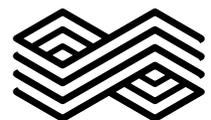


9<sup>th</sup>  
**Annual Report | 2018  
2019**



**ORIENT REFRACTORIES LIMITED**

(An RHI Magnesita Company)





# Orient Refractories Limited

(An RHI Magnesita Company)



## BOARD OF DIRECTORS

Dr. Vijay Sharma (Chairman)  
Mr. Rama Shanker Bajoria  
Mr. Erwin Jankovits  
Ms. Jacqueline Michelle Knox  
Mr. Parmod Sagar (Managing Director & CEO)

## CHIEF FINANCIAL OFFICER

Mr. Sanjeev Bhardwaj

## COMPANY SECRETARY

Mr. Sanjay Kumar

## CORPORATE IDENTITY NUMBER (CIN)

L28113MH2010PLC312871

## STATUTORY AUDITORS

M/s. Price Waterhouse, LLP

## COST AUDITORS

M/s. K.G.Goyal & Associates

## SECRETARIAL AUDITORS

M/s. Naresh Verma & Associates

## INTERNAL AUDITORS

M/s. Chaturvedi & Partners

## REGISTERED OFFICE

C-604, Neelkanth Business Park,  
Opp. Railway Station, Vidhyavihar (West),  
Mumbai, Maharashtra - 400086

Tel. No. : +91 - 22 - 66090600

Fax No. : +91 - 22 - 66090601

E-mail : Bhi\_ho@RHIMagnesita.com

Web-site : www.orientrefractories.com

## CORPORATE OFFICE

Unit No. DG-B-001, 3rd Floor,  
Digital Greens, Sector-61,  
Gurugram, Haryana

## WORK

SP-148 A+B, RIICO Industrial Area,  
Bhiwadi, Dist.-Alwar, Rajasthan-301019

Tel. No. : + 91 - 1493 - 222266

Fax : + 91 - 1493 - 222269

E-Mail : Bhi\_ho@RHIMagnesita.com

## SHARE REGISTRAR AND TRANSFER AGENT

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

Tel. : + 91 - 11 - 40450193-97

Fax : + 91 - 11 - 26812682

E-mail : admin@skylinerta.com;

grievances@skylinerta.com

Website : www.skylinerta.com



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## NOTICE

To,  
**The Member(s)**  
**Orient Refractories Limited**

Notice is hereby given that the 9th Annual General Meeting (AGM) of "Orient Refractories Limited" will be held on Tuesday, 23 July 2019 at 10:30 a.m. at Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri, Mumbai- 400059, to transact the following business:

### **ORDINARY BUSINESS**

#### **Item no.1**

To receive, consider and adopt the financial statements including balance sheet as at 31 March 2019 and the statement of profit & loss for the year ended on that date, along with board's and auditors' report thereon.

#### **Item no.2**

To declare dividend for the year ended 31 March 2019.

#### **Item no.3**

To appoint a director in place of Mr. Erwin Jankovits holding DIN 07089589, who retires by rotation and being eligible offers himself for re-appointment.

### **SPECIAL BUSINESS**

#### **Item no. 4**

#### **Appointment of Ms. Jacqueline Michelle Knox as a director of the Company**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **ordinary resolution**:

**"RESOLVED THAT** Ms. Jacqueline Michelle Knox (DIN:08413227) who was appointed by the board of directors as an additional director of the Company with effect from 23 April 2019 and who holds office up to the date of this AGM of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing her candidature for the office of director of the Company, be and is hereby appointed a director of the Company, liable to retire by rotation."

#### **Item no. 5**

#### **To re-appointment of Dr. Vijay Sharma as an independent director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **special resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, Dr. Vijay Sharma (DIN 0880113), who was appointed as an independent director at the fifth annual general meeting of the Company and who holds office up to 11 November 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16 (1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature for the office of director, be and is hereby re-appointed as an independent director of the Company, not liable to retire by rotation, to hold office for a second term of five years commencing with effect from 12 November 2019 up to 11 November 2024."



**Item no. 6**

**To approve the continuation of directorship of Mr. Rama Shanker Bajoria (DIN: 00033727) as an independent director of the Company**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **special resolution**:

**“RESOLVED THAT** pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, other applicable provisions, if any, of the Companies Act, 2013 and the applicable rules made thereunder, including any amendment(s), statutory modification(s) and/or re-enactment thereof for the time being in force, approval of the members of the Company be and is hereby granted to Mr. Rama Shanker Bajoria (DIN: 00033727), who has attained the age of seventy five (75) years, to continue to be a non-executive independent director of the Company up to 23 September 2020 being the date of expiry of his current term of office.”

**“RESOLVED FURTHER THAT** the board of directors of the Company or any Key Managerial Personnel of the Company for the time being are hereby severally authorised to do all acts, deeds, matters or things and take such steps as may be necessary, expedient or desirable in this regard.”

**Item no. 7**

**Ratification of the remuneration of Cost Auditors**

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], the consent of the Company be and is hereby accorded for the payment of remuneration of Rs. 50,000/- (Rupees Fifty Thousand Only) plus taxes at the applicable rates and reimbursement of out of pocket expenses to M/s. K G Goyal & Associates, Cost Accountants having Firm Registration No. 000024 appointed by the board of directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31 March 2020.

**RESOLVED FURTHER THAT** the board of directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

**By Order of the Board**

**Place: Gurugram**  
**Date : 28 May, 2019**

**Sanjay Kumar**  
**Company Secretary**  
**(ACS-17021)**

**Notes:**

1. The explanatory statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the business under item nos. 4 to 7 above is annexed hereto. The relevant details of the directors seeking appointment/ re-appointment, pursuant to Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM AND A 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 48 hours before the meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organization.

Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. A route map giving directions to reach the venue of the 9thAGM is given at the end of the notice.



4. **Book closure and dividend:**

- A. The Register of members and the share transfer books of the Company will be closed from **Tuesday, 2 July 2019 to Tuesday, 9 July 2019 (both days inclusive)**.
- B. Payment of dividend as recommended by the board of directors, if approved at the meeting, will be made to those members whose names are on the Company's register of members on 9 July 2019 and those whose names appear as beneficial owners as at the close of the business hours on 1 July 2019 as per the details to be furnished by the Depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

5. **Process and manner for members opting to vote through electronic means:**

In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of The Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to the members the facility to exercise their right to vote at the 9th AGM by electronic means and the business may be transacted through the e-voting services provided by National Securities Depository Ltd. ('NSDL').

Members holding shares in either physical or dematerialized form as on the cut-off date of 18 July 2019 may cast their votes electronically. The e-voting period for the Members who hold shares as on the cut-off date commences on **Saturday, 20 July 2019 (9.00 A.M.) and ends on Monday, 22 July 2019 (5.00 P.M.)**. The e-voting module shall be disabled by NSDL for voting thereafter.

The procedure to login to e-Voting website consists of two steps as detailed hereunder:

**Step 1: Log-in to NSDL e-Voting system**

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/>.
2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your user id, your password and a verification code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your user id details will be as per details given below :
  - a. For members who hold shares in demat account with NSDL: 8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300\*\*\* and Client ID is 12\*\*\*\*\* then your user ID is IN300\*\*\*12\*\*\*\*\*).
  - b. For members who hold shares in demat account with CDSL: 16 Digit Beneficiary ID (For example if your Beneficiary ID is 12\*\*\*\*\* then your user ID is 12\*\*\*\*\*).
  - c. For members holding shares in Physical Form: EVEN Number followed by Folio Number registered with the company (For example if folio number is 001\*\*\* and EVEN is 101456 then user ID is 101456001\*\*\*).
5. Your password details are given below:
  - a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
  - c. How to retrieve your 'initial password'?
    - i. If your e-mail ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a \*.pdf file. Open the \*.pdf file. The password to open the \*.pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The \*.pdf file contains your 'User ID' and your 'initial password'.



- ii. If your e-mail ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a. Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - b. "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - c. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders:**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (\*.pdf/\*.jpg format) of the relevant board resolution/ authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer by e-mail [scrutinizer.ori@gmail.com](mailto:scrutinizer.ori@gmail.com) to with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) to reset the password.

**General instructions/ information for members for voting on the resolutions:**

- a. Facility of voting through poll paper shall be made available at the AGM. Members attending the AGM, who have not already cast their vote by remote e-voting shall be able to exercise their right at the AGM.
- b. Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM, but shall not be entitled to vote again at the AGM.
- c. The voting rights of the shareholders (for voting through remote e-voting or by poll paper at the AGM) shall be in proportion to their share of the paid-up equity share capital of the Company as on 18 July 2019 maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or of voting at the AGM.



- d. Any person who acquires shares of the Company and becomes a member of the Company after the dispatch of the AGM Notice and holds shares as on the cut-off date, i.e. 18 July 2019, may obtain the login Id and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you may reset your password by using “Forgot User Details/ Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - e. Mr. Naresh Verma, Practicing Company Secretary (Membership No. FCS 5403/ CP No. 4424) of M/s. Naresh Verma & Associates, Company Secretaries has been appointed by the board of directors of the Company as scrutinizer for scrutinizing the remote e-voting process as well as voting through poll paper at the meeting, in a fair and transparent manner.
  - f. The scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM, and thereafter unblock the votes cast through remote e-voting, in the presence of at least two (2) witnesses not in the employment of the Company.
  - g. The scrutinizer will collate the votes cast at the AGM and votes downloaded from the e-voting system and make, not later than forty-eight hours from the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.
  - h. The Chairman or the person authorized by him in writing shall forthwith on receipt of the consolidated scrutinizer’s report, declare the result of the voting. The results declared, along with the scrutinizer’s report, shall be placed on the Company’s website [www.orientrefractories.com](http://www.orientrefractories.com) and on the website of NSDL immediately after their declaration, and communicated to the Stock Exchanges where the Company is listed, viz. BSE Ltd. and National Stock Exchange of India Ltd.
  - i. Subject to the receipt of requisite number of votes, the resolutions forming part of the AGM notice shall be deemed to be passed on the date of the AGM, i.e. Tuesday, 23 July 2019.
7. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of the board resolution authorizing the representative to attend and vote on their behalf at the meeting.
  8. Members/ proxies should bring the enclosed attendance slip duly filled in, for attending the AGM, along with their copy of the annual report. Copies of the annual report will not be distributed at the meeting.
  9. **Payment of dividend through electronic means:**
    - A. To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company provides the facility to the members for remittance of dividend directly in their bank accounts through electronic means. The facility is available at all bank branches which have registered themselves as participating banks with National Payment Corporation of India and have joined the core banking system. Members holding shares in physical form and desirous of availing this facility are requested to provide their latest bank account details (Core Banking Solutions Enabled Account Number, 9-digit MICR and 11 digit IFS Code), along with their folio number, to the Company’s share registrars and transfer agents, Skyline Financial Services Private Limited. Members holding shares in electronic form are requested to provide the details to their respective depository participants.
    - B. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the depository participant of the members.
  10. Members holding shares in physical form are requested to advise any change of address immediately to the Company’s Share Registrars and Transfer Agents. Members holding shares in electronic form must send the advice about change in address to their respective depository participant only and not to the Company or the Company’s share registrars and transfer agents.
  11. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate risks associated with physical shares and for ease in portfolio management. Members can contact the Company’s Share registrars and transfer agents for assistance in this regard.



