Details of provision for Gratuity

(**Amount in ₹ Lacs)**

Particulars	March 31, 2012	March 31, 2011
Defined benefit obligation	**342.99**	591.82
Fair value of plan assets	**293.09**	(516.38)
Deficit	**49.90**	75.43
Less: Unrecognised Past service cost	**–**	–
Plan asset / (liability)	**49.90**	75.43

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

Particulars	March 31, 2012	March 31, 2011
Defined benefit obligation as at the beginning of the year	**591.81**	504.06
Transferred pursuant to demerger scheme	**(248.28)**	–
Interest cost	**29.19**	39.82
Past service cost		–
Current service cost	**21.12**	33.49
Benefits paid	**(50.71)**	(31.57)
Actuarial (gains) / losses on obligation	**(0.14)**	46.01
Defined benefit obligation as at the end of the year	**342.99**	591.81

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

Particulars	March 31, 2012	March 31, 2011
Fair value of plan assets as at the beginning of the year	**516.38**	425.78
Transferred pursuant to demerger scheme	**(216.64)**	–
Expected return on plan assets	**28.76**	39.38
Contributions by employer	**70.04**	79.39
Benefits paid	**(50.71)**	(31.56)
Other adjustments*	**(54.74)**	
Actuarial gains / (losses)	**–**	3.39
Fair value of plan assets as at end of the year	**293.09**	516.38

The Company expects to contribute ₹ 58.67 lacs to gratuity in the next year (previous year ₹ 21.81 lacs).

*This amount has been erroneously transferred to ORL in excess of the amount required to be transferred under demerger scheme. The same has been disclosed as receivable from ORL under other current assets.

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

Particulars	March 31, 2012	March 31, 2011
Investments with insurer - Insurance policy with Life Insurance Corporation of India	**100%**	100%

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

Particulars	March 31, 2012 (% ' age)	March 31, 2011 (% ' age)
Discount rate	**8.50**	7.90
Increase in compensation cost	**7.60**	7.00
Expected rate of return on plan assets	**9.30**	9.25
Employee turnover – Age Group		
Up to 30 years	**3**	3
31 – 44 years	**2**	2
Above 44 years	**1**	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 ₹ Lacs)**

Particulars	**March 31, 2012**	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined benefit obligation	**342.99**	591.81	504.06	402.92	378.80
Plan assets	**293.09**	516.38	425.78	336.65	313.33
Surplus / (deficit)	**(49.90)**	(75.43)	(78.28)	(66.27)	(65.47)
Experience adjustments on plan liabilities (loss)/gain	**(0.14)**	(46.01)	(24.68)	(46.55)	–
Experience adjustments on plan assets (loss)/gain	**–**	3.39	1.65	(1.07)	–

Contribution to Defined Contribution Plans

Particulars	**March 31, 2012**	March 31, 2011
Provident Fund	**71.52**	120.16

34. 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.

35. The Company has taken various residential, office and warehouse premises and plant and machinery under operating lease agreements. These are 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 ₹ 29.23 lacs (previous year ₹ 47.41 lacs).

36. DERIVATIVE INSTRUMENT AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Forward and Derivative Contract Outstanding as at Balance Sheet date

Particulars	Currency	March 31, 2012	March 31, 2011	Purpose
Sell	USD	**–**	1,000,000	Hedge of Debtors/expected future sales
Cross Currency Coupon only swap with call	USD	**3,500,000**	4,000,000	To hedge the interest rate and currency risk by switching its floating USD interest rate liability with a fixed INR interest rate liability for a specific period of time and required national amounts.
Interest and cross currency swap	JPY	**–**	94,339,623	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 national amount
Interest accrued but not due	JPY	**–**	4,663,819	This amount represent interest accured but not due on above foreign currency loans.
	USD	**21,306**	71,033	

(Amount in ₹ Lacs)

Particulars of Unhedged Foreign Currency Exposure at the Balance Sheet Date

Particulars	Currency	March 31, 2012			March 31, 2011		
		Foreign currency	Rate	Amount	Foreign currency	Rate	Amount
Trade payables	USD	–	–	–	222,984	45.14	
	EURO	–	–	–	85,729	63.99	54.86
	GBP	–	–	–	11,406	72.90	8.32
Term loans	USD	–	–	–	600,000	45.14	
Interest accrued but not due	USD	–	–	–	2,675	45.14	1.21
Trade receivables	USD	**22,000**	**50.84**	**11.18**	919,245	44.23	406.58
	EURO	–	–	–	1,477,499	62.36	
	GBP	–	–	–	66,111	70.99	46.93

