

*2nd*  
*Annual Report*  
*2011-12*

**ORIENT REFRACTORIES LIMITED**

## **ORIENT REFRACTORIES LIMITED**

---

### **BOARD OF DIRECTORS**

Mr. R K Rajgarhia, Chairman  
Mr. A K Jain  
Mr. K K Thirani  
Mr. P P Khanna  
Mr. R S Bajoria  
Mr. S G Rajgarhia, Managing Director  
Mr. S C Sarin, Executive Director

### **BANKERS**

HDFC Bank  
State Bank of India

### **AUDITORS**

S.R. Batliboi & Co.

### **REGISTERED OFFICE**

1307, Chiranjiv Tower  
43, Nehru Place  
New Delhi-110 019  
email : info@orlindia.com  
web site : www.orientrefractories.com

### **REGISTRAR & TRANSFER AGENT**

Skyline Financial Services Pvt. Ltd.  
D-153 A, 1st Floor,  
Okhla Industrial Area, Phase - I,  
New Delhi - 110 020

### **WORKS**

SP – 148, RIICO Industrial Area  
Bhiwadi, Dist.-Alwar  
Rajasthan  
e-mail : bhiwadi@orlindia.com

### **CONTENTS**

<b>Particulars</b>	<b>Page No.</b>
Notice of Annual General Meeting	1
Directors' Report	4
Management Discussion & Analysis Report	8
Corporate Governance Report	10
Auditors' Report	19
Balance Sheet	22
Profit & Loss Account	23
Cash Flow Statement	24
Notes to Financial Statements	25

# ORIENT REFRACTORIES LIMITED

---

## NOTICE

Notice is hereby given that the SECOND annual general meeting of the members of Orient Refractories Limited will be held at Hindi Bhawan, 11, Vishnu Digambar Marg (Near Bal Bhawan), New Delhi 110 002 on Tuesday, September 25, 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 R S Bajoria who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr A K Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To confirm the interim dividend already paid by the Company for the financial year ended March 31, 2012.
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 an **Ordinary Resolution**

**“RESOLVED THAT** Mr. P P Khanna who was appointed as an additional director by the board of directors on January 09, 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.”

for **Orient Refractories Limited**

New Delhi  
August 11, 2012

Sanjay Kumar  
Company Secretary

### NOTES

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 (“Act”) in respect of the business under Item No. 6 above, is annexed hereto. The relevant details as required by clause 49 of the listing agreements entered into with the stock exchanges, of persons seeking appointment/ re-appointment as directors under Item Nos. 2, 3 and 6 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 SHARE TRANSFER BOOK OF THE COMPANY WILL BE CLOSED FROM TUESDAY, SEPTEMBER 18, 2012 TO TUESDAY, SEPTEMBER 25, 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.

## **ORIENT REFRACTORIES LIMITED**

---

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. As you may be aware that the Ministry of Corporate Affairs of Government of India (MCA) has introduced "Green Initiatives in Corporate Governance" by allowing paperless compliances by the Companies i.e service of any document can be made through electronic mode.

Keeping in view the underlying spirit and pursuant to the said initiative of MCA, your Company proposes to send all future communications and / or documents viz. Notices, Annual Reports and other Shareholders information in electronic form through e-mail. Hence, the members are requested to register their e-mail address with the Company's Registrar & Share Transfer agent quoting your folio numbers in case you held shares in physical form or to your Depository Participants (DP) in case you held shares in Electronic Form i.e. in Demat Account, quoting your DP ID/Client ID. Please note that the said documents shall be uploaded on the website of the company [www.orientrefractories.com](http://www.orientrefractories.com) for your ready reference.

Further please note that as a member of the Company, you are always entitled to request and receive free of cost a copy of the annual report of the Company and other documents in accordance with the provisions of the Companies Act, 1956.

We are sure that you will whole-heartedly support this initiative of Greener Environment and co-operate with the Company to make it success.

9. 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**

Mr P P Khanna was appointed as an additional director *w.e.f.* January 09, 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 recommends his appointment as a director.

None of the director except Mr. P P Khanna himself is interested or concerned in the resolution.

for **Orient Refractories Limited**

**New Delhi**  
**August 11, 2012**

Sanjay Kumar  
**Company Secretary**

## ORIENT REFRACTORIES LIMITED

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

Particulars	Mr. R S Bajoria	Mr. A K Jain	Mr. P P Khanna
<b>Date of Birth</b>	May 17,1943	May 01,1948	April 3,1939
<b>Date of Appointment</b>	October 18, 2011	October 18, 2011	January 09, 2012
<b>Qualifications</b>	B.Com.	B.E.	B.Sc., BE, AMIE
<b>Expertise in specific functional areas</b>	Wide experience in Rubber Industry	Wide experience in Textile & Industrial Gases Industries	Wide experience in setting up manufacturing plants
<b>Directorships held in other public companies</b> (excluding foreign companies and section 25 companies)	<ul style="list-style-type: none"> <li>• Orient Abrasives Ltd.</li> <li>• Farseen Rubber Industries Ltd.</li> <li>• Rajputana Investment &amp; Finance Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Hotz Industries Ltd.</li> <li>• Triumph Industries Ltd.</li> <li>• Triumph Engineering Ltd.</li> <li>• Triumph Properties Ltd.</li> <li>• Durant Refrigeration Ltd.</li> <li>• Securities One India Ltd.</li> <li>• Invest One India Ltd.</li> <li>• RTC Restaurants (India) Ltd.</li> <li>• Lifeline Pharmacies India Ltd.</li> <li>• Sbarro Restaurants (India) Ltd.</li> <li>• Refron Valves Ltd.</li> <li>• H D Café Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Orient Abrasives Ltd.</li> </ul>
<b>Memberships/ Chairmanships of committees of other public companies</b> (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	<b>Audit Committee-</b> <ul style="list-style-type: none"> <li>• Orient Abrasives Limited (Member)</li> </ul>	Nil	Nil
<b>Number of shares held in the Company</b>	Nil	Nil	498,610

# **ORIENT REFRACTORIES LIMITED**

---

## **DIRECTORS' REPORT**

*Dear Members*

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

### **OPERATIONS REVIEW AND FUTURE OUTLOOK**

Your Company was incorporated on November 26, 2010. The Hon'ble High Court of Delhi, vide its order dated September 19, 2011 sanctioned a Scheme of Demerger ("the Scheme") between Orient Abrasives Limited ("OAL") and Orient Refractories Limited ("the Company"), pursuant to which the refractory division of OAL was demerged and transferred to the Company with effect from commencement of business on April 1, 2011 i.e. Appointed Date under the Scheme. The Scheme became effective from October 31, 2011.

The financial results for the year ended March 31, 2012 are for the business transferred to 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 ₹ 30,041.61 Lacs including export income of ₹ 4,612.16 Lacs. The gross profit and net profit for the year under review are ₹ 4,583.67 Lacs and ₹ 3,080.93 Lacs respectively.

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

### **DIVIDEND**

Your Company has already paid an interim dividend of ₹ 1.00 per share (i.e. 100%) on May 10, 2012. The board of directors does not propose any final dividend this year and the interim dividend already paid be treated as final dividend.

### **CAPITAL STRUCTURE**

#### **PAID-UP CAPITAL**

In accordance with the Scheme of Demerger 119,639,200 equity shares of ₹ 1.00 each fully paid up were issued and allotted to the shareholders of OAL on November 15, 2011, as per the entitlement ratio of 1:1, i.e. each shareholder of OAL whose name appeared in the register of members of the OAL on the record date i.e. November 14, 2011, received one fully paid equity share of face value of ₹ 1.00 each in the Company.

The paid-up capital as at March 31, 2012 stands at ₹ 1,201.39 Lacs comprising of 120,139,200 equity shares of ₹ 1.00 each fully paid up.

#### **LISTING OF EQUITY SHARES**

The equity shares of your Company were listed and admitted for trading on Bombay Stock Exchange (BSE) w.e.f. March 09, 2012 and National Stock Exchange of India Limited (NSE) w.e.f. March 12, 2012.

#### **FIXED DEPOSIT**

During the year your Company has not accepted any fixed deposits from the public.

#### **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.

## **ORIENT REFRACTORIES LIMITED**

---

### **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 R S Bajoria and Mr A K Jain 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.

During the year Mr. P P Khanna was appointed as additional director of your Company and holds office upto ensuing annual general meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member, proposing the candidature of Mr. P P Khanna as director.

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.

### **CODE OF CONDUCT**

Your 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 October 18, 2011. It is available on the website of the Company [www.orientrefractories.com](http://www.orientrefractories.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.

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

The Company has 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 high degree of safety and carries lowest credit risk.

## **ORIENT REFRACTORIES LIMITED**

---

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

Information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, as required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, is given in **Annexure-A** and forms part of this report.