**12. Nomination facility:**

As per the provisions of Section 72 of the Companies Act, 2013, facility for making nomination is available for the members in respect of the shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record fresh nomination, he may submit the same in Form No. SH-14. Both forms are appended at the end of the annual report. Members holding shares in physical form are requested to submit the forms to the Company's Share registrars and transfer agents. Members holding shares in electronic form may obtain nomination forms from their respective depository participant. Form No. SH-13 & SH-14 are also available on the web-site of the Company i.e. [www.orientrefractories.com](http://www.orientrefractories.com).

**13. Unclaimed dividends:**

A. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Mr. Sanjay Kumar, Company Secretary, at the Company's registered office. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's unpaid dividend account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.

B. Details of unclaimed dividend on website:

In order to help members to ascertain the status of unclaimed dividends, the Company has uploaded the information in respect of unclaimed dividends for the financial year ended 31 March 2012 and subsequent years on the website of Investor Education and Protection Fund, [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investor Relations" Section on the website of the Company, [www.orientrefractories.com](http://www.orientrefractories.com).

14. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number ('PAN') by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their respective depository participants. Members holding shares in physical form are requested to submit their PAN details to the Company or its share registrars and transfer agents.

**15. Updation of members' details:**

The format of the register of members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company/ Share Registrars and Transfer Agents to record additional details of members, including their PAN details, e-mail address, bank details for payment of dividend, etc. A form for capturing the additional details is appended at the end of this annual report. Members holding shares in physical form are requested to submit the filled in form to the Company or its share registrars and transfer agents. Members holding shares in electronic form are requested to submit the details to their respective depository participants.

16. Electronic copy of the annual report for 2018-19 is being sent to all members whose email addresses are registered with the Company/ depository participants for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the annual report for 2018-19 are being sent in the permitted mode.

17. To support the "Green Initiative", members who have not registered their e-mail addresses are requested to register the same with the Company's share registrars and transfer agents/ their depository participants, in respect of shares held in physical/ electronic mode respectively.



# Orient Refractories Limited

(An RHI Magnesita Company)



**Details of directors seeking re-appointment/appointment at the forthcoming annual general meeting**  
[Pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of director	Mr. Erwin Jankovits	Ms. Jacqueline Michelle Knox	Dr. Vijay Sharma	Mr. Rama Shanker Bajoria
Director identification number (DIN)	06500871	08413227	00880113	00033727
Date of birth	13 August 1971	22 February 1977	1 October 1954	17 May 1943
Date of appointment	11 February 2015	23 April 2019	12 November 2014	18 October 2011
Expertise in specific functional areas (Management, Operation & Marketing)	Wide experience in steel industry	Broad international experience and a strong background in legal compliance and corporate governance	Wide experience in steel industry	Wide experience in rubber industry
Qualifications	Graduation in material sciences from Montan University, Leoben	Degree in law and international relations (BA/LLB Hons.) from the University of Queensland, Australia	- Bachelor of Technology in Metallurgical Engineering from IIT - Master of Science in Materials Engineering - Post Graduate Diploma in Business Administration - Doctor of Philosophy in Metallurgical Engineering - Steel making	- B. Com.
Relationships between directors inter-se	None	None	None	None
No. of shares held in the Company	-	-	-	-
List of companies in which directorship held as on 31 March 2019 (excluding foreign, private and Section 8 companies)	-	-	-	Farseen Rubber Industries Ltd.
Chairman/ member of the mandatory committees of the board of the companies on which he is a director as on 31 March 2019 (All directors are director only in Orient Refractories Limited)	<b>Member</b> - Audit Committee - Nomination and remuneration committee - Stakeholders Relationship Committee	-	<b>Chairman</b> - Audit Committee - Stakeholders Relationship Committee <b>Member</b> - Nomination and remuneration committee	<b>Chairman</b> - Nomination and remuneration committee <b>Member</b> - Audit Committee - Stakeholders Relationship Committee

**Explanatory statement under section 102 of the Companies Act, 2013 relating to special business mentioned in the notice convening the 9th annual general meeting**

**Item nos. 4, 5 and 6**

**Appointment of Ms. Jacqueline Michelle Knox as director of the Company, liable to retire by rotation**

Ms. Jacqueline Michelle Knox was appointed as an additional director by the board with effect from 23 April 2019. In terms of Section 161(1) of the Companies Act, 2013 and Article 89 of the Company's Articles of Association, Ms. Jacqueline holds office as director only till the date of the ensuing AGM, but is eligible for appointment.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member, along with a deposit of Rs. 1,00,000/- proposing the candidature of Ms. Jacqueline as director of the Company.



The board considers it desirable that the Company should continue to avail itself of the services of Ms. Jacqueline as director and accordingly commends the ordinary resolution at item no. 4 for approval by the members.

No director, key managerial personnel or their relatives, except Ms. Jacqueline, to whom the resolution relates, are interested or concerned in the resolution.

#### **Appointment of Dr. Vijay Sharma as independent director for a fresh term**

Dr. Vijay Sharma (DIN- 0880113) (DOB:1 October 1954) was appointed as an independent director on the board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile clause 49 of the Listing Agreement with the stock exchanges. He holds office as independent directors of the Company up to 11 November 2019 [*“first term”* in line with the explanation to Sections 149(10) and 149(11) of the Act]. The nomination and remuneration committee of the board of directors, on the basis of the report of performance evaluation of independent directors, has recommended re-appointment of Dr. Vijay Sharma as an independent directors for a second term of 5 (five) consecutive years on the board of the Company. The board, based on the performance evaluation of independent directors and as per the recommendation of the nomination and remuneration committee, considers that, given his background and experience and contributions made by him during his tenure, the continued association of Dr. Vijay Sharma would be beneficial to the Company and it is desirable to continue to avail his services as an independent director. Accordingly, it is proposed to re-appoint Dr. Vijay Sharma as an independent director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the board of the Company. Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (*“Listing Regulations”*) inter alia prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act. Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its board’s report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms. Dr. Vijay Sharma is not disqualified from being appointed as director in terms of Section 164 of the Act and have given their consent to act as director. The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Dr. Vijay Sharma for the office of independent director of the Company. The Company has also received declaration from Dr. Vijay Sharma that he fulfils the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations. In the opinion of the board, Dr. Vijay Sharma fulfil the conditions for appointment as independent director as specified in the Act and the Listing Regulations. Dr. Vijay Sharma is independent of the management.

#### **Continuation of office by Mr. Rama Shanker Bajoria**

As per the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, notified on 9 May 2018, approval of the shareholders by way of a special resolution is required for continuation of directorship of the non-executive directors of the Company who have attained the age of 75 years. Our non-executive director, Mr. Rama Shanker Bajoria had attained the age of 75 years on 17 May 2018

Mr. Bajoria was re- appointed through special resolution for second term as an Independent Director under Section 149 and Schedule IV of the Companies Act, 2013 in the 5th Annual General Meeting held on 24 September 2015 for a term of five years.

Details of directors whose appointment/ re-appointment as directors are proposed at item nos. 4, 5 and 6, are provided elsewhere in the notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings (*“SS-2”*), issued by the Institute of Company Secretaries of India. Copy of draft letters of appointment setting out the terms and conditions of appointment/re-appointment are available for inspection by the members at the registered office of the Company. Mr. Erwin Jankovits, Ms. Jacqueline Michelle Knox, Dr. Vijay Sharma and Mr. Rama Shanker Bajoria are interested in the resolutions set out respectively at item nos. 3, 4, 5 and 6 of the notice with regard to their respective appointment/re-appointments. The relatives of Mr. Erwin Jankovits, Ms. Jacqueline Michelle Knox Dr. Vijay Sharma and Mr. Rama Shanker Bajoria may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions. This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The board commends the special resolutions set out at item nos. 5 and 6 of the notice for approval by the members.



# Orient Refractories Limited

(An RHI Magnesita Company)



## Item no. 7

The Company is required under Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time ("Cost Audit Rules"), to have the audit of its cost records for products covered under the cost audit rules conducted by a cost accountant in practice. The board of directors of the Company has on the recommendation of the audit committee, approved the appointment and remuneration of M/s. K. G. Goyal & Associates, Cost Accountants as the cost auditor for financial year 2019-20. In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors as recommended by the audit committee and approved by the board of directors has to be ratified by the members of the Company. Accordingly, the consent of the members is sought for passing an ordinary resolution as set out at item no. 7 of the notice for ratification of the remuneration payable to the cost auditors for the financial year ending 31 March 2020. None of the director(s) and key managerial personnel of the Company or their respective relatives is concerned or interested in the resolution mentioned at item no. 7 of the notice. The board recommends the resolution set forth in item no. 7 for the approval of the members.