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

Particulars	March 31, 2012	March 31, 2011
Personnel Expenses		
Salaries, Wages and Bonus	**56.54**	64.82
Contribution to Provident and other funds	**2.81**	2.95
Workmen and Staff Welfare Expenses	**4.72**	4.52
Manpower expenses	**1,286.94**	886.12
Operating and Other Expenses		
Consumption of Stores and Spares	**0.62**	0.85
Rent	**0.48**	0.36
Rates & Taxes	**20.75**	10.13
Royalty on Raw Bauxite (On dispatch to factory)	**55.42**	40.91
Insurance	**0.22**	0.19
Legal and Professional Fees	**99.52**	42.92
Vehicle Running & Maintenance	**4.69**	5.54
Repairs and Maintenance :		
- Plant & Machinery (excluding Stores & Spares Consumed)	**0.03**	0.02
- Buildings	**0.36**	0.36
- Others	**0.33**	0.29
Travelling & Conveyance	**8.37**	5.55
Printing and Stationery	**4.68**	1.43
Communication cost	**1.23**	1.59
Bank Charges	**0.33**	0.44
Miscellaneous Expenses	**41.28**	5.14
Total	**1,589.32**	1,074.13

38. SUPPLEMENTARY STATUTORY INFORMATION

38.1 EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Exports at F.O.B. Value	**72.56**	4,080.78
Royalty	**–**	31.01
Total	**72.56**	4,111.79

38.2 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS) **(Amount in ₹ Lacs)**

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Travelling	**1.67**	10.24
Interest	**65.67**	173.10
Legal and professional fees	**–**	21.80
Commission	**1.50**	188.82
Others	**–**	19.42
Total	**68.84**	413.38

38.3 VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Raw Materials	**57.83**	1,908.82
Stores and Spares	**334.07**	406.69
Capital Goods	**101.04**	8.04
Goods purchased for resale	**–**	73.80
Total	**492.94**	2,397.35

39. IMPORTED AND INDIGENOUS RAW MATERIALS, STORES AND SPARES CONSUMED

Particulars	% of total consumption For the year ended		Value For the year ended	
	March 31, 2012	March 31, 2011	**March 31, 2012**	March 31, 2011
Raw Materials				
Indigenous*	**99.43**	81.04	**5,133.19**	9,719.64
Imported	**0.57**	18.96	**29.10**	2,273.68
Total	**100.00**	100.00	**5,162.29**	11,993.32
Stores and Spares				
Indigenous	**77.47**	84.62	**1,433.72**	2,229.21
Imported	**22.53**	15.38	**417.02**	405.11
Total	**100.00**	100.00	**1,850.74**	2,634.32

* Includes direct expenses as stated in note 37.

40. The assets of ₹ 323 lacs (Previous year ₹ 265 lacs) recognized by the Company as 'MAT Credit Entitlement Account' under 'Loans and Advances' represents that portion of MAT liability, which can be recovered and set off in subsequent years based on provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize MAT credit assets. The management is confident that no losses are expected in this regard.

As per our report of even date

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

per Vikas Mehra
Partner
Membership No. 94421

Place: Gurgaon
Date : May 29, 2012

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) ANKUSH GAUTAM (COMPANY SECRETARY)

Place : Delhi
Date : May 29, 2012

ORIENT ABRASIVES LIMITED

Regd. Office : 1307, Chiranjiv Tower, 43, Nehru Place, New Delhi - 110 019

PROXY FORM

I/We .... of

.... in the district of

.... being member/s of the

above named company hereby appoint ....

of .... in the district of ....

or failing him .... of .... in the

district of .... as my/our proxy to attend and vote for me/us and on my/our behalf at the Forty First Annual General Meeting of the Company to be held on Monday, the 24th day of September, 2012 at 11.00 A.M. and at any adjournment thereof.

Signed this .... day of ....

Signature ....

Folio No. / DP ID No. and Client ID No.* ....

No. of shares held ....

Affix Revenue Stamp

Note : The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting.

* Applicable in case of Shares held in electronic mode.

Tear Here

ORIENT ABRASIVES LIMITED

Regd. Office : 1307, Chiranjiv Tower, 43, Nehru Place, New Delhi - 110 019

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Hall.

I hereby record my presence at the Forty First Annual General Meeting of the Company held at Hindi Bhawan, 11, Vishnu Digambar Marg (Near Bal Bhawan), New Delhi 110 002 on Monday, the 24th day of September, 2012 at 11.00 A.M.

Full Name of the Member (in Block Letters) ....

Full Name of Proxy, if applicable ....

Folio No. / DP ID No. and Client ID No.* ....

No. of Shares held ....

* Applicable in case of Shares held in electronic mode.

Signature of Member/Proxy

PLEASE NOTE NO GIFT / GIFT COUPONS SHALL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING

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