### **PARTICULARS OF EMPLOYEES**

Particular of remuneration paid to the employees as required to be disclosed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are set out in **Annexure- B** attached hereto and form part of this report.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

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

### **CORPORATE GOVERNANCE**

A separate section on corporate governance is attached to this report as **Annexure-D**. 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-E**. 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-F**.CEO/CFO certificate is enclosed as **Annexure-G**.

### **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**  
**August 11, 2012**

**R K Rajgarhia**  
**Chairman**



# ORIENT REFRACTORIES LIMITED

## 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 minimize its wastage. To ensure minimum consumption of energy for a given level of production, operating parameters of production have been standardized. Insulation materials are also being used to avoid energy loss.

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

#### Form A

#### Disclosure of Particulars with respect to Conservation of Energy

(₹ in Lacs)

A. Power and fuel consumption		2011-12
1.	<b>Electricity</b>	
(a)	<b>Purchased</b>	
	Unit (in lacs)	84.86
	Total amount (₹in lacs)	424.37
	Rate/unit(₹)	5.00
(b)	<b>Own generation</b>	
	Through diesel generator set	
	Unit (in lacs)	7.35
	Units per ltr. of diesel oil	3.39
	Cost/unit	10.54
2.	<b>LDO/FO/C9/HSD</b>	
	Quantity (Kilo ltr.)	1696.44
	Total cost (₹in lacs)	583.62
	Average/Kilo ltr. (₹)	34403
3.	<b>PET COKE</b>	
	Quantity (MT)	1082.58
	Total Cost (₹in lacs)	117.00
	Average/MT.(₹)	10808
4.	<b>LPG</b>	
	Quantity (MT)	167.68
	Total cost (₹ in lacs)	98.78
	Average/MT.(₹)	58909
<b>B. Consumption per unit of production</b>		
	Electricity (Units)	528
	LDO/FO/C9/Ltr.	97.11
	PET COKE (MT)	61.97
	LPG(MT)	9.60

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

<b>Earnings</b>	4621.60
<b>Outgo</b>	3573.61

## ORIENT REFRACTORIES LIMITED

### ANNEXURE-B

STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

Sr. No.	Name of Employee	Age	Designation	Remuneration ₹ (Gross)	Qualification & Experience in yrs.	Date of Commencement of employment	Particulars of Last Employment held Name/ Designation/ Experience
<b>A. Employed throughout the year and in receipt of remuneration in aggregate of not less than ₹ 6,000,000/-.</b>							
1.	Mr. S G Rajgarhia	65 yrs.	Managing Director	6,857,238	B. Tech(Hons.) S.M.(MIT) 41 years	October 18, 2011	Orient Abrasives Ltd./ Managing Director/ 41 years
<b>B. Employed for part of the year and in receipt of remuneration of not less than ₹ 500,000/- per month. NIL</b>							
<ol style="list-style-type: none"><li>1. Remuneration as above includes salary, contribution to provident fund, perquisites &amp; allowances and commission on sales at the limits approved by the members.</li><li>2. Mr S G Rajgarhia is a relative of Mr R K Rajgarhia, director of the Company.</li><li>3. Employment is contractual.</li><li>4. Mr S G Rajgarhia is also Managing Director of Orient Abrasives Limited.</li></ol>							

### ANNEXURE-C

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### GENERAL REVIEW

Orient Refractories Limited is among the elite Indian producers of refractories and monolithics for the steel industry. Its consistent quality and developmental initiatives has facilitated a large customer base, within the country and across the world, making it the preferred choice for people looking for quality and service.

### BUSINESS DIVISIONS/SEGMENTS

The product range includes (a)Isostatically pressed continuous casting Refractories (b)Slide gate Refractories (c)Metering, Flying and Fixed Tundish Nozzles (d)Bottom Purging Refractories and Top Purging Lances for Steel Ladles (e)Precast Shapes and Blocks (f)Slag Arresting Darts for Converters (g)Basic Spray Mass for Tundish Working Lining(h)Blast Furnace Trough Castable for Main Trough, Metal and Rocking Runners (i)Conventional, Low Cement and Ultra Low Cement Castables, etc. All these products are made to suit the casting conditions and grade of steel being cast and are a result of an intensive research and development effort by the company. To reinforce quality and development of products, the Company has an in-house research and development facility that is recognized by the Government of India.

The Company also has a well trained group of technical personnel at plant and customer sites to address all customers' technical and commercial needs as it has a large base of customers to whom it provides total refractory management services.

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

### FINANCIALS OF SEGMENTS

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

## **ORIENT REFRACTORIES LIMITED**

---

### **BUSINESS ENVIRONMENT**

Industrial growth has been weak and volatile and has trended downwards for several quarters and despite RBI's recent decision to reduce reference rates by 0.5%, there are no signs that growth will recover in the near term. Meanwhile, high fiscal and current account deficits, high inflation and depreciating Rupee are major concerns for the economy. The outlook for 2012-13 is uncertain.

### **INDUSTRY STRUCTURE, DEVELOPMENTS, OPPORTUNITIES, THREATS, RISKS AND CONCERNS AND FUTURE OUTLOOK**

Your Directors continue to be optimistic about future of the Steel Industry both in India and abroad and envisage that going forward, there will be a great thrust on "Clean Metal" and thus the demand for specialized refractories produced by your Company will continue to grow barring unforeseen circumstances. Your Directors however continue to be concerned about steep increases in cost including manufacturing, selling and employees. Other areas of concern are scarcity of raw-materials and steep fluctuation in foreign exchange. As usual, all these factors would continue to be monitored closely and necessary measures will be taken as and when required.

Entire revenue of your Company is earned from steel manufacturers and in the event demand for steel and other derivative products reduces performance of the Company can be adversely affected.

### **ADEQUACY OF INTERNAL CONTROLS**

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly.

The internal control system is designed to ensure that the financial and other records are reliable to prepare financial statements and other data and for maintaining accountability of assets.

### **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.

### **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.

### **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.***

**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**

- (i) As on March 31, 2012, the Company has seven directors with a non-executive chairman and an executive managing director. Of the seven directors, five are non-executive directors and four are independent directors. The composition of the board is in conformity with clause 49 of the listing agreements entered into with the stock exchanges.
- (ii) None of the directors on the board are members of more than ten committees or chairman of more than five committees across all the public companies in which they are directors. Necessary disclosures regarding committee positions in other public companies as on March 31, 2012 have been made by the directors.
- (iii) The names and categories of the directors on the board, their attendance at board meetings held during the year and the number of directorships and committee chairmanships/memberships held by them in other companies are given herein below. Other directorships do not include 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 November 11, 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	7	7	Yes	2	2	1	0
Mr. S G Rajgarhia (Managing Director)	Executive, Promoter	7	7	Yes	0	5	0	1
Ms. Anisha Mittal <sup>1</sup>	Non-Executive	4	4	N.A.	0	0	0	0
Mr. S C Sarin <sup>2</sup>	Executive	4	4	No	0	0	0	0
Mr. K K Thirani <sup>2</sup>	Non-Executive, Independent	4	4	No	0	5	0	0
Mr. A K Jain <sup>2</sup>	Non-Executive, Independent	4	4	No	0	12	0	0
Mr. R S Bajoria <sup>2</sup>	Non-Executive, Independent	4	4	No	0	3	0	0
Mr. P P Khanna <sup>3</sup>	Non-Executive, Independent	2	2	N.A.	0	1	0	0

- 1. Resigned on October 18, 2011.
- 2. Appointed as additional director on October 18,2011 and regular director at last AGM held on November 11,2011.
- 3. Appointed as additional director on January 09,2012

## ORIENT REFRACTORIES LIMITED

- (iv) Seven 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; June 22, 2011; July 30, 2011; October 18, 2011; November 15, 2011; January 09, 2012 and February 9, 2012.

The necessary quorum was present for all the meetings.

- (v) None of the non-executive directors except Mr. R K Rajgarhia and Mr. P P Khanna have any material pecuniary relationship or transactions with the Company. Mr R K Rajgarhia's and Mr. P P Khanna's pecuniary relationship to the Company are limited to the extent of their shareholding in the Company and the sitting fees received by them. Mr. R K Rajgarhia 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 29 of the annual report.

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

Name of the Director	No. of shares	% age of Share Capital
Mr R K Rajgarhia	600,766	0.50
Mr P P Khanna	498,610	0.42

- (vi) The Company has not issued any convertible instruments.
- (vii) The code of conduct adopted *w.e.f.* October 18, 2011 is being followed by all concerned. The code has been put on the Company's website.
- (viii) During the year 2011-12, information as mentioned in Annexure 1 to clause 49 of the listing agreement has been placed before the board for its consideration.

### 3. AUDIT COMMITTEE

- (i) The audit committee of the Company was constituted on November 15, 2011 in line with the provisions of clause 49 of the listing agreement entered into with the stock exchanges read with Section 292A of the Companies Act, 1956.
- (ii) The broad terms of reference of audit committee are
- to review the un-audited financial results and the internal audit reports;
  - to suggest internal control measures after discussion with the internal auditors;
  - to oversee their implementation;
  - to review the annual financial statements with the management,
  - to recommend appointment of auditors and
  - other matters as provided in the clause 49 of the listing agreement.