**By Order of the Board**

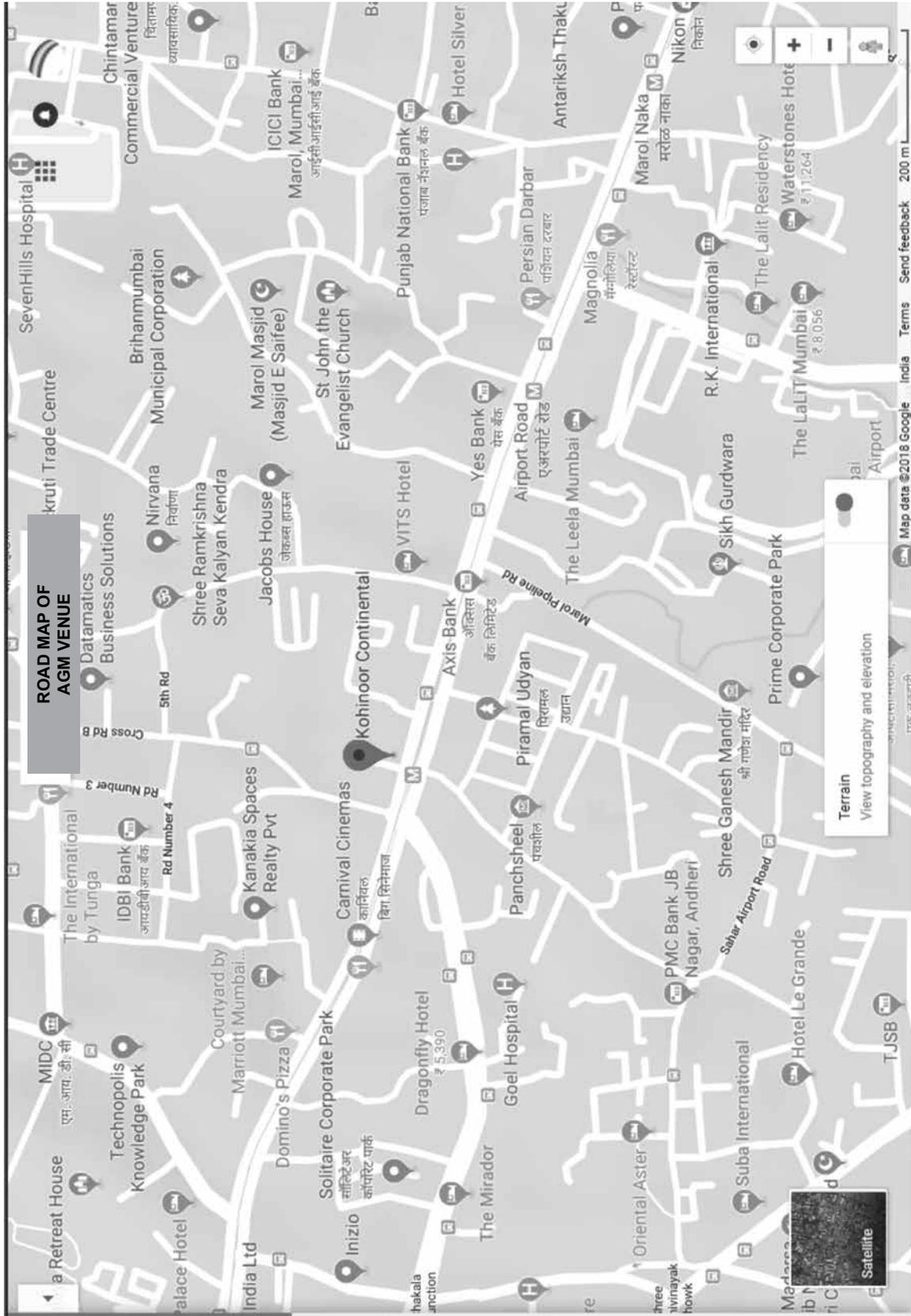
**Place: Gurugram  
Date : 28 May, 2019**

**Sanjay Kumar  
Company Secretary  
(ACS-17021)**



# Orient Refractories Limited

(An RHI Magnesita Company)





## BOARD'S REPORT

Dear Shareholders,

Your directors are pleased to present the 9th Annual Report of Orient Refractories Limited (the "Company") along with the audited financial statements for the financial year ended 31 March 2019.

### 1. FINANCIAL RESULTS

(Amount in Rs. Lacs)

Particulars	2018-19	2017-18
Gross revenue from operations	74,794.70	63,722.73
<b>Total expenditure before finance cost and depreciation</b>	<b>61,996.63</b>	<b>51,017.74</b>
<b>Operating Profit</b>	<b>12,798.07</b>	<b>12,704.99</b>
<b>Add:</b> Other income	1,817.29	1,062.23
<b>Profit before finance cost, depreciation, exceptional items and taxes</b>	<b>14,615.36</b>	<b>13,767.22</b>
<b>Less:</b> Finance costs	-	-
Profit before depreciation, exceptional items and taxes	14,615.36	13,767.22
<b>Less:</b> Depreciation	863.12	682.69
Profit/(Loss) before exceptional items & tax	13,752.24	13,084.53
<b>Add/(Less):</b> Exceptional Items	-	-
<b>Profit before taxes</b>	<b>13,752.24</b>	<b>13,084.53</b>
<b>Less:</b> Tax Expense	4,769.58	4,501.21
(A) Profit/(Loss) after taxes	8,982.66	8,583.32
(B) Total other comprehensive income	(19.51)	(14.43)
(C) Total comprehensive income for the period [ A + B ]	8,963.15	8,568.89
<b>Retained Earnings: Balance brought forward from the previous year</b>	<b>31,079.84</b>	<b>26,125.87</b>
<b>Add:</b> Profit for the period	8,982.66	8,583.32
<b>Add:</b> Other Comprehensive Income recognised in Retained Earnings	(19.51)	(14.43)
<b>Balance Which the Directors have apportioned as under to:</b>	<b>40,042.99</b>	<b>34,694.76</b>
(i) Dividend on Ordinary Shares	3,003.48	3,003.48
(ii) Tax on dividends	617.37	611.44
Total Appropriations	3,620.85	3,614.92
<b>Retained Earnings: Balance to be carried forward</b>	<b>36,422.14</b>	<b>31,079.84</b>

### 2. COMPANY PERFORMANCE AND OPERATIONS

The Company demonstrated strong double digit growth during financial year 2018-19. The revenue (excluding GST) stood at Rs. 74,794.70 lacs as compared to Rs.62,678.77 lacs in 2017-18, registering a growth of 19.33%.

The Company ended the year with a 5.07% increase in profit before tax as compared to the previous year. Profit before tax for the year 2018-19 stood at Rs.13,748.28 lacs.

As per the list of Top 1000 companies (based on Market capitalization as on 31 March 2019) available on NSE website, your Company is now one of the top 500 companies (based on Market capitalization as on 31 March 2019) and is required to comply with various additional regulations stated in SEBI (LODR) Regulations, 2015. The Company has already initiated steps to comply with such new regulations.

### 3. MANAGEMENT DISCUSSION AND ANALYSIS

#### COMPANY OVERVIEW

Orient Refractories Limited (ORL) is in the business of manufacturing and marketing special refractory products, systems and services to the steel industry in India and Globally. ORL is market leader for special refractories in India and has many



global customers for its international quality products. ORL produces nearly 50,000 tons of refractory per annum including customized products and system solutions.

The refractory products are mainly used in high temperature manufacturing processes in iron and steel industry, metal smelters, cement, glass industry and for other industrial products. Demand for refractory is primarily dependent on the consumption of steel, which accounts for about 75% of the total value and the remaining is used for glass, cement, non-ferrous, petrochemicals etc.

Products of ORL are manufactured at its state-of-the-art manufacturing facility at Bhiwadi in Rajasthan. The Company has ongoing programs for improving efficiency and effectiveness of its manufacturing processes, raw material cost, energy conservation, control over working capital and to produce special refractories at low cost so as to add maximum value to the customers. Energy efficient installations have been made at the factory. Best in class safety measures and processes have been put in place and improved upon at the factory and all working sites.

The products of ORL are of Global standards in quality and highly cost competitive, which makes it attractive for the customers worldwide.

In the year 2016, the parent company of ORL, RHI AG reached at an agreement with controlling shareholding of another global refractory company, M/S Magnesita GP & Rohne and became the largest refractory company in the world. The combined Company, called RHI Magnesita, is serving ORL customers by offering more comprehensive range of products and services.

## **ABOUT PARENT COMPANY RHI MAGNESITA N.V**

RHI Magnesita is the leading global supplier of high-grade refractory products, systems and solutions which are indispensable for industrial high-temperature processes exceeding 1,200°C in a wide range of industries, including steel, cement, non-ferrous metals and glass. With a vertically integrated value chain, from raw materials to refractory products and full performance-based solutions, RHI Magnesita serves customers in nearly all countries around the world.

The Company has a high level of geographic diversification with more than 14,000 employees in 35 main production sites and more than 70 sales offices around the world. RHI Magnesita intends to leverage its global leadership in terms of revenue, scale, product portfolio and diversified geographic presence to target strategically those countries and regions benefitting from more dynamic economic growth prospects.

Its shares have a premium listing on the London Stock Exchange (symbol: RHIM) and are a constituent of the FTSE 250 index.

## **CONSOLIDATING AND STRENGTHENING THROUGH MERGER OF RHI INDIA PVT. LTD, RHI CLASIL PVT. LTD INTO ORIENT REFRACTORIES LIMITED**

In 2018, RHI Magnesita group commenced the reorganization of its Indian operations by merging its two other Indian subsidiaries – RHI Clasil Pvt. Ltd. and RHI India Pvt. Ltd., with Orient Refractories Ltd., thereby enhancing the business and operational synergies via pooling of management expertise, technologies and other resources between the businesses.

The combined business, which is underpinned by the expertise and experience of its global, market-leading parent company – RHI Magnesita – will create a larger asset base in India, and importantly will provide customers with one single refractory solutions platform offering the industry's most comprehensive product portfolio, including, among others, Magnesia and Alumina based bricks and mixes for large industrial clients as well as specialty refractory products, with proven supply and sales capabilities.

## **INDUSTRY OVERVIEW**

### **Global Steel Industry :**

In 2018, despite concerns about trade protectionism, global steel production grew by 4.6% to a new peak of 1.81 billion tonnes. In 2018, China accounted for 52% of global steel production East Asia 11%, EU28 9%, NAFTA 7%, India 6%, CIS 5% and the rest of the world 9%. Production in 2018 increased by 1.0% in East Asia, decreased 0.3% in EU28, and increased 4.1% in North America, 4.9% in India, 0.3% in CIS and 5.7% in the rest of the world. In Q1CY19, China's steel production grew to 231.1 Mt vs. 210.2 mn MT, USA's steel production stood at 30.7 Mt vs. 29.5 Mt and there was slight slow down seen across Europe.



## Indian Steel Industry :

In Q4 FY19, Domestic Steel production was flat at 27.4 Mt compared to the same period in 2018. Indian Steel consumption has grown by 5.7% YoY and reached 92.1 MT in 2018 (as per World Steel Association). Amongst the consumption driven sectors, automotive and consumer durables have clocked ~16% and ~22% growth respectively in 2018. However, automotive sector is witnessing softer demand conditions since Oct-Nov 2018. Going by the recent trend, and a strong base effect, growth is expected to slow down in the first half of 2019. However, revival is expected in the 2nd half of the year with pre-buying before BS-VI implementation and improvement in consumption growth. The Indian Steel Association has forecasted India's steel demand to grow by 7.1% in calendar year 2019 and by 7.2% in calendar year 2020. Investment driven sectors such as Construction, Capital Goods & Railways are likely to maintain the healthy growth momentum driven by infrastructure programs such as Bharatmala, Sagarmala, Railway track electrification, dedicated freight corridors, metro rails, etc. In the wake of stressed steel assets getting acquired through NCLT by stronger players and brownfield expansions being announced by large steel players; there could be an additional capacity of about 20-30 mn tons over the next 2 years. As per the steel industry report India has become the second largest producer of steel surpassing Japan and is well placed to achieve the Indian Steel Ministry's target of erecting steel capacity of 300 million tons per annum by the end of 2030.

## Global Refractory Industry :

Global Refractories Market is currently around \$39.2 billion and it is estimated to grow at a CAGR of 5.2% and reach a size of \$48.6 billion by 2023. Asian market is poised to grow faster than the rest of the world as steel production heats up in the Asian pacific countries.

## Indian refractory Industry :

Indian refractory industry is around Rs 9,000 crores, which is 3% of the global refractory market. Indian market is expected to grow at 5-6%. Indian refractory makers are currently reeling from high raw material prices which are expected to see some kind of reduction in FY19. Prices for graphite have declined over the last 6 months, while bauxite, aluminum and magnesia prices continue to remain firm. The refractory industry is looking for alternate minerals and trying to increase the use of recycled materials.

## ORIENT REFRACTORIES AND BENEFITS OF THE NEW STRUCTURE

Year 2018 has seen the Indian steel market becoming the second largest in the world, further reinforcing the necessity RHI Magnesita continued emphasis on this geography. The Indian Steel Ministry has set a 300MT per annum steel capacity target by the end of 2030 which bodes well for the future of this industry. The Indian steel industry is undergoing consolidation, which is expected to build up its strength but also to provide a higher market share for industry leaders. As a result of substantial restructuring and consolidation in the India steel industry, demand for higher performance and better quality solutions has increased – a development which corresponds well to our strengths as a Group and enables us to take advantage of this position, whilst also working to further strengthen our position in the market in terms of cost competitive refractory solutions.

As a combined group in India, RHI Magnesita's business here will be in a strong position to benefit from this consolidation on the basis of the breath of the combined organization as well as its long-standing relationships with the market-leading customers.

The new organization structure will form one strong entity to seize growth opportunities and enhance the shareholders' value. It will help in simplification of the corporate structure and consolidation of Indian business. One strong entity will enhance the business and operational synergies, shareholders value and utilization of resources due to pooling of management expertise, technologies and other resource of the companies. This will also create a larger asset base and facilitation of access to better financial resources. For the customers the new entity will provide single window for all refractory solution under one umbrella. There is also an ongoing exercise to optimize the production foot print in India through maximizing the operational and supply chain excellence.

## CHALLENGES & OPPORTUNITIES

### Challenges:

The year 2018 was good for India with the GDP growth of over 7%. However, certain factors negative factors slowed down the industrial growth and made for a more competitive domestic market. Below are the factors that resulted in challenging times for the industries in terms of growth and margins-



1. Bad debts in banking system and non-performing assets led to low investments and low capitalization in Indian Industry, there were no Greenfield projects in 2018 for steel manufacturing.
2. Managing currency risk is a big concern to keep the margins intact. Rupee depreciated against dollar in second half of the year resulting in reduced margins and impacted Q3/Q4 results of the Company.
3. While steel output prices turned soft, inputs continue to be costlier for domestic production. There are likely to be pressure on the margins in future.
4. Trade tensions between the countries have lead to slow geographical growth, new markets has to be explored for capacity utilization.
5. Crude oil prices are increasing continuously having an impact on prices.
6. There is slowdown in demand due to trade tension between major steel producing countries, currency volatility and normalization of monetary policy in EU & US.
7. Capacity cut across the industries to safeguard the environment, especially China, has created scarcity of raw material.

### **Opportunities :**

India became the second largest steel producer in the world surpassing Japan, after a decade of solid growth. An ambitious government program aims to reach 300 kton of steel production by 2030 and triple the output of 2016. The per capita steel consumption is likely to increase from 63 kg to 160 kg. India's steel production and demand is expected to increase by 5% and 7.3% respectively in 2019 backed by growth in investment in infrastructure and construction projects, complemented by strong automotive demand. At present Indian steel industry is running at 78% utilization rate ( current capacity 130 kton per annum). The demand outlook for next 3-5 years looks set to mirror the GDP growth at 7 % + led by robust demand from infrastructure and construction sectors, supported by revival in industrial capex. After 2019 general elections, it is expected that the Government of India will take some more measures in upcoming fiscal budget to boost the overall sentiments.

ORL is fully focused on taking advantage of the expected increase in steel production as the parent Company RHI Magnesita has started integration of three legal entities in India for pooling the resources for market expansion, product expansion using expertise of the parent company and is also exploring the possibilities of geographical expansion. ORL expects the ongoing consolidation efforts to conclude by mid of 2019 and pave ways for strong growth of the combined entity by better leveraging the growth potential of the Steel Industry. India steel market is growing at ~5% and ORL India business grew by 9-10 % in terms of volume and 19 % in terms of sales value as compared to FY 17-18 and is expected to further boost up.

Further, India's economy grew at faster pace than most major nations in 2018 and this year it is poised to overtake UK to become the world's fifth biggest economy. ORL India is taking active part in this journey.

The expansion plans of the larger Steel industries to increase the capacity of steel production are on track and schedule is to complete the projects very fast. Steel Industry in India is going under consolidation primarily due to ongoing Insolvency and Bankruptcy Code. This is expected to result in revival of steel industry and higher market share for market leaders, like Tata Steel, JSW Steel etc. and potential entry for new MNC players in India like Arcelor Mittal. Consolidation of legal entities with ORL in India will have increase the strength of its foot print in coming time.

### **FUTURE OUTLOOK**

Trade tensions, volatile currency movement and uneven global growth are increasing uncertainty for sustainability of the increase in global steel usage. In this unpredictable environment, India growth path remains steadfast backed by Indian Government spending on Infrastructure, roads, rails, transmission and housing.

### **CAPACITY EXPANSION**

In view of increase in demand, the existing capacity of isotopic products of 9,300 tons per annum was increased to 11,700 tons per annum in 2018. The expansion project was completed in record one year time. The addition serves to address the bottle necks in production capacity by building an additional ISO production line in existing factory at Bhiwadi. The other project includes installation of hydraulic press for slide gate refractory, which is expected to be completed in third quarter of FY 2019-20.



#### **ENVIRONMENTAL SUSTAINABILITY**

The company is committed towards clean environment and has stopped use of Pat Coke and shifted to cleaner fuel (PNG) at Bhiwadi plant. The plan is to gradually convert all oil fired Klins to gas fired Klins.

#### **4. EXPORT HOUSE STATUS**

Your Company enjoys the status of “One Star Export House”.

#### **5. DIVIDEND**

The board recommended a dividend of 2.50 per equity share on 120,139,200 equity shares of Re. 1.00 each for the year ended 31 March 2019 (previous year Rs. 2.50 per equity share). The dividend on equity share is subject to the approval of the shareholders at the Annual General Meeting ('AGM') scheduled to be held on 23 July 2019. The dividend will be paid by 22 August 2019.

The register of members and share transfer books will remain closed from Tuesday, 2 July 2019 to Tuesday, 9 July 2019 (both days inclusive) for the purpose of AGM and payment of the dividend for the financial year ended 31 March 2019.

#### **6. SHARE CAPITAL**

The paid up equity share capital as on 31 March, 2019 was Rs. 1,201.39 lacs. During the year under review, the Company has not issued any shares. The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

#### **7. RESERVES**

The board of directors has decided to retain the entire amount of profits in the profit and loss account.

#### **8. ACQUISITION OF INTERMETAL ENGINEERING INDIA PRIVATE LIMITED**

The board of directors on 30 April 2019 approved the acquisition of the entire paid-up equity share capital of “Intermetal Engineers India Private Limited” (IEIPL) [CIN: U28920MH1988PTC047421] a company comprising of 1,597 equity shares of Rs.100/- each to make it a wholly owned subsidiary of the Company. On 18 May 2019 the Company completed the process of acquisition of IEIPL. The Company has paid for 1,597 equity shares of IEIPL @ Rs.63,244/- per equity share of Rs. 100/- each.

Dr. Vijay Sharma, Director and Mr. Parmod Sagar, Managing Director & CEO of the Company have joined the board of IEIPL as nominee directors of Orient Refractories Limited w.e.f. 18 May 2019.

IEIPL was incorporated on 20 May 1988 for marketing and manufacturing of steel plant equipment (viz., slide gate system for flow control of liquid steel, oxygen lancing and CCM assemblies such as mould jacket assembly, dummy bar assembly) specially used during the flow of liquid steel for continuous casting, ingot casting which are exported to various countries and caters to about 300 to 400 regular steel plant customers in India.

IEIPL having revenues of Rs.546 lacs and total asset size of Rs.848 lacs as per the audited balance sheet as on 31 March 2018.

Turnover of last 3 years are as follows : 31 March 2018: Rs. 417.35 lacs; 31 March 2017: Rs. 466.49 lacs & 31 March 2016: Rs. 541.82 lacs.

The acquisition was not fall within related party transaction and none of the promoter / promoter group/ group companies have any interest in IEIPL.

#### **9. UPDATE ON AMALGAMATION OF RHI INDIA PRIVATE LIMITED AND RHI CLASIL PRIVATE LIMITED WITH AND INTO THE COMPANY**

The board of directors of the Company, at its meeting held on 31 July, 2018, had granted its in-principle approval to the scheme of amalgamation of RHI India Private Limited (**RHI India**) and RHI Clasil Private Limited (**RHI Clasil**) (together, the **Merging Entities**) with and into the Company subject to approval of the shareholders and creditors of the three companies, the stock exchanges, the Securities and Exchange Board of India (**SEBI**), the National Company Law Tribunal and other regulatory authorities.