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

- (iii) The audit committee invites such of the representatives of the statutory auditors and the internal auditors to be present at its meetings. The company secretary acts as the secretary to the audit committee.
- (iv) The previous annual general meeting of the Company was held on November 11, 2011 and was not attended by Mr K K Thirani, Chairman of the audit committee.
- (v) The composition of the audit 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 K K Thirani (Chairman)	Independent, Non-executive	2	2
Mr A K Jain	Independent, Non-executive	2	2
Mr R S Bajoria	Independent, Non-executive	2	2

- (vi) During the year two audit committee meetings were held on November 15, 2011 and February 09, 2012. The necessary quorum was present at these meetings.

## ORIENT REFRACTORIES LIMITED

### 4. REMUNERATION COMMITTEE

- (i) The remuneration committee of directors was constituted on October 18, 2011.
- (ii) The composition of the remuneration 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 K K Thirani (Chairman)	Independent, Non-executive	1	1
Mr A K Jain	Independent, Non-executive	1	1
Mr R S Bajoria	Independent, Non-executive	1	1

- (iii) One meeting of the remuneration committee was held during the year on October 18, 2011.
- (iv) The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) to its managing director and executive director and commission (variable component) only to its managing director. The Company pays for sitting fees to its non-executive directors for attending meetings of board / committees of the board except share transfer committee.
- (v) The members have at the 1<sup>st</sup> annual general meeting of the Company on November 11, 2011 approved remuneration being paid to managing director and executive director *w.e.f.* October 18, 2011. The commission paid to managing director is decided each year by the board of directors. The Company also reimburses the out-of-pocket expenses incurred by the directors for attending the meetings.
- (vi) The Company doesn't have any stock option scheme for its employees or directors.
- (vii) Details of the remuneration/sitting fees for the year ended March 31, 2012

#### (a) Non-Executive Directors

(in ₹)

Name	Sitting Fees
Mr R K Rajgarhia	40,000
Mr. K K Thirani	15,000
Mr. A K Jain	15,000
Mr R S Bajoria	40,000
Mr P P Khanna	10,000

#### (b) Managing Director and Executive Director

(in ₹)

Name	Salary	Benefits Perquisites and Allowances	Commission	Contribution to PF	Total
Mr S G Rajgarhia (Managing Director)	681,452	533,710	5,560,302	81,774	6,857,238
Mr S C Khanna (Executive Director)	926,774	726,002	0	111,210	1,763,986

### 5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

- (i) The committee was constituted on November 15, 2011.
- (ii) The Company has a shareholders/investors grievance committee of directors to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, etc.
- (iii) One meeting of the shareholders/investors grievance committee was held during the year on November 15, 2011.

## ORIENT REFRACTORIES LIMITED

- (iv) 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. K K Thirani	Independent, Non-executive	1	1
Mr. A K Jain	Independent, Non-executive	1	1

- (V) **Name, designation and address of the Compliance Officer**

Mr. Sanjay Kumar  
 Company Secretary  
 Orient Refractories Limited  
 1307, Chiranjiv Tower  
 43, Nehru Place  
 New Delhi – 110 019  
 Phone : 011-46425400  
 Fax : 011-26443859  
 E-mail : [cssanjay@orlindia.com](mailto:cssanjay@orlindia.com)

- (vi) 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	0	0	0

- (vii) 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/e-mail id or to those of the Registrar.

- (viii) 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@orlindia.com](mailto:investor@orlindia.com)

## 6. GENERAL BODY MEETING

- (i) Annual General Meeting

Details	Date	Time	Venue	Special Resolutions
1 <sup>st</sup> Annual General Meeting	November 11, 2011	11.00 A.M.	1307, Chiranjiv Tower 43, Nehru Place, New Delhi - 110 019	1. Appointment of Mr S G Rajgarhia Managing Director of the Company for a period of 5 years w.e.f. October 18, 2011 and fix his remuneration and 2. Appointment of Mr S C Sarin as Whole Time Director of the Company for a period of 5 years w.e.f. October 18, 2011 and fix his remuneration

- (ii) Statutory meeting held on June 24, 2011 at 11.00 a.m. at the registered office of the Company.
- (iii) No postal ballot was conducted during the year 2011-12.
- (iv) At the ensuing 2<sup>nd</sup> annual general meeting to be held on September 25, 2012 no resolution is proposed to be passed by postal ballot.



## ORIENT REFRACTORIES LIMITED

---

### 7. DISCLOSURES

- (i) 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 29 (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.
- (ii) 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**.
- (iii) The Company at present does not have a whistle blower mechanism in place. However it may implement such a mechanism in future.
- (iv) 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.

### 7. MEANS OF COMMUNICATION OF FINANCIAL STATEMENTS ETC., NEWSPAPERS WHERE PUBLISHED.

- (i) Quarterly financial statements are normally published in the Economic Times, Business Standard and Navbharat Times;
- (ii) The results are made available to the individual members through e-mail/courier/fax on specific request;
- (iii) the results are also sent to the institutional investors/financial analysts on request;
- (iv) The financial results are also available on the Company's website – [www.orientrefractories.com](http://www.orientrefractories.com);;
- (v) The Company does not send half year financial reports to the members individually and
- (vi) Management Discussion and Analysis Report forms an integral part of the Directors' Report.

### 8. CEO/CFO CERTIFICATION

Mr S G Rajgarhia, Managing Director and Mr M K Gupta, Senior General Manager 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.

### 9. GENERAL SHAREHOLDER INFORMATION

#### (i) Annual General Meeting

Date	:	September 25, 2012
Time	:	11:00 A.M.
Venue	:	Hindi Bhawan, 11, Vishnu Digambar Marg (Near Bal Bhawan), New Delhi – 110 002

#### (ii) Financial Calendar

Year ending	:	March 31
AGM	:	Last week of September

#### Quarterly results

1 <sup>st</sup> quarter ended on June 30, 2012	:	on or before August 15, 2012
2 <sup>nd</sup> quarter ended on September 30, 2012	:	on or before November 15, 2012
3 <sup>rd</sup> quarter ended on December 31, 2012	:	on or before February 15, 2013
4 <sup>th</sup> quarter ended on March 31, 2013	:	on or before May 15, 2013

- (iii) **Date of Book Closure/Record Date** : from Tuesday, September 18, 2012 to Tuesday, September 25, 2012 (both days inclusive)

- (iv) **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

#### (v) Stock Codes/Symbol

National Stock Exchange of India Limited	:	ORIENTREF
BSE Limited	:	534076

Listing fees as applicable have been paid.



## ORIENT REFRACTORIES LIMITED

(vi) **Corporate Identification Number (CIN) of the Company**

: U28113DL2010PLC210819

(vii) **Market Price Data**

The equity shares of the Company were listed and admitted for trading on Bombay Stock Exchange (BSE) w.e.f. March 09, 2012 and National Stock Exchange of India Limited (NSE) w.e.f. March 12, 2012.

Monthly High, Low and number of trades during each month of the last financial year 2011-12 on National Stock Exchange of India Limited and BSE Limited along with comparison with Nifty Midcap 50 and BSE Sensex:

Month	National Stock Exchange of India Limited					BSE Limited				
	Orient Refractories Ltd.			Nifty MidCap 50		Orient Refractories Ltd.			Sensex	
	High (₹)	Low (₹)	Total Number of Shares Traded	High	Low	High (₹)	Low (₹)	Total Number of Shares Traded	High	Low
MARCH, 2012	28.70	23.40	745,570	2418.80	2212.15	30.90	23.35	424,138	18,040.69	16,920.61

(viii) **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 : 011-26812682,83,30857575 (10 Lines)

Fax : 011-30857562

E-mail : admin@skylinerta.com,  
grievances@skylinerta.com

Website : www.skylinerta.com

(ix) **Share Transfer System**

Transfer of shares is 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.

(x) **Shareholding as on March 31, 2012**

(a) Distribution of equity shareholding as on March 31, 2012

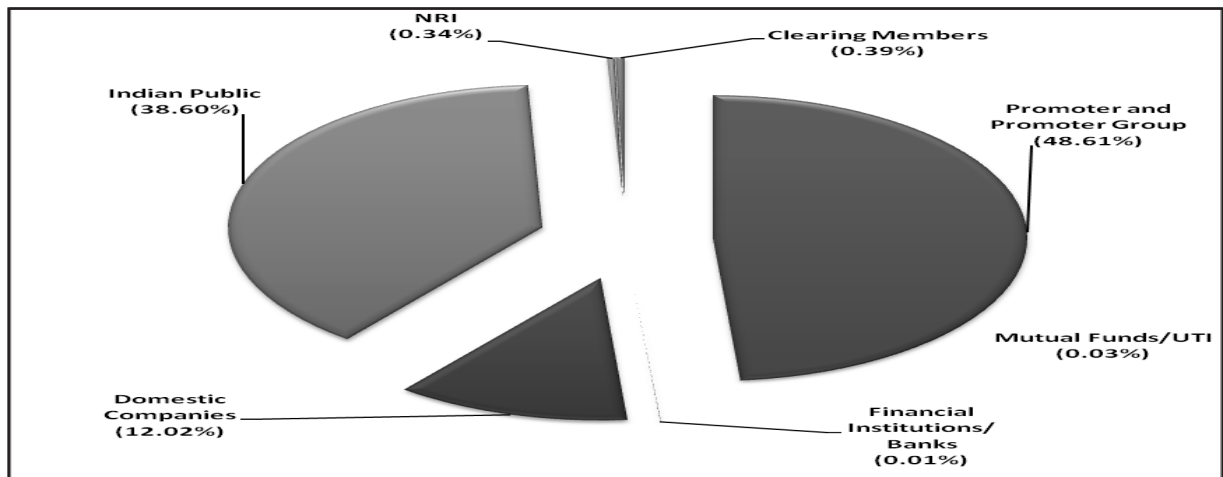
Number of shares	Shareholders number	% age of total number	Shares			Total Shares	% age
			Physical	NSDL	CDSL		
1-5,000	6,343	50.49	74,817	790,577	397,100	1,262,894	1.05
5,001-10,000	2,045	16.27	456,430	1,015,024	384,506	1,855,960	1.54
10,001-20,000	1,902	15.13	968,281	2,012,941	504,944	3,486,166	2.90
20,001-30,000	390	3.10	123,450	742,429	194,336	1,060,215	0.88
30,001-40,000	612	4.87	582,100	1,482,956	312,460	2,377,516	1.98
40,001-50,000	175	1.39	24,920	526,181	287,165	838,266	0.70
50,001-100,000	536	4.26	530,480	2,949,630	591,923	4,072,033	3.39
100,001-above	564	4.49	4,500,940	97,033,082	3,652,528	105,186,150	87.55
<b>GRAND TOTAL</b>	<b>12,567</b>	<b>100.00</b>	<b>7,261,418</b>	<b>106,552,820</b>	<b>6,324,962</b>	<b>120,139,200</b>	<b>100.00</b>

## ORIENT REFRACTORIES LIMITED

(b) Categories of equity shareholders as on March 31, 2012

Category	Number of Shareholders	Number of shares held	Percentage of holding
<b>A. Promoter and Promoter Group</b>			
- Individual/HUF	8	57,600,546	47.94
- Bodies Corporate	3	564,980	0.47
- Trust	1	231,000	0.19
<b>Total (A)</b>	<b>12</b>	<b>58,396,526</b>	<b>48.61</b>
<b>B. Public Shareholding</b>			
- Mutual Funds/UTI	1	33,500	0.03
- Financial Institutions/Banks	4	7,000	0.01
- Bodies Corporate	349	14,446,414	12.02
- Individuals			
(a) Nominal share capital up to ₹ 1 Lakh	11,227	12,205,648	10.16
(b) Nominal share capital in excess of ₹ 1 Lakh	450	32,246,418	26.84
- Any Other			
(a) NRI	165	405,390	0.34
(b) HUF/AOPs	335	1,924,022	1.60
(c) Clearing Members	24	474,282	0.39
<b>Total (B)</b>	<b>12,555</b>	<b>61,742,674</b>	<b>51.39</b>
<b>GRAND TOTAL (A + B)</b>	<b>12,567</b>	<b>120,139,200</b>	<b>100.00</b>

Shareholding Pattern



(xi) **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 93.96% 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 **INE743M01012**.

(xii) **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.

## ORIENT REFRACTORIES LIMITED

---

(xiii) **Plant Location**

SP – 148, RIICO Industrial Area  
Bhiwadi, Dist Alwar  
Rajasthan.

(xiv) **Address for correspondence**

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

Telephone : +91 11 46425400  
Fax : +91 11 26443859  
e-mail : investor@orlindia.com  
website : www.orientrefractories.com

---

### ANNEXURE-E

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

TO THE MEMBERS OF  
**ORIENT REFRACTORIES LIMITED**

We have examined the compliance of conditions of corporate governance by **ORIENT REFRACTORIES 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**  
**August 11, 2012**

Naresh Verma  
FCS 5403, CP 4424

---

### ANNEXURE-F

#### 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 Refractories Limited**

**New Delhi**  
**August 11, 2012**

S G Rajgarhia  
**Managing Director**

**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 Refractories Limited**

**New Delhi**  
**August 11, 2012**

**S G Rajgarhia**  
**Managing Director**

**M K Gupta**  
**Senior General Manager**

# ORIENT REFRACTORIES LIMITED

---

## AUDITORS' REPORT

To

### The Members of Orient Refractories Limited

1. We have audited the attached balance sheet of Orient Refractories 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, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on March 31, 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 No. 301003E

Chartered Accountants

per Vikas Mehra

Partner

Membership No.: 94421

**Place: Gurgaon**

**Date : May 12, 2012**

## **ORIENT REFRACTORIES LIMITED**

---

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

Re: [Orient Refractories 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 have not been physically verified by the management during the year but there is a regular programme of verification 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) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (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) The Company has not accepted any deposits from the public
- (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 account 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 the manufacture of refractory, monolithic, and ceramic paper 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.

## ORIENT REFRACTORIES LIMITED

---

- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial period.
- (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.
- (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 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 No. 301003E

Chartered Accountants

per Vikas Mehra

Partner

Membership No.: 94421

**Place : Gurgaon**

**Date : May 12, 2012**

# ORIENT REFRACTORIES LIMITED

## BALANCE SHEET AS AT MARCH 31, 2012

(Amount in ₹ Lacs)

	Notes	As at March 31, 2012	As at March 31, 2011
<b>EQUITIES AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUND</b>			
Share Capital	3	1,201.39	5.00
Reserves and Surplus	4	6,303.60	(9.32)
		<u>7,504.99</u>	<u>(4.32)</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability (NET)	5	159.41	–
Long-term provisions	6	33.11	–
		<u>192.52</u>	<u>–</u>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	7	1,273.67	–
Trade payables	8	3,425.60	9.31
Other current liabilities	8	199.19	–
Short-term provisions	6	1,698.68	–
		<u>6,597.14</u>	<u>9.31</u>
<b>Total</b>		<u>14,294.65</u>	<u>4.99</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Tangible assets	9	2,698.04	–
Intangible assets	9	11.87	–
Capital work-in-Progress		22.56	–
Non-current investments	10	0.57	–
Long-term loans and advances	11	66.72	–
Other non current assets	12	86.42	–
		<u>2,886.18</u>	<u>–</u>
<b>CURRENT ASSETS</b>			
Inventories	13	4,563.26	–
Trade receivables	14	5,884.28	–
Cash and bank balances	15	132.28	4.99
Short-term loans and advances	11	264.93	–
Other current assets	12	563.72	–
		<u>11,408.47</u>	<u>4.99</u>
<b>Total</b>		<u>14,294.65</u>	<u>4.99</u>

### 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 Refractories Limited**

S. G. Rajgarhia  
MANAGING DIRECTOR

R. K. Rajgarhia  
CHAIRMAN

S. C. Sarin  
EXECUTIVE DIRECTOR

Manoj Gupta  
SR. GENERAL MANAGER

Savita Valecha  
COMPANY SECRETARY

**Place : Gurgaon  
Date : May 12, 2012**

**Place : New Delhi  
Date : May 12, 2012**



# ORIENT REFRACTORIES LIMITED

## STATEMENT OF PROFIT & LOSS ACCOUNT 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
<b>INCOME</b>			
Revenue from operations (GROSS)	16	32,095.49	—
Less : Excise duty		2,053.88	—
Revenue from operations (NET)		30,041.61	—
Other Income	17	430.76	—
<b>TOTAL REVENUE (I)</b>		<b>30,472.37</b>	<b>—</b>
<b>EXPENSES</b>			
Cost of raw material and components consumed	18	12,919.94	—
Purchase of traded goods		4,548.21	—
Increase in inventories	19	(336.21)	—
Employee benefits expenses	20	2,317.82	—
Other expenses	21	5,754.59	9.32
Finance costs	22	387.76	—
Depreciation and amortization expense	9	296.59	—
<b>TOTAL EXPENSES (II)</b>		<b>25,888.70</b>	<b>9.32</b>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>4,583.67</b>	<b>(9.32)</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>4,583.67</b>	<b>(9.32)</b>
<b>TAX EXPENSE</b>			
Current tax		1,462.22	—
Deferred tax		40.52	—
Total tax expense		1,502.74	—
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>3,080.93</b>	<b>(9.32)</b>
<b>EARNINGS PER EQUITY SHARE</b>	23	<b>2.56</b>	<b>(1.86)</b>
(Nominal value of share ₹ 1.00)			
Basic and diluted			
<b>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>	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 Refractories Limited