In this regard, the board of directors had approved the share exchange ratio i.e. for every 100 equity shares of face value of Rs. 10 each of RHI India, issue of 7,044 equity shares of face value of Re. 1 each of the Company and for every 1,000 equity shares of face value of Rs. 10 each of RHI Clasil, issue of 908 equity shares of face value of Re. 1 each of the Company.

Subsequently, the Company had filed an application with the stock exchanges for obtaining their approval under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which approval was granted by the stock exchanges vide their letters dated 12 October 2018. Pursuant to these approvals, the Company, along with the merging entities, had approached the National Company Law Tribunal, Mumbai bench (the **NCLT**), by way of joint company scheme application no. 1556 of 2018, seeking directions for convening the meetings of their respective shareholders and creditors. The NCLT, vide its order dated 29 March 2019 (**Order**), issued directions to the Company and the merging entities to hold the meetings of their respective shareholders and creditors on 17 May 2019.

The Company completed dispatch and publication of notices (along with the relevant annexures) of the meetings in accordance with the directions of the NCLT. In their respective meetings, held pursuant to the NCLT Order, the shareholders and the unsecured creditors of the Company approved the proposed scheme of amalgamation with requisite majority. The Company, along with the Merging Entities, has filed a joint company scheme petition with the NCLT on [27 May 2019] for sanction of the scheme of amalgamation and the same is now pending with the Hon'ble NCLT.

## **10. MATERIAL CHANGES AND COMMITMENTS**

In terms of Section 134 (3) (l) of the Companies Act, 2013, no material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year of the Company to which the financial statements relate and on the date of this report, except as disclosed elsewhere in this report.

## **11. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has adequate internal control systems in place, and also has reasonable assurance on authorizing, recording and reporting transactions of its operations. The Company has a well-placed, proper and adequate internal controls environment, commensurate with its size, scale and complexities of its operations. The Company had already developed and implemented a framework for ensuring internal controls over financial reporting. This framework includes entity level policies, processes and operating level standard operating procedures. Internal control systems are an integral part of your Company's corporate governance structure. These have been designed to provide reasonable assurance with regard to inter-alia (a) recording and providing reliable financial and operational information; (b) complying with the applicable statutes; (c) safeguarding assets from unauthorized use; (d) executing transactions with proper authorization, and ensuring compliance with corporate policies; (e) Prevention and detection of frauds / errors and (f) Continuous updating of IT systems. The Company's management has assessed the effectiveness of the Company's internal control over financial reporting as of 31 March 2019.

The audit committee reviewed the reports submitted by the management, internal auditors and statutory auditors. Based on their evaluation (as defined in section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations, 2015), the Company's audit committee has concluded that, as of 31 March 2019, the Company's internal financial controls were adequate and operating effectively.

## **12. HUMAN RESOURCES**

Employees being prime force, the Company give equal emphasis on employees' development and their engagement. Our people are the most important resource we have. The Company believes in enhancing the competencies of employees to create a high performing and innovative organization. Employees are facilitated to participate in training programs in house and at outside institutes. Equal emphasis is given on technical & soft skills. We are creating numerous opportunities for our employees to develop including international development paths and special initiatives for the future management of our company. Last year our main focus of in-house trainings was on interpersonal skills, behavioral attributes, customer focused culture, lean implementation and 5's at shop floor. The Company endeavors to keep the employees motivation high level by providing congenial & respectful work atmosphere and rewarding/remunerating effectively. 100% safety of our employees is one of the important operative targets for ORL. Various initiatives have been launched to engage employees. Communicating and reaching out to employees at all levels is being done by using various mass media techniques. Celebrating festivals and achievements on various occasions is part of ORL culture. There are cordial relations between the management and the employees of the Company.



### 13. SUBSIDIARY COMPANY

Intermetal Engineers India Private Limited became 100% wholly owned subsidiary of the Company w.e.f. 18 May 2019.

### 14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) and 134(5) of the Companies Act, 2013, your Directors to the best of their knowledge confirm that:

- That in the preparation of the annual accounts for the year ended 31 March 2019, the applicable accounting standards have been followed and there are no material departures from the same;
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2019 and of the Profit of the Company for that period;
- The directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts of the Company on a "going concern" basis;
- the directors have laid down internal financial controls to be followed by the Company and the such internal financial controls are adequate and are operating effectively and
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that systems are adequate and operating effectively.

### 15. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts /arrangements / transactions entered by the Company during the financial year with related parties were in ordinary course of business and on an arm's length basis. During the year, the Company has not entered into any contracts /arrangements / transactions with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC - 2 is not applicable to your Company.

The policy on materiality of related party transactions and dealing with related party transactions are approved by the Board and can be accessed on the Company's website at the link: <http://www.orientrefractories.com/policies.htm>. Members can refer note no. 30 to the financial statements which set out related party disclosures.

The board of directors of the Company has approved the criteria for making the omnibus approval by the audit committee within the overall framework of the policy on related party transactions. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and proposed to be entered in the ordinary course of business and at arm's length during the financial year. All related party transactions are placed before the Audit Committee for review and approval.

### 16. CORPORATE SOCIAL RESPONSIBILITY

The board of directors of the Company has approved a corporate social responsibility (CSR) policy based on the recommendation of the CSR Committee. The board has formed a committee on CSR in accordance with Companies Act, 2013. The composition of the same has been given in corporate governance report. The CSR policy of the Company is available on the Company's website and can be accessed on the Company's website at the link: <http://www.orientrefractories.com/policies.htm>.

In the year 2018-19, the Company was required to spend Rs. 217.07 towards CSR activities, however the Company spent Rs. 158.55 lacs towards the CSR activities.

The amount of Rs. 58.52 lacs remained unspent, due to delay in identifying the skill development projects in India. It was earlier decided to held skill development projects in collaboration of Austrian Development Agency, the project was



however later on scrapped resulting in unspent amount in CSR as compared to budget. The board on the recommendation of the CSR Committee, has decided not to carry forward the unspent amount.

The initiatives undertaken by the Company on CSR activities during the year is set out in **Annexure - I**.

## **17. RISK MANAGEMENT**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Company has framed a risk management policy to identify and access the key business risk areas and a risk mitigation process. The policy aims to ensure resilience for sustainable growth and sound corporate governance by having an identified process of risk identification and management in compliance with the provisions of the Companies Act, 2013. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment.

The risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. There are no risks, which in the opinion of the board threaten the existence of the Company.

## **18. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mr. Reinhold Steiner and Ms. Verena Buzzi resigned from the board effective 1 April 2019. The board places on record their deep appreciation for the contribution during their tenure.

Ms. Jacqueline Michelle Knox was appointed as an additional director on 23 April 2019 and she will be retiring at the ensuing annual general meeting of the Company unless re-appointed. The board proposes to appoint her as director of the Company, liable to retire by rotation.

Mr. Erwin Jankovits retires by rotation and being eligible has offered himself for re-appointment. Your board recommends his re-appointment.

Dr. Vijay Sharma (DIN-0880113) was appointed as an independent director on the board of the Company *w.e.f.* 12 November 2014 for a period of 5 years. He holds office as an independent director of the Company up to 11 November 2019. The nomination and remuneration committee of the board of directors, on the basis of the report of performance evaluation of independent director, has recommended re-appointment of Dr. Vijay Sharma as an independent director for a second term of 5 (five) consecutive years on the board of the Company. Your Board recommends his re-appointment.

In compliance of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, notified on 9 May 2018, approval of the shareholders by way of a special resolution is required for continuation of directorship of Mr. Rama Shanker Bajoria who had attained the age of 75 years on 17 May 2018.

Brief profile of the Directors being appointment/re-appointed as required under Regulations 36(3) of Listing Regulations, 2015 and Secretarial Standard on General Meetings are provided in the notice for the forthcoming AGM of the Company.

The Company has received declaration from all independent directors of the Company confirming that they meet with the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 confirming that they meet the criteria of independence as prescribed thereunder as well as Regulation 16(1)(b) of the Listing Regulations, 2015.

The Company has complied with the requirements of corporate governance as stipulated under the Listing Regulations, 2015 and accordingly, the report on corporate governance forming part of this annual report.

On the basis of market capitalization as on 31 March 2019 your company is now one of the top 500 listed entities and in terms of the provision of SEBI (LODR), 2015 is required to have minimum 6 directors including a women non-executive independent director on its board. The Company is taking necessary steps to comply with the same. The Company will also take required steps to reconstitute its various committees, if required.

## **19. KEY MANAGERIAL PERSONNEL**

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are- Mr. Parmod Sagar, Managing Director & CEO, Mr. Sanjeev Bhardwaj, Chief Financial Officer and Mr. Sanjay Kumar, Company Secretary. During the year, there has been no change in the Key Managerial Personnel.



## 20. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

The Company has devised the nomination and remuneration policy for the selection, appointment and remuneration of the directors and key managerial personnel and also remuneration of other employees who have the capacity and ability to lead the Company towards achieving sustainable development. The nomination and remuneration policy of the Company is available on the Company's website and can be accessed on the Company's website at the link: <http://www.orientrefractories.com/policies.htm>

The criteria for appointment and remuneration of directors is as under:

(a) Criteria for appointment of managing directors / whole time director / director:

The nomination and remuneration committee shall identify persons of integrity who possess relevant expertise and experience particularly in refractory industry, leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

(b) Criteria for appointment of independent director:

The independent director shall be of high integrity with relevant expertise and experience so as to have as diverse board with directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

## 21. PERFORMANCE EVALUATION

The board of directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to applicable provisions of the Act and the corporate governance requirements as prescribed by Listing Regulations, 2015.

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc. The nomination and remuneration committee had evaluated the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

Performance evaluation of independent directors was carried out by the entire board, excluding the independent director being evaluated. A meeting of the independent directors, with Dr. Vijay Sharma as the Chairman, was held on 17 May 2018, to review the performance of the non-independent directors, the Board as a whole and the Chairman on the parameters of effectiveness and to assess the quality, quantity and timeliness of the flow of information between the Management and the Board. The same was discussed in the board meeting that followed the meeting of the independent directors, at which the performance of the board, its committees, and individual directors was also discussed.

## 22. AUDITORS

### Statutory auditor

M/s. Price Waterhouse, Chartered Accountants, LLP (Firm Registration No. 012754N/N500016) were appointed as Statutory Auditors of the Company at the 7 AGM held on 25 September 2017 for a period of 5 years for auditing the accounts of the Company from the conclusion of 7 AGM till the conclusion of 12 AGM of the Company to be held in year 2021-2022.