S. G. Rajgarhia  
MANAGING DIRECTOR

R. K. Rajgarhia  
CHAIRMAN

S. C. Sarin  
EXECUTIVE DIRECTOR

Manoj Gupta  
SR. GENERAL MANAGER

Savita Valecha  
COMPANY SECRETARY

Place : Gurgaon

Date : May 12, 2012

Place : New Delhi

Date : May 12, 2012

# ORIENT REFRACTORIES LIMITED

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

(Amount in ₹ Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	4,583.67	(9.33)
Adjustments for:		
Depreciation/amortisation	296.59	—
Unrealised foreign exchange loss	10.86	—
Interest expense	344.42	—
Provision for doubtful debts and advances	38.22	—
Provision for doubtful export incentives receivables	12.93	—
Loss on sale/discard of fixed assets and capital work in progress (net)	11.27	—
Interest income	(7.76)	—
<b>Operating profit before working capital changes</b>	<b>5,290.20</b>	<b>(9.33)</b>
Movements in working capital:		
(Increase) in trade receivables	(896.43)	—
(Increase) in inventories	(129.68)	—
(Increase) loans and advances	(83.08)	—
Decrease in other assets	(235.81)	—
Increase in current liabilities and provisions	528.84	9.32
Cash generated from/(used in) operations	4,474.04	(0.01)
Direct taxes paid (net of refund)	(1,272.56)	—
<b>Net cash from/(used in) operating activities (A)</b>	<b>3,201.48</b>	<b>(0.01)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Amount invested in Fixed Deposit	(71.01)	—
Amount invested in NSC	(0.30)	—
Purchase of fixed assets	(628.27)	—
Proceeds from sale of fixed assets	39.71	—
Interest received	7.76	—
<b>Net cash (used in) Investing Activities (B)</b>	<b>(652.11)</b>	<b>—</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	—	5.00
Interest paid	(344.42)	—
Repayment from Short- term borrowings (net)	(2,126.33)	—
<b>Net cash (used in)/from financing activities (C)</b>	<b>(2,470.75)</b>	<b>5.00</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>78.62</b>	<b>4.99</b>
Cash and cash equivalents at the beginning of the year	4.99	—
Cash and cash equivalent acquired pursuant to demerger scheme (refer note 25)	48.67	—
<b>Cash and cash equivalents at the end of the year</b>	<b>132.28</b>	<b>4.99</b>
<b>Cash and cash equivalents</b>		
Cash on hand	1.44	—
Balances with banks	130.84	4.99
On current accounts	132.28	4.99

### Notes:

- The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Negative figures have been shown in brackets.
- Assets and liabilities (other than cash) acquired from Orient Abrasives Limited under demerger scheme has not been considered. Also refer note 25.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1

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 Refractories Limited

S. G. Rajgarhia  
MANAGING DIRECTOR

R. K. Rajgarhia  
CHAIRMAN

S. C. Sarin  
EXECUTIVE DIRECTOR

Manoj Gupta  
SR. GENERAL MANAGER

Savita Valecha  
COMPANY SECRETARY

Place: Gurgaon

Date: May 12, 2012

Place: New Delhi

Date: May 12, 2012

# ORIENT REFRACTORIES LIMITED

---

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

### 1. CORPORATE INFORMATION

Orient Refractories Limited ('The Company'), incorporated on November 26, 2010 is engaged in manufacturing, production and distribution of Refractories, Monolithics and Ceramic Paper and have manufacturing facilities in Bhiwadi (Rajasthan), (also refer note 25).

### 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 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%.

## ORIENT REFRACTORIES LIMITED

---

### e) INTANGIBLE ASSETS

Software

Software are 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) BORROWING COSTS

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.

### e) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

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 asset's 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 risks specific to the asset.

### f) LEASES

Where the Company is the lessee

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

### g) INVENTORIES

Inventories are valued as follows:

<b>Raw materials and components</b>	Lower of cost and net realizable value. However, 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 a weighted average basis.
<b>Work-in-progress and finished goods</b>	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. Cost is determined on a weighted average basiss.

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.

### h) INVESTMENTS

Investments, which are readily realizable and intended to be held for not more than a year from the date on which such investments are made, 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.

## **ORIENT REFRACTORIES LIMITED**

---

### **i) 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) INTEREST**

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

#### **iii) INCOME FROM SERVICES**

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

#### **iv) 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.

#### **v) ROYALTY**

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

### **i) FOREIGN CURRENCY TRANSLATION**

#### **(i) INITIAL RECOGNITION**

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

#### **(ii) CONVERSION**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

#### **(iii) EXCHANGE DIFFERENCES**

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Company 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.

### **j) RETIREMENT AND OTHER EMPLOYEE BENEFITS**

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 of the year when the contributions to the respective funds are due.

Gratuity liability is defined obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method made at the end of the financial year.

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

## **ORIENT REFRACTORIES LIMITED**

---

### **k) SEGMENT REPORTING POLICIES**

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 geographical location of the customers.

### **l) INCOME TAXES**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects 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. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent 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.

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 it is no longer reasonable certain or virtually certain, as the case may be, the 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.

### **m) EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

### **n) PROVISIONS**

A provision is recognized when the Company 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 a 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.

### **o) CONTINGENT LIABILITIES**

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. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### **p) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

# ORIENT REFRACTORIES LIMITED

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

(Amount in ₹ Lacs)

	As at March 31, 2012	As at March 31, 2011
<b>3. SHARE CAPITAL</b>		
<b>Authorised</b>		
120,500,000 (Previous period 120,500,000) Equity Shares of ₹ 1.00 each	1,205.00	1,205.00
<b>Issued, subscribed and fully paid share capital</b>		
120,139,200 (Previous period 500,000) Equity Shares of ₹ 1.00 each	1,201.39	5.00
<b>a. Reconciliation of the Equity shares outstanding at the beginning and at the end of reporting period</b>		
<b>At the beginning of the year/period</b>	5.00	-
500,000 (Previous period: nil) Equity Shares of ₹ 1.00 each		
<b>Issued during the year - Equity Shares</b>	1,196.39	5.00
#119,639,200 (previous period: 500,000) equity shares of ₹ 1.00 each		
<b>Outstanding at the year end</b>	1,201.39	5.00
120,139,200 (previous period: 500,000) equity shares of ₹ 1.00 each		
#Represent shares issued for consideration other than cash. Also refer note 25.		

### 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 ₹ 1.00 (Previous period: ₹ Nil)

### c. Shares held by holding company

Out of equity shares issued by the Company shares held by its holding company are as below:

	As at March 31, 2012	As at March 31, 2011
Orient Abrasives Limited (Holding company till Nov 15, 2011) (also, refer note 25)	4.99	4.99
4.99 Lacs (previous period: 4.99 Lacs) equity shares of ₹ 1.00 each fully paid		

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

Equity shares allotted as fully paid-up pursuant to demerger scheme for consideration other than cash (refer note 25)

1,196.39      -

### e. 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 in the class	No. Lacs	% age holding in the class
Mr. S G Rajgarhia	177.86	14.80	-	-
Ms. Anisha Mittal	132.32	11.01	-	-
S G Rajgarhia (HUF)	80.16	6.67	-	-
Ms. Bhavna Rajgarhia	82.24	6.85	-	-
Mrs. Usha Rajgarhia	65.82	5.48	-	-



## ORIENT REFRACTORIES LIMITED

(Amount in ₹ Lacs)

	As at March 31, 2012	As at March 31, 2011
<b>4. RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per the last financial statements	-	-
Add: Reserves transferred from Orient Abrasives Limited on demerger on appointed date (refer note 25)	4,637.56	-
Add: Amount transferred from surplus balance in the statement of profit and loss	1,000.00	-
<b>Closing Balance</b>	<u>5,637.56</u>	<u>-</u>
<b>Surplus/(Deficit) Balance in Statement of Profit and Loss</b>		
Balance as per the last financial statements	(9.32)	-
Profit/(Loss) for the year/period	3,080.93	(9.32)
Less: Appropriations		
Interim dividend [amount per share ₹ 1.00 (Previous period: nil)]	1,201.39	
Tax on dividend	204.18	
Transferred to general reserve	1,000.00	
Total appropriations	<u>2,405.57</u>	<u>-</u>
<b>Surplus/(Deficit) in the statement of profit and loss</b>	<u>666.04</u>	<u>(9.32)</u>
<b>Total reserves and surplus</b>	<u>6,303.60</u>	<u>(9.32)</u>
<b>5. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred tax liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	251.85	-
Others	3.05	-
<b>Gross deferred tax liability</b>	<u>254.90</u>	<u>-</u>
<b>Deferred tax assets</b>		
Provision for doubtful debts, advances and recoverables	51.92	-
Provision for gratuity	10.74	-
Provision for leave encashment	32.83	-
<b>Gross deferred tax asset</b>	<u>95.49</u>	<u>-</u>
<b>Net deferred tax liability</b>	<u>159.41</u>	<u>-</u>



## ORIENT REFRACTORIES LIMITED

(Amount in ₹ Lacs)

	As at March 31, 2012	As at March 31, 2011
<b>6. PROVISIONS</b>		
<b>Non-current</b>		
Provision for gratuity	33.11	—
	<u>33.11</u>	<u>—</u>
<b>Current</b>		
Provision for leave benefits	101.19	—
Provision for income tax (net of advances tax)	189.66	—
Provision for wealth tax	2.26	—
Proposed interim equity dividend	1,201.39	—
Provision for tax on proposed interim equity dividend	204.18	—
	<u>1,698.68</u>	<u>—</u>
<b>7. SHORT-TERMS BORROWINGS (SECURED)</b>		
Cash credit loan from a bank*	1,273.67	—
	<u>1,273.67</u>	<u>—</u>
<p>*The cash credit loan is taken from bank are secured by first pari pasu charge on the current assets of the Company and second pari passu charge on movable fixed assets of the Company both present and future. Mr. S. G. Rajgarhia has also given personal guarantee for this facility to the bank. These are payable on demand and carries interest rate of bank base rate plus 305 basis points (currently 13.05% p.a.).</p>		
<b>8. OTHER CURRENT LIABILITIES</b>		
<b>Trade payables</b> (refer note 32 for details of dues to micro and small enterprises)	3,425.60	9.31
	<u>3,425.60</u>	<u>9.31</u>
<b>Other Liabilities</b>		
Interest free deposits from customers	64.72	—
Interest free deposits from staff	79.56	—
PF and ESI payable	21.19	—
CST/VAT and other payable	9.88	—
Service tax payable	6.52	—
TDS payable	17.32	—
	<u>199.19</u>	<u>—</u>

# ORIENT REFRACTORIES LIMITED

(Amount in ₹ Lacs)

## 9. TANGIBLE AND INTANGIBLE ASSETS

Particulars	Land- Leasehold Improvement	Buildings	Plant & Machinery	Furniture & Fixtures	Office Equipment	Vehicles	Total (Tangibles)	Software (Intangibles)	Grand Total	Pervious Year
<b>GROSS BLOCK</b>										
At April 1, 2011	-	-	-	-	-	-	-	-	-	-
Transferred from Orient Abrasives Limited pursuant to demerger scheme (refer note 25)	20.79	321.07	2,615.74	26.98	120.48	275.30	3,382.08	55.31	3,437.39	-
Additions	178.50	5.53	873.92	0.62	6.59	109.52	1,174.68	-	1,174.68	-
Deductions/Adjustments	-	4.24	123.46	-	-	31.81	159.51	-	159.51	-
<b>At March 31, 2012</b>	<b>199.29</b>	<b>322.36</b>	<b>3,366.20</b>	<b>27.60</b>	<b>127.07</b>	<b>353.01</b>	<b>4,397.25</b>	<b>55.31</b>	<b>4,452.56</b>	-
<b>DEPRECIATION</b>										
At April 1, 2011	-	-	-	-	-	-	-	-	-	-
Transferred from Orient Abrasives Limited pursuant to demerger scheme (refer note 25)	6.46	177.58	1,213.96	13.60	50.31	59.92	1,522.21	32.38	1,554.59	-
For the year	2.87	8.40	228.55	1.27	16.69	27.73	285.53	11.06	296.59	-
Deletions/ Adjustments	-	0.98	92.41	-	-	15.14	108.53	-	108.53	-
<b>At March 31, 2012</b>	<b>9.33</b>	<b>185.00</b>	<b>1,350.10</b>	<b>14.87</b>	<b>67.00</b>	<b>72.51</b>	<b>1,699.21</b>	<b>43.44</b>	<b>1,742.65</b>	-
<b>NET BLOCK</b>										
<b>At March 31, 2012</b>	<b>189.96</b>	<b>137.36</b>	<b>2,016.10</b>	<b>12.73</b>	<b>60.07</b>	<b>280.50</b>	<b>2,698.04</b>	<b>11.87</b>	<b>2,709.91</b>	-
At March 31, 2011	-	-	-	-	-	-	-	-	-	-

Land received pursuant to demerger scheme is yet to be registered in name of the Company. Estimated amount of transfer charges and registration fee payable to transfer the land in name of the Company have been accounted for in the financial statements.

## ORIENT REFRACTORIES LIMITED

(Amount in ₹ Lacs)

	As at March 31, 2012	As at March 31, 2011
<b>10. NON-CURRENT INVESTMENTS</b>		
<b>Government securities (unquoted)</b>		
National Savings Certificates*	0.57	—
	<u>0.57</u>	<u>—</u>
*Certificates pledged with Sales Tax Authorities ₹ 0.57 Lacs		
<b>11. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>		
<b>Non Current</b>		
Capital Advances	13.95	—
Security Deposits	52.77	—
	<u>66.72</u>	<u>—</u>
<b>Current</b>		
Advances recoverable in cash or kind	127.21	—
Other loans and advances		
Prepaid expenses	38.14	—
Loans and advances to employees	31.09	—
Balance with statutory/government authorities	68.49	—
	<u>264.93</u>	<u>—</u>
<b>12. OTHER ASSETS</b>		
<b>Non Current</b>		
Non current bank balances (refer note 15)	71.01	—
Interest accrued on non current bank balances	6.01	—
Surrender value on keyman policy	9.40	—
	<u>86.42</u>	<u>—</u>
<b>Current</b>		
Unbilled revenue	59.73	—
Insurance claim receivable (refer note 26)	149.76	—
Export benefits recoverable	398.32	—
	<u>607.81</u>	<u>—</u>
Less: Provision for doubtful recoverable	(44.09)	—
	<u>563.72</u>	<u>—</u>
<b>13. INVENTORIES</b>		
Raw materials (including goods in transit ₹ 105.27 Lacs, Previous period: ₹ nil) (refer note 18)	1,648.43	—
Work-in-progress (refer note 19)	721.42	—
Finished goods (refer note 19)	1,681.54	—
Traded goods (refer note 19)	298.11	—
Stores and spares	213.76	—
	<u>4,563.26</u>	<u>—</u>

## ORIENT REFRACTORIES LIMITED

(Amount in ₹ Lacs)

	As at March 31, 2012	As at March 31, 2011
<b>14. TRADE RECEIVABLES (UNSECURED)</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	61.16	—
Considered doubtful	115.91	—
	<u>177.07</u>	—
Less : Provision for doubtful receivables	115.91	—
	<b>(A) 61.16</b>	—
<b>Others receivables</b>		
Considered good	5,823.12	—
	<b>(B) 5,823.12</b>	—
	<u>5,884.28</u>	—

### 15. CASH & BANK BALANCES

#### Cash and cash equivalents

#### Balances with banks

Current accounts	130.84	4.99
Cash on hand	1.44	—
	<u>132.28</u>	<u>4.99</u>

#### Other bank balances

Margin money deposits*	70.86	—
Fixed deposit receipts**	0.15	—
	<u>71.01</u>	—
Amount disclosed under non-current asset (refer note 12)	(71.01)	—
	<u>—</u>	—
	<u>132.28</u>	<u>4.99</u>

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

\*\*Fixed deposits are pledged with Government authorities.

### 16. REVENUE FROM OPERATIONS

	For the year ended March 31, 2012	For the year ended March 31, 2011
Sales of products		
Finished goods	26,511.39	—
Traded goods	4,723.65	—
Raw material	231.14	—
Sale of services	629.31	—
<b>Revenue from operations (GROSS)</b>	<u>32,095.49</u>	—
Less: Excise duty*	2,053.88	—
<b>Revenue from operations (NET)</b>	<u>30,041.61</u>	—

\* Excise duty on sales amounting to ₹ 2,053.88 Lacs (Previous period: ₹ nil) has been reduced from sales in statement of profit and loss and excise duty on increase in stock amounting to ₹ 12.12 Lacs (Previous period: ₹ nil) has been considered as expense in note 21 of financial statements.