### Internal auditor

The board has appointed M/s. Chaturvedi & Partners as an internal auditors for the financial year 2018-19 under Section 138 of the Companies Act, 2013 and they have completed the internal audit as per the scope defined by the audit committee.

### Secretarial auditor

The Company has appointed M/s. Naresh Verma & Associates, Company Secretaries in Practice, to conduct secretarial audit for the financial year 2018-19 as required by Section 204 of the Companies Act, 2013 and rules made thereunder. The Company provided all assistance and facilities to the secretarial auditors for conducting their audit. The secretarial audit report for the financial year ended 31 March 2019 is annexed herewith marked as **Annexure - II**.



#### **Cost auditor**

As per Section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice. In this connection, the board of directors of the Company has on the recommendation of the audit committee, approved the appointment of M/s. K. G. Goyal & Associates as the cost auditors of the Company for the year ending 31 March 2020.

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors as recommended by the audit committee and approved by the board has to be ratified by the members of the Company. Accordingly, appropriate resolution forms part of the notice convening the AGM. The board seeks your support in approving the proposed remuneration of Rs. 50,000 plus out-of-pocket expenses and taxes payable to the Cost Auditors for the financial year ending 31 March 2019.

M/s. K. G. Goyal & Associates have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for the past several years under the provisions of the erstwhile Companies Act, 1956.

The Cost Audit Report for the year ended 31 March 2019 will be filled within statutory time limit.

#### **23. AUDITOR'S QUALIFICATION AND MANAGEMENT REPLY THEREON**

There are no qualifications in the reports of the statutory auditor and secretarial auditors' except one adverse observation by secretarial auditor's regarding short fall in corporate social responsibility expenditure., which is explained in point no. 16 pertaining to CSR disclosure stated in this report. The remaining remarks of the secretarial auditors are self-explanatory, and no further explanation thereof is required. There are no frauds reported in the reports of the auditors as mentioned under sub-section (12) of Section 143 of the Act.

#### **24. INDUSTRIAL RELATIONS**

The industrial relations with staff and workers during the year under review continue to be cordial.

#### **25. CHANGE IN THE NATURE OF BUSINESS, IF ANY**

There is no change in the nature of business of your Company during the year under review.

#### **26. DISCLOSURES**

i. Vigil mechanism /whistle blower policy

The Vigil mechanism of the Company which also incorporate a whistle blower policy in the terms of SEBI (Listing Obligations and Disclosure Requirements), 2015 deals with instances of fraud and mismanagement, if any. The policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://www.orientrefractories.com/policies.htm>

ii. Audit committee

The audit committee comprised of two independent non-executive directors viz. Dr. Vijay Sharma (Chairman) & Mr.R. S. Bajoria and one non-executive director viz. Mr. Erwin Jankovits. All the recommendations made by the audit committee were accepted by the board.

iii. Number of board meeting

The board of directors of the Company met four times in the year, the details of which are provided in the corporate governance report.

iv. Particulars of loans given, investment made, guarantees given and securities provided

The Company has not given any loans, guarantee or investments covered under the provisions of Section 186 of the Companies Act, 2013.

v. Conservation of energy, technology absorption and foreign exchange earnings and outgo



The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 are provided in **Annexure - III**.

vi. Extract of annual return

Extract of annual return of the Company is annexed herewith marked as **Annexure - IV**.

vii. Particulars of employees and related disclosures

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure - V**.

viii. Corporate governance report

Report on corporate governance is annexed herewith as **Annexure - VI** to this report.

ix. Business responsibility reporting

The Company's ethical and responsible behaviour complements its corporate culture. Being a public listed company, the Company recognises that its accountability is not limited only to its shareholders from a financial perspective but also to the larger society in which it operates. During the year, consequent to the requirements of reporting of its business responsibility initiatives becoming mandatory under the Listing Regulations, the Company formulated a consolidated policy on business responsibility which lays down the broad principles guiding the Company in delivering its various responsibilities to its stakeholders. The policy is intended to ensure that the Company adopts responsible business practices in the interest of the social set up and the environment so that it contributes beyond financial and operational performance.

A copy of the policy is available at <https://www.orientrefractories.com/policies.htm> and the business responsibility report for the year ended 31 March 2019 in terms of Regulation 34 of the Listing Regulations is annexed to this report as **Annexure - VII**.

x. Transfer of amounts to Investor Education and Protection Fund

The Company did not have any fund lying unpaid or unclaimed for a period of seven years. Therefore there was no fund which was required to be transferred to Investor Education and Protection Fund (IEPF). Pursuant to the provisions of the Investor Education Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has already filed the necessary form and uploaded the details of unpaid and unclaimed amounts lying with the Company, as on the date of last Annual General Meeting (i.e. 10 September 2018), with the Ministry of Corporate Affairs.

xi. Listing with stock exchanges

The Company confirms that it has paid the annual listing fees for the year 2019-20 to NSE and BSE where the Company's shares are listed.

xii. Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has formulated and implemented a policy of prevention of sexual harassment at the workplace with mechanism of lodging/redressal complaints. During the year under review, there were no complaints reported to the Board. The policy may be accessed on the Company's website at the link: <http://www.orientrefractories.com/policies.htm>

xiii. Compliance with the Institute of Company Secretaries of India ("ICSI") Secretarial Standards

The relevant Secretarial Standards issued by the ICSI related to the Board Meetings and General Meeting have been complied with by the Company.

xiv. No disclosure or reporting is required in respect of the following items as there were no transaction on these items during the year under review:

- Details relating to deposit and unclaimed deposits or interest thereon.



- Issue of equity shares with differential rights as to dividend or voting.
- Issue of shares (including sweat equity shares) and Employee Stock Option Scheme of the Company under any scheme.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern and Company's operation in future.

**27. CAUTIONARY STATEMENTS**

Certain statements in the "Management Discussion and Analysis" describing the Company's views about the Industry, expectations/ predictions, objectives etc., may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the Statement. Company's operations may inter-alia affect with the supply and demand stipulations, input prices and their availability, changes in Government regulations, taxes, exchange fluctuations and other factors such as Industrial relations and economic developments etc. Investors should bear the above in mind.

**28. ACKNOWLEDGEMENT**

The board of directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review.

The boards of directors also wish to place on record its deep sense of appreciation for the committed services by the Company's executives, staff and workers.

Last but not least, your Directors wish to place on record their warm appreciation to you for your continuous support and encouragement.

**For and on behalf of the Board of Directors**

**Place : Gurugram**  
**Date : 28 May 2019**

**Dr. Vijay Sharma**  
**Chairman**  
**(DIN: 00880113)**



**ANNEXURE I**

**REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES**

1.	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	Refer section corporate social responsibility in this report. The Company has framed its CSR policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website at the web link.  The overview of CSR projects and programmes are available at: <a href="http://www.orientrefractories.com/csr.htm">http://www.orientrefractories.com/csr.htm</a>
2.	The composition of the CSR committee	- Dr. Vijay Sharma (Chairman) - Mr. R S Bajoria - Mr. Erwin Jankovits - Mr. Parmod Sagar
3.	Average net profit of the Company for last three financial years	Rs. 10,853.36 lacs
4.	Prescribed CSR expenditure (two percent of the amount as in item 3 above)	Rs. 217.07 lacs
5.	Details of CSR spent for the financial year. (a) Total amount to be spent for the financial year (b) Amount unspent, if any (c) Manner in which the amount spent during the financial year is detailed below	Rs. 217.07 lacs  Rs. 58.52 lacs  The manner in which the amount is spent is annexed
6.	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its board report.	Details provided in the board's report.
7.	A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company.	The implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the Company

For **Orient Refractories Limited**

Place: Gurugram  
Date : 28 May 2019

**Parmod Sagar**  
Managing Director & CEO  
(DIN: 06500871)

**Dr. Vijay Sharma**  
Chairman-CSR Committee  
(DIN: 00880113)



**Annexure to the Corporate Social Responsibility Annual Report**  
**manner in which the amount spent during the financial year is detailed below:**

(1) S. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Project or programs Local area or other Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs Sub-heads: Direct expenditure on projects or programs Overheads	(7) Cumulative expenditure up to the reporting period	(8) Amount spent: Direct or through Implementing agency
1.	Contribution to Clean Ganga Fund	Clean Ganga Fund	Pan-India	30.00	(in Rs. Lacs) 30.00	30.00	Direct
2.	Contribution to Prime Minister's National Relief Fund	Prime Minister's National Relief Fund		20.00	20.00	20.00	
3.	Contribution to Swachh Bharat Kosh	Swachh Bharat Kosh		30.00	30.00	30.00	
4.	Contribution to Avtar Development Foundation	Socio economic development		15.00	15.00	15.00	
5.	Contribution to Grani Agro Rural Advancement and National Innovation	Ensuring environmental sustainability		10.00	10.00	10.00	
6.	Contribution to Chief Minister's distress relief fund	Relief fund set up by State Govt.		11.00	11.00	11.00	
7.	Contribution to Center for human care	Socio economic development		5.00	5.00	5.00	
8.	Contribution to The Earth Saviours Foundation	Measures for reducing inequalities faced by socially & economically backward groups		5.00	5.00	5.00	
9.	Donation of articles to various schools and colleges	Promotion of education		5.66	5.66	5.66	
10.	Contribution to Bhiwadi Jal Pradushan Nivaran Association	Ensuring environmental sustainability		1.95	1.95	1.95	
11.	Organise health check-up camps	Promoting health care including preventive healthcare		19.90	19.90	19.90	
12.	Maintenance of ambulance donated to a trust			4.30	4.30	4.30	
13.	Miscellaneous	Administrative expenses		0.74	0.74	0.74	
<b>Total</b>				<b>158.55</b>	<b>158.55</b>	<b>158.55</b>	



**Secretarial Audit Report**

**for the financial year ended 31 March 2019**

[Pursuant to section 204(1) of the Companies Act, 2013 and  
Rule No.9 of the Companies (Appointment and Remuneration of Personnel) Rules, 2014]

To,  
**The Members,**  
**Orient Refractories Limited**  
**CIN L28113MH2010PLC312871**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ORIENT REFRACTORIES LIMITED** (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2019 and made available to us, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (up to 10 November 2018) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (with effect from 11 November 2018) –  
**Not Applicable as there was no reportable event during the financial year under review;**
  - d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 –  
**Not Applicable as there was no reportable event during the financial year under review;**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 –  
**Not Applicable as there was no reportable event during the financial year under review;**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client-  
**Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent;**



- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 –

**Not applicable as the Company has not delisted/proposed to delist its equity shares from any Stock Exchange during the financial year under review,**

- h) Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 (up to 10 September 2018) and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (with effect from 11 September 2018) –

**Not applicable as the Company has not bought back/proposed to buy-back any of its securities during the financial year under review;**

- vi. As per management, there are no specific laws applicable to Company as stated in ICSI guidance note on secretarial audit.

We have also examined compliance with the applicable provisions of the following:

- (i) Secretarial Standards issued by “The Institute of Company Secretaries of India”;
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereto and Listing Agreements entered into by the Company with the National Stock Exchange of India Limited and BSE Limited.

**We report that** during the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above except to the extent stated here under:

**Observations:**

*The expenditure made by the Company towards CSR activities during the year ended 31 March 2019 is less than the prescribed amount.*

As per recently amended regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. *Mr. R. S. Bajoria, Independent non-executive Director of the Company is above age of 75 years as on 1 April 2019.* The Company is proposing to take the necessary approval in the ensuing AGM to be held for the year ended 31 March 2019

The SEBI on 28 September 2018 (received by the Company from NSE on 1 October 2018) while considering application of Company under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 seeking its approval on composite scheme of amalgamation of RHI India Private Limited, RHI Clasil Private Limited (RHI Clasil) with and into Orient Refractories Limited noted that name of Mr. Vijay Sharma (director of Orient Refractories Limited) and Mr. George Mathew (director of RHI Clasil Pvt. Ltd.) features in the database of RBI data of wilful defaulters. The SEBI advised to clarify if the aforementioned person appearing as part of Orient Refractories Limited, involved in the scheme is the same and if any action has been taken against him. The Company duly filed its reply. Subsequently both NSE and BSE through their observation letters was instructed the company to ensure disclosure with respect to the information pertaining to Mr. Vijay Sharma, being a director of BMM Ispat Ltd., which has been declared as a defaulter in relation to loans availed by the Company from Bank of India and Vijaya Bank under the heading “Action taken by SEBI/RBI” and to brought to the notice of the shareholders and Hon’ble NCLT. The Company has duly filed its reply and also made necessary disclosure in the composite scheme of amalgamation to bring the same to the notice of the shareholders and Hon’ble NCLT.

**We further report that,** the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of account has not been reviewed in this audit since the same has been subject to review by statutory financial audit and other designated professionals.

**We further report that,** the board of directors of the Company is duly constituted with proper balance of executive directors, non-executive directors and independent directors. The changes in the composition of the board of directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.



# Orient Refractories Limited

(An RHI Magnesita Company)



As per the minutes of the meetings duly recorded and signed by the Chairman, the decision of the Board was unanimous, and no dissenting views were found to be recorded.

**We further report that**, as per the explanations given to us and the representations made by the management and relied upon by us there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the following events have occurred which had a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards etc:-

- a. The registered office of the Company was shifted from NCT of Delhi to the State of Maharashtra vide confirmation order of Regional Director, Northern region dated 30 July 2018
- b. A composite scheme of amalgamation among RHI India Private Limited (Transferor Company No. 1), RHI Clasil Private Limited (Transferor Company No. 2) and Orient Refractories Limited (Transferee Company) and the respective shareholders and creditors as approved by the shareholders and creditors of respective companies is pending before the Hon'ble National Company Law Tribunal, Mumbai Bench.

**For Naresh Verma & Associates**  
Company Secretaries

**Place : Delhi**  
**Date : 28 May 2019**

**Naresh Verma**  
**CP: 4424, FCS: 5403**

**Note:** This report is to be read with our letter of even date which is annexed as Annexure- A and forms an integral part of this.

## Annexure-A

To,  
**The Members,**  
**Orient Refractories Limited**  
**(CIN : L28113MH2010PLC312871)**

Our report on even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of account of the Company.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Naresh Verma & Associates**  
Company Secretaries

**Place : Delhi**  
**Date : 28 May 2019**

**Naresh Verma**  
**CP: 4424, FCS: 5403**



**ANNEXURE III**

**Particulars of Energy Conservation, Technology Absorption and Foreign Exchange  
Earnings and Outgo required under the Companies (Accounts) Rules, 2014**

[Pursuant to Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of  
the Companies (Accounts) Rules, 2014]

**A. ENERGY CONSERVATION PROJECTS IMPLEMENTED IN THE PLANT**

**i. By Productivity enhancement:**

Productivity of slag arresting dart area increased four times. By introduction of rubber pin in place of metallic pin, productivity of precast products increased by 30 percent. Productivity of slide gate presses have increased by reduction of set up time during mould changeover.

**ii. By automation and using superior technology:**

At ISO plant# 2, Puff panels were used in place of bricks and mortar to reduce air conditioning losses. The chillers and compressors with VFD controls installed for ISO plant#2 have used state of art technology and are highly energy efficient. The material handling is reduced substantially due to better layout.

**iii. Alternate fuel and cleaner fuel:**

Shuttle Kilns in the plant are being converted from oil-firing type to gas firing type. In the year 2018-19 the Company have started with 2 nos. Slide Gate Shuttle kilns where oil burners and pipelines have been replaced by gas burners, gas valve train and pipelines. The kiln temperature cycle is controlled by PLC and SCADA. Natural gas shall be used as an alternate fuel which is a cleaner and environment-friendly fuel. Recuperator has been placed in flue line to reuse the waste heat. Overall fuel cost has gone down significantly by this initiative.

In 2019-20 conversion of 3 more kilns in Slide gate is in progress. The conversion will be finished by July'2019. From August'2019 onwards oil will not be used for firing slide gate refractories.

**B. 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. The Company has introduced new line of product range i.e. Tap hole clay, Desulphurization lance, Monotube, Slide plates with Zirconia inserts for higher sequence life, Slab SEN for higher sequence life, press route flying nozzles and MBS for 26 hours continuous casting (Asia record).

In 2018 the Company set up a new ISO facility. The vibration tables have very good frequency and amplitude controls which has significantly improved quality. The curing ovens and kilns are energy efficient and have PLC controls. To achieve better product appearance, spray glazing system has been developed and introduced in plant#2.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Amount in Rs. Lacs)

Particulars	2018-19	2017-18
Earnings	14,616.38	14,426.46
Outgo	14,921.99	9,363.40

For On behalf of the Board of Directors

Place : Gurugram  
Date : 28 May 2019

Dr. Vijay Sharma  
Chairman  
(DIN: 00880113)



**Form No. MGT 9**

**Extract of Annual Return as on 31 March 2019**

Pursuant to Section 92(3) of the Companies Act, 2013.

[Read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

CIN	L28113MH2010PLC312871
Registration date	26 November 2010
Name of the company	Orient Refractories Limited
Category/Sub-category of the company	Public Company/Limited by Shares
Address of the registered office and contact details	C-604, Neelkanth Business Park, Opp. Railway Station, Vidhyavihar (West), Mumbai, MAHARASHTRA-400086 Tel. No. : +91 22 660 90 600 Fax No. : +91 22 660 90 601 E-mail : Bhi_ho@RHIMagnesita.com Web-site: www.orientrefractories.com
Whether listed company Yes/No	Yes
Name, address and contact details of the Registrar and Transfer Agent, if any.	Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi - 110 020 Tel. No. : +91-11-40450193-97 Fax No. : +91-11-26812682 E-mail : admin@skylinerta.com Web-site: www.skylinerta.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. no.	Name and description of main products/services	NIC code of the product /service	% to total turnover of the Company
1.	Manufacturing of refractories and monolithics items	23993	76.17
2.	Trading of refractory items		21.37

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sr. no.	Name and address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable section
1.	Dutch US Holding B.V.	NA	Holding	66.49	Section 2(46)



# Orient Refractories Limited

(An RHI Magnesita Company)



## IV. SHAREHOLDING PATTERN (Equity share capital breakup as % of total equity)

### (i) Category-wise share holding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
d) Any other.....	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (1)</b>	-	-	-	-	-	-	-	-	-
<b>2. Foreign</b>									
a) Individual/NRI-Individual/Foreign Individual	-	-	-	-	-	-	-	-	-
b) Government	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Foreign Portfolio Investor Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Bodies Corporate	83,637,771	-	83,637,771	69.62	79,877,771	-	79,877,771	66.49	(3.13)
<b>Sub Total (A) (2)</b>	<b>83,637,771</b>	-	<b>83,637,771</b>	<b>69.62</b>	<b>79,877,771</b>	-	<b>79,877,771</b>	<b>66.49</b>	<b>(3.13)</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>83,637,771</b>	-	<b>83,637,771</b>	<b>69.62</b>	<b>79,877,771</b>	-	<b>79,877,771</b>	<b>66.49</b>	<b>(3.13)</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>1. Institutions</b>									
a) Mutual Funds	6,183,437	-	6,183,437	5.15	12,499,265	-	12,499,265	10.40	5.26
b) Venture Capital Fund	-	-	-	-	-	-	-	-	-
c) Alternate Investment Funds	36,048	-	36,048	0.03	366,252	-	366,252	0.30	0.27
d) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Foreign Portfolio Investors	6,164,567	-	6,164,567	5.13	5,542,022	-	5,542,022	4.61	(0.52)
f) Financial Institutions/Bank	65,405	5,000	70,405	0.06	58,941	5,000	63,941	0.05	(0.01)
g) Insurance Companies	-	-	-	-	-	-	-	-	-
h) Provident Fund/Pension Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub Total (B)(1)</b>	<b>12,449,457</b>	<b>5,000</b>	<b>12,454,457</b>	<b>10.37</b>	<b>18,466,480</b>	<b>5,000</b>	<b>18,471,480</b>	<b>15.38</b>	<b>5.01</b>
<b>2. Central Government/State Government/ President of India</b>	-	-	-	-	-	-	-	-	-
<b>Sub Total (B)(2):</b>	-	-	-	-	-	-	-	-	-
<b>1. Non Institutions</b>									
a) i) Individual shareholders holding nominal share capital up to Rs.2 lakhs	14,672,812	1,835,484	16,508,296	13.74	13,600,548	1,431,790	15,032,338	12.51	(1.23)
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	217,275	-	217,275	0.18	221,949	-	221,949	0.18	0.00
b) NBFCs Registered with RBI	90,648	-	90,648	0.08	31,000	-	31,000	0.03	(0.05)
c) Employee Trusts	-	-	-	-	-	-	-	-	-
d) Overseas Depositories (Holding DRs) (Balancing Figure)	-	-	-	-	-	-	-	-	-
e) Any other (Specify)									
(e-i) Bodies Corporate	2,866,345	26,240	2,892,585	2.41	2,646,707	-	2,646,707	2.20	(0.20)
(e-ii) Non Resident Indians	665,906	1,074	666,980	0.56	420,343	574	420,917	0.35	(0.20)
(e-iii) Resident Indian HUF	470,367	-	470,367	0.39	439,305	-	439,305	0.37	(0.03)
(e-iv) Trust	19,703	-	19,703	0.02	-	-	-	-	(0.02)
(e-v) Clearing House/ Members	190,578	-	190,578	0.16	79,683	-	79,683	0.07	(0.09)
(e-vi) Orient Refractories Limited-Unclaimed suspense Account	2,990,540	-	2,990,540	2.49	2,918,050	-	2,918,050	2.43	(0.06)
(e-vii) Other	-	-	-	-	-	-	-	-	-
<b>Sub Total (B)(3):</b>	<b>22,184,174</b>	<b>1,862,798</b>	<b>24,046,972</b>	<b>20.02</b>	<b>20,357,585</b>	<b>1,432,364</b>	<b>21,789,949</b>	<b>18.14</b>	<b>(1.88)</b>
<b>Total public shareholding (B)= (B)(1)+(B)(2)+(B)(3)</b>	<b>34,633,631</b>	<b>1,867,798</b>	<b>36,501,429</b>	<b>30.38</b>	<b>38,824,065</b>	<b>1,437,364</b>	<b>40,261,429</b>	<b>33.51</b>	<b>3.13</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>118,271,402</b>	<b>1,867,798</b>	<b>120,139,200</b>	<b>100.00</b>	<b>118,701,836</b>	<b>1,437,364</b>	<b>120,139,200</b>	<b>100.00</b>	-