#### Details of finished goods sold

Refractories	22,537.39	—
Monolithics	3,966.05	—
Ceramic paper	7.94	—
	<u>26,511.38</u>	—

#### Details of traded goods sold

Spray/Ramming mass	3,906.19	—
Others	817.46	—
	<u>4,723.65</u>	—

#### Details of services rendered

Refractory management services	629.31	—
	<u>629.31</u>	—

# ORIENT REFRACTORIES LIMITED

(Amount in ₹ Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>17. OTHER INCOME</b>		
Interest income on bank deposits	7.76	—
Exchange difference (NET)	81.66	—
Bad debts recovered (earlier written off)	0.50	—
Liabilities written back	14.69	—
Increase in surrender value of keyman insurance policies	0.66	—
Export incentive	164.53	—
Royalty income	9.44	—
Insurance claim (refer note 26)	149.76	—
Miscellaneous income	1.76	—
	<u>430.76</u>	<u>—</u>
<b>18. COST OF RAW MATERIAL AND COMPONENTS CONSUMED</b>		
Inventory at the beginning of the year	—	—
Add: Acquired under demerger scheme (refer note 25)	1,844.46	—
Purchases	12,723.91	—
	<u>14,568.37</u>	<u>—</u>
Less: Inventory at the end of the year	1,648.43	—
<b>Cost of Raw materials and components consumed</b>	<u>12,919.94</u>	<u>—</u>
<b>Details of raw material and components</b>		
<b>Raw materials and components consumed</b>		
Calcined alumina	1,914.02	—
Fused aluminium oxide grains	3,051.02	—
Calcined products	1,453.79	—
Others	6,501.11	—
	<u>12,919.94</u>	<u>—</u>
<b>Details of closing inventory of raw material and components</b>		
Calcined alumina	154.33	—
Fused aluminium oxide grains	464.29	—
Calcined products	147.11	—
Others	882.70	—
	<u>1,648.43</u>	<u>—</u>
<b>19. (INCREASE)/DECREASE IN INVENTORIES</b>		
Inventories at the end of the year		
Work-in-progress	721.42	—
Finished goods	1,681.54	—
Traded goods	298.11	—
	<u>2,701.07</u>	<u>—</u>
Acquired under demerger Scheme (refer note 25)		
Work in progress	722.70	—
Finished goods	1,484.23	—
Traded goods	157.93	—
	<u>2,364.86</u>	<u>—</u>
<b>Increase in inventories</b>	<u>(336.21)</u>	<u>—</u>
<b>Details of purchase of traded goods</b>		
Spray/Ramming mass	3,664.01	—
Others	884.20	—
	<u>4,548.21</u>	<u>—</u>
<b>Details of Inventory</b>		
<b>Traded goods</b>		
Spray/Ramming mass	151.36	—
Others	146.75	—
	<u>298.11</u>	<u>—</u>
<b>Finished Goods</b>		
Refractories	1,415.82	—
Monolithics	265.72	—
	<u>1,681.54</u>	<u>—</u>

## ORIENT REFRACTORIES LIMITED

(Amount in ₹ Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>20. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	2,003.04	—
Contribution to provident and other fund	100.49	—
Gratuity expense (refer note 27)	76.69	—
Staff welfare expenses	137.60	—
	<u>2,317.82</u>	<u>—</u>
<b>21. OTHER EXPENSES</b>		
Consumption of stores and spare parts	1,293.59	—
Power and fuel	1,307.91	—
Application and processing charges	561.86	—
Freight and forwarding expenses	777.10	—
Rent	26.91	—
Repairs and maintenance		—
Plant and Machinery	143.00	—
Buildings	37.04	—
Others	3.19	—
Insurance	38.50	—
Packing expenses	605.27	—
Rates and Taxes, excluding taxes on income	35.38	—
Commission on sales (other than sole selling agents)	444.86	—
Cash discount on sales	3.15	—
Advertising and other expenses	45.33	—
Travelling and conveyance	142.32	—
Communication expenses	37.86	—
Donation expenses	5.25	—
Printing and stationery	17.41	0.03
Legal and professional fees	76.39	9.14
Auditor's remuneration (refer details below)	16.36	0.15
Royalty	9.87	—
Directors fees	1.80	—
Provision for doubtful debts and advances	38.22	—
Provision for doubtful export incentives receivables	12.93	—
Loss on sale of fixed assets	11.27	—
(Increase)/decrease in excise duty on closing stock	12.12	—
Miscellaneous expenses	49.70	—
	<u>5,754.59</u>	<u>9.32</u>
<b>Payment to auditor</b>		
- Audit fee	14.00	0.15
- Out of pocket expenses	2.36	—
	<u>16.36</u>	<u>0.15</u>
<b>22. FINANCE COSTS</b>		
Interest	344.42	—
Bank charges	43.34	—
	<u>387.76</u>	<u>—</u>
<b>23. EARNINGS PER SHARE (EPS)</b>		
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	3,080.93	(9.32)
Weighted average number of equity shares in calculating basic and diluted EPS (no. in lacs)	1,201.39	5.00
Basic and diluted earning per share	2.56	(1.86)

## ORIENT REFRACTORIES LIMITED

### 24. SEGMENT INFORMATION

#### BUSINESS SEGMENTS

Since the Company's business activity falls within a single business segment, there are no additional disclosures to be provided under Accounting Standard-17 'Segment Reporting' other than those already provided in the Financial Statements.

#### 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. For customers located outside India, the Company has assessed that they carry same risk and rewards. 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.

#### SECONDARY SEGMENT REPORTING (BY GEOGRAPHICAL SEGMENTS)

The following is the distribution of the Company's consolidated revenue of operations by geographical market, regardless of where the goods were produced (Amount in ₹ Lacs)

	For the year ended March 31, 2012
India	25,429.45
Outside India	4,612.16
<b>Total</b>	<b>30,041.61</b>

The following table shows the carrying amount of trade receivable by geographical segments

	As at March 31, 2012
India	4,698.38
Outside India	1,185.90
<b>Total</b>	<b>5,884.28</b>

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.

25. Pursuant to the scheme of arrangement between Orient Abrasives Limited (transferor company) and the Company, the Refractory business of the transferor company carried at its manufacturing unit at Bhiwadi (demerged undertaking), was transferred to the 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 Company in consideration of which, each shareholder of Orient Abrasives Limited whose name appeared in the register of members of Orient Abrasives Limited on the record date i.e. November 14, 2011, received one fully paid equity share of face value of ₹ 1.00 each in the 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

## ORIENT REFRACTORIES LIMITED

- (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 Company as on the Appointed Date. Following is the amount of such assets, liabilities and reserves:

	(Amount in ₹ Lacs)
Reserves and Surplus	4,637.56
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 from OAL have been recorded in the books. Later on, the company has obtained its own credit facility and loans transferred from the transferor company have been repaid.
- (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 Company to the members of the transferor Company was credited to the share capital account on the Appointed Date. The Company in its board meeting dated November 15, 2011 had allotted these shares. In view of the allotment of shares, the transferor company is no longer the holding company of the Company.
- (iv) The employees of the demerged undertaking have been transferred to the Company on their existing terms of employment with the transferor company.
- (v) All contingent liabilities relating to demerged undertaking have been transferred to the 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 Company.

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

- 26.** During the year, a fire occurred at the warehouse in the Company's factory at Bhiwadi on September 25, 2011. As a result, the Company has estimated a loss of ₹ 149.76 lacs (including raw material, packing material, repair and maintenance and other expenses). The Company has filed a claim with the insurance company for the equivalent amount and recognized the claim. The surveyor appointed by the insurance company has already completed the inspection. In view of the same, the management is confident that claim receivable shall not be lower than the above amount. Expenses incurred in this regard have also been provided for.

### **27. 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 period actuarial valuation is done as per the projected unit credit method and any shortfall in the funding claims is further provided for.



## ORIENT REFRACTORIES LIMITED

### Profit and Loss account

Net employee benefit expense (recognized in employee cost)

(Amount in ₹ Lacs)

Particulars	Gratuity	
	March 31, 2012	March 31, 2011
Current service cost	22.03	–
Interest cost on benefit obligation	–	–
Expected return on plan assets	(17.63)	–
Net actuarial (gain)/loss recognized in the year	72.29	–
Past service cost	–	–
<b>Net benefit expense</b>	<b>76.69</b>	<b>–</b>

### Balance Sheet

#### Details of provisions for gratuity

Particulars	Gratuity	
	March 31, 2012	March 31, 2011
Defined benefit obligation	337.82	–
Fair value of plan assets	304.71	–
Deficit	33.11	–
Less : Unrecognized past service cost	–	–
<b>Plan asset/ (liability)</b>	<b>(33.11)</b>	<b>–</b>

#### Change in the present value of the defined benefit obligation are as follows

Particulars	Gratuity	
	March 31, 2012	March 31, 2011
Opening defined benefit obligation	–	–
Acquired under demerger scheme (refer note 25)	248.29	–
Interest cost	–	–
Current service cost	22.02	–
Benefit paid	(4.82)	–
Actuarial gain/losses on obligation	72.33	–
<b>Closing defined benefit obligation</b>	<b>337.82</b>	<b>–</b>

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

Particulars	Gratuity	
	March 31, 2012	March 31, 2011
Fair value of plan assets at the beginning of the year	–	–
Acquired under demerger scheme (refer note 25)	216.64	–
Expected return on plan assets	17.63	–
Contributions by employer	75.22	–
Benefits paid	(4.82)	–
Actuarial gains / (losses)	0.04	–
<b>Fair value of plan assets at the end of the year</b>	<b>304.71</b>	<b>–</b>

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

Particulars	March 31, 2012	March 31, 2011
Investments with insurer	100%	–

## ORIENT REFRACTORIES LIMITED

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

Particulars	Gratuity	
	March 31, 2012	March 31, 2011
Discount rate	8.50%	–
Expected rate of return on assets	8.00%	–
Future Salary Increase	8.00%	–

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.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

### 28. LEASES

#### Operating Lease: Company as Lessee

The Company has taken various residential, office and warehouse premises under operating lease agreements. These are cancellable by giving notice and are renewable by mutual consent on mutually agreed terms. The lease payment recognized in the statement of profit and loss account for the year is ₹ 26.91 Lacs (previous period: ₹ Nil).

### 29. RELATED PARTY DISCLOSURES

#### Names of related parties and related party relationship

#### A. Parties where control exists

Orient Abrasives Limited (upto November 15, 2011), (also refer note 25)

#### B. Individuals having significant influence over the company through their voting rights of 20% or more

Mr. S.G. Rajgarhia, Managing Director

#### C. Key Managerial Personnel

Mr. S.C. Sarin (w.e.f. October 18,2011)

#### D. Relatives of the persons having significant Influence over the Company (as covered in B above)

1. Mrs. Usha Rajgarhia                      Wife
2. Mr. R.K. Rajgarhia                      Brother
3. Ms. Bhawna Rajgarhia                Daughter

#### E. The Enterprises controlled, owned or significantly influenced by individuals having significant influence over the Company or their relatives (as covered in B and C above)

1. Orient Abrasives Limited (from November 15, 2011), (also refer note 25)
2. APM Industries Limited
3. Hindustan General Industries Ltd.
4. Madhushree Properties Pvt. Ltd.
5. Perfectpac Ltd.

# ORIENT REFRACTORIES LIMITED

Particulars	(Amount in ₹ Lacs)											
	A. Holding Company		B. An Individual with substantial interest		C. Key Management Personnel		D. Relatives of the persons having significant influence over the company		E. The Enterprises controlled owned or significantly influenced by individuals having significant over the company or their relatives		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<b>Sales :</b>												
Orient Abrasives Limited	-	-	-	-	-	-	-	-	97.48	-	97.48	-
APM Industries Limited	-	-	-	-	-	-	-	-	0.26	-	0.26	-
<b>Total Sales</b>	-	-	-	-	-	-	-	-	97.74	-	97.74	-
<b>Purchase of Raw Materials:</b>												
Orient Abrasives Limited	-	-	-	-	-	-	-	-	3,752.14	-	3,752.14	-
APM Industries Limited	-	-	-	-	-	-	-	-	6.59	-	6.59	-
<b>Total Purchase of Raw Materials</b>	-	-	-	-	-	-	-	-	3,758.73	-	3,758.73	-
<b>Managerial Remuneration</b>												
Mr. S.G. Rajgarhia	-	-	68.57	-	-	-	-	-	-	-	68.57	-
Mr. S.C. Sarin	-	-	-	-	17.64	-	-	-	-	-	-	17.64
<b>Packing Expenses</b>												
Perfactpac Ltd.	-	-	-	-	-	-	-	-	130.17	-	130.17	-
<b>Commission paid</b>												
Hindustan General Industries Ltd.	-	-	-	-	-	-	-	-	17.98	-	17.98	-
<b>Directors' Sitting Fees:</b>												
Mr. R.K. Rajgarhia	-	-	-	-	-	-	0.40	-	-	-	-	0.40
<b>Expenses incurred on behalf of the Company</b>												
Orient Abrasives Limited	-	-	-	-	-	-	-	-	115.58	-	115.58	-
Employee benefits expenses	-	-	-	-	-	-	-	-	21.13	-	21.13	-
Travelling and conveyance	-	-	-	-	-	-	-	-	14.26	-	14.26	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	12.86	-	12.86	-
Rent	-	-	-	-	-	-	-	-	6.51	-	6.51	9.29
Legal & professional charges	-	9.29	-	-	-	-	-	-	3.11	-	3.11	-
Communication expenses	-	-	-	-	-	-	-	-	2.00	-	2.00	-
Donation expenses	-	-	-	-	-	-	-	-	1.80	-	1.80	-
Director fees	-	-	-	-	-	-	-	-	1.43	-	1.43	0.03
Printing and stationery	-	0.03	-	-	-	-	-	-	1.30	-	1.30	-
Other selling expenses	-	-	-	-	-	-	-	-	1.07	-	1.07	-
Insurance	-	-	-	-	-	-	-	-	0.49	-	0.49	-
Repairs and maintenance - others	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance outstanding as at the year-end</b>												
<b>Trade Payables:</b>												
Hindustan General Industries Ltd.	-	-	-	-	-	-	-	-	0.22	-	0.22	-
Perfactpac Ltd.	-	-	-	-	-	-	-	-	31.15	-	31.15	-
Orient Abrasives Limited	-	9.32	-	-	-	-	-	-	42.81	-	42.81	9.32
<b>Total Trade payables</b>	-	9.32	-	-	-	-	-	-	74.18	-	74.18	9.32

## ORIENT REFRACTORIES LIMITED

### 30. CAPITAL AND OTHER COMMITMENTS

- At March 31, 2012, the company has ₹ 36.53 Lacs (Previous period: ₹ nil) as amount of contracts remaining to be executed on capital account (Net of advances).
- For Commitments relating to lease arrangements, please refer note no 28.

### 31. PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE AS AT THE REPORTING DATE

	As at March 31, 2012			
	Currency	Foreign currency	Rate	₹ Lacs
<b>Import trade payables</b>	USD	75,061	51.53	38.68
	EURO	102,390	69.05	70.70
	GBP	8,369	82.58	6.91
	JPY	133,933	0.63	0.85
<b>Export trade receivables</b>	USD	579,803	50.71	294.02
	EURO	1,272,112	67.44	857.91
	GBP	42,056	80.76	33.96

### 32. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

(Amount in ₹ Lacs)

	March 31, 2012	March 31, 2011
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year Principal amount due to micro and small enterprises Interest due on above	69.47	–
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the made payment to the supplier beyond the appointed day during each accounting year	NIL	NIL
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 the MSMED Act, 2006.		
The amount of interest accrued and remaining unpaid at the end of each accounting year.		
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 MSMED Act, 2006.	NIL	NIL
Amount of interest accrued and remaining unpaid at the end of the year.	NIL	NIL
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.	NIL	NIL

The above data is based on the confirmations received.

## ORIENT REFRACTORIES LIMITED

### 33. VALUE OF IMPORTS CALCULATED ON CIF BASIS (ON ACCRUAL BASIS) (Amount in ₹ Lacs)

Particulars	March 31, 2012	March 31, 2011
Raw Materials	2,596.40	—
Traded goods	57.91	—
Capital Goods	598.61	—
Stores and spare parts	46.27	—
	<b>3,299.19</b>	—

### 34. EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

Particulars	March 31, 2012	March 31, 2011
Travelling and Conveyance	13.69	—
Royalty	8.97	—
Commission	205.50	—
Legal & professional	30.47	—
Advertisement	3.79	—
Bank Charges	10.95	—
Interest	1.05	—
	<b>274.42</b>	—

### 35. IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND STORES, SPARES CONSUMED

Particulars	March 31, 2012		March 31, 2011	
	% of total consumption	Value	% of total consumption	Value
<b>Raw Materials and components</b>				
Imported	23.75	3,068.30	—	—
Indigenously obtained	76.25	9,851.64	—	—
	<b>100.00</b>	<b>12,919.94</b>	—	—
<b>Stores and spare parts</b>				
Imported	3.73	48.23	—	—
Indigenously obtained	96.27	1,245.36	—	—
	<b>100.00</b>	<b>1,293.59</b>	—	—

### 36. EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	March 31, 2012	March 31, 2011
FOB value of exports	4,612.16	—
Royalty income	9.44	—

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 Refractories Limited**

S. G. Rajgarhia  
MANAGING DIRECTOR

R. K. Rajgarhia  
CHAIRMAN

S. C. Sarin  
EXECUTIVE DIRECTOR

Manoj Gupta  
SR. GENERAL MANAGER

Savita Valecha  
COMPANY SECRETARY

**Place : Gurgaon**

**Date : May 12, 2012**

**Place : New Delhi**

**Date : May 12, 2012**



# ORIENT REFRACTORIES 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 Second Annual General Meeting of the Company to be held on Tuesday, the 25th day of September, 2012  
at 11.00 A.M. and at any adjournment thereof.

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

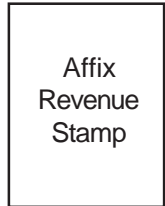
Signature .....

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

No. of shares held .....

**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 REFRACTORIES 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 Second Annual General Meeting of the Company held at Hindi Bhawan, 11, Vishnu Digambar Marg (Near Bal Bhawan), New Delhi 110 002 on Tuesday, the 25th 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**

## BOOK POST

*If undelivered please return to:*

**ORIENT REFRACTORIES LIMITED**

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