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## (ii) Shareholding of promoters

S. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of Shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of Shares pledged encumbered to total shares	
1.	Dutch US Holding B.V.	83,637,771	69.62	-	79,877,771	66.49	-	(3.13)
	<b>Total</b>	83,637,771	69.62	-	79,877,771	66.49	-	(3.13)

## (iii) Change In Promoters' Shareholding (please specify if there is no change)

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	83,637,771	69.62	83,637,771	69.62
2.	Date wise increase/decrease in promoters' shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc.) - Sale of shares on 24 August 2018	(3,760,000)	(3.13)	79,877,771	66.49
3.	At the end of the year	79,877,771	66.49	-	-

## (iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs & ADRs)

S. No.	Shareholders' name	Remarks	Date*	Shareholding		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	L and T Mutual Fund Trustee Ltd-L and T Infrastructure Fund	<b>At the beginning of the year</b>	1-Apr-18	1,290,784	1.07	1,290,784	1.07
		Purchase	25-May-18	296,478	0.25	1,587,262	1.32
		Purchase	1-Jun-18	14,333	0.01	1,601,595	1.33
		Purchase	8-Jun-18	62,847	0.05	1,664,442	1.39
		Purchase	3-Aug-18	405,000	0.34	2,069,442	1.72
		Purchase	10-Aug-18	430,335	0.36	2,499,777	2.08
		Purchase	31-Aug-18	2,342,144	1.95	4,841,921	4.03
		Purchase	7-Sep-18	78,970	0.07	4,920,891	4.10
		Purchase	14-Sep-18	49,205	0.04	4,970,096	4.14
		Purchase	21-Sep-18	25,000	0.02	4,995,096	4.16
		Purchase	28-Sep-18	327,916	0.27	5,323,012	4.43
		Purchase	5-Oct-18	72,970	0.06	5,395,982	4.49
		Purchase	12-Oct-18	46,288	0.04	5,442,270	4.53
		Purchase	19-Oct-18	706	0.00	5,442,976	4.53
		Purchase	26-Oct-18	4,800	0.00	5,447,776	4.53
		Purchase	23-Nov-18	47,076	0.04	5,494,852	4.57
		Purchase	30-Nov-18	9,737	0.01	5,504,589	4.58
Purchase	14-Dec-18	11,290	0.01	5,515,879	4.59		
Purchase	21-Dec-18	206,184	0.17	5,722,063	4.76		



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S. No.	Shareholders' name	Remarks	Date*	Shareholding		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
		Purchase	28-Dec-18	175,437	0.15	5,897,500	4.91
		Purchase	22-Feb-19	25,000	0.02	5,922,500	4.93
		Purchase	1-Mar-19	7,156	0.01	5,929,656	4.94
		Purchase	8-Mar-19	4,601	0.00	5,934,257	4.94
		Purchase	15-Mar-19	32,474	0.03	5,966,731	4.97
		Purchase	22-Mar-19	432	0.00	5,967,163	4.97
		Purchase	29-Mar-19	15,337	0.01	5,982,500	4.98
		<b>At the end of the year</b>	31-Mar-19	<b>5,982,500</b>	<b>4.98</b>		
2.	Pinebridge Investments GF Mauritius Limited	<b>At the beginning of the year</b>	1-Apr-18	3,301,512	2.75	3,301,512	2.75
		<b>At the end of the year</b>	31-Mar-19	<b>3,301,512</b>	<b>2.75</b>		
3.	HDFC Trustee Co Ltd A/C HDFC Retirement Savings Fund-Hybrid-Debt Plan	<b>At the beginning of the year</b>	1-Apr-18	17,000	0.01	17,000	0.01
		Purchase	31-Aug-18	1,340,000	1.12	1,357,000	1.13
		Purchase	12-Oct-18	99,201	0.08	1,456,201	1.21
		Purchase	19-Oct-18	1,241,700	1.03	2,697,901	2.25
		Purchase	26-Oct-18	54,200	0.05	2,752,101	2.29
		Purchase	2-Nov-18	13,785	0.01	2,765,886	2.30
		Purchase	16-Nov-18	35,500	0.03	2,801,386	2.33
		Purchase	23-Nov-18	5,000	0.00	2,806,386	2.34
		Purchase	30-Nov-18	198,000	0.16	3,004,386	2.50
		<b>At the end of the year</b>	31-Mar-19	<b>3,004,386</b>	<b>2.50</b>		
4.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Balanced Advantage Fund	<b>At the beginning of the year</b>	1-Apr-18	2,255,716	1.88	2,255,716	1.88
		Purchase	27-Apr-18	20,000	0.02	2,275,716	1.89
		Sale	3-Aug-18	(150,000)	(0.12)	2,125,716	1.77
		Sale	10-Aug-18	(33,000)	(0.03)	2,092,716	1.74
		Sale	17-Aug-18	(23,000)	(0.02)	2,069,716	1.72
		Sale	24-Aug-18	(770)	(0.00)	2,068,946	1.72
		Purchase	2-Nov-18	6,000	0.00	2,074,946	1.73
		Sale	30-Nov-18	(25,000)	(0.02)	2,049,946	1.71
		<b>At the end of the year</b>	31-Mar-19	<b>2,049,946</b>	<b>1.71</b>		
5.	SBI Small and Midcap Fund	<b>At the beginning of the year</b>	1-Apr-18	1,700,000	1.42	1,700,000	1.42
		Sale	27-Apr-18	(145,923)	(0.12)	1,554,077	1.29
		Sale	4-May-18	(14,000)	(0.01)	1,540,077	1.28
		Sale	11-May-18	(40,077)	(0.03)	1,500,000	1.25
		Sale	10-Aug-18	(310,000)	(0.26)	1,190,000	0.99
		Sale	19-Oct-18	(1,190,000)	(0.99)	-	0.00
		<b>At the end of the year</b>	31-Mar-19	<b>-</b>	<b>0.00</b>		



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S. No.	Shareholders' name	Remarks	Date*	Shareholding		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6.	Bajaj Allianz Life Insurance Company Ltd.	<b>At the beginning of the year</b>	1-Apr-18	938,548	0.78	938,548	0.78
		Sale	8-Jun-18	(25,000)	(0.02)	913,548	0.76
		Sale	10-Aug-18	(100,000)	(0.08)	813,548	0.68
		Sale	24-Aug-18	(100,000)	(0.08)	713,548	0.59
		Purchase	31-Aug-18	78,000	0.06	791,548	0.66
		Sale	21-Sep-18	(50,000)	(0.04)	741,548	0.62
		Sale	8-Feb-19	(27,000)	(0.02)	714,548	0.59
		Sale	22-Feb-19	(15,000)	(0.01)	699,548	0.58
		Purchase	1-Mar-19	10,000	0.01	709,548	0.59
		Purchase	8-Mar-19	8,000	0.01	717,548	0.60
			<b>At the end of the year</b>	31-Mar-19	717,548	0.60	
7.	Pinebridge Global Funds - Pinebridge India Equity Fund	<b>At the beginning of the year</b>	1-Apr-18	611,181	0.51	611,181	0.51
		<b>At the end of the year</b>	31-Mar-19	<b>611,181</b>	<b>0.51</b>		
8.	BOI AXA Mid Cap Equity and Debt Fund	<b>At the beginning of the year</b>	1-Apr-18	261,402	0.22	261,402	0.22
		Purchase	8-Jun-18	18,601	0.02	280,003	0.23
		Purchase	13-Jul-18	6,000	0.00	286,003	0.24
		Purchase	24-Aug-18	86,400	0.07	372,403	0.31
		Purchase	31-Aug-18	93,898	0.08	466,301	0.39
		Purchase	7-Sep-18	7,359	0.01	473,660	0.39
		Purchase	19-Oct-18	30,000	0.02	503,660	0.42
		Purchase	23-Nov-18	1,948	0.00	505,608	0.42
		Purchase	18-Jan-19	8,088	0.01	513,696	0.43
		Purchase	25-Jan-19	3,500	0.00	517,196	0.43
		Purchase	1-Feb-19	25,229	0.02	542,425	0.45
		Purchase	8-Feb-19	3,000	0.00	545,425	0.45
		Purchase	15-Feb-19	2,750	0.00	548,175	0.46
		Purchase	22-Feb-19	22,338	0.02	570,513	0.47
			<b>At the end of the year</b>	31-Mar-19	<b>573,763</b>	<b>0.48</b>	
9.	Pinebridge India Equity Fund	<b>At the beginning of the year</b>	1-Apr-18	656,570	0.55	656,570	0.55
		Sale	17-Aug-18	(74,155)	(0.06)	582,415	0.48
		Sale	24-Aug-18	(89,485)	(0.07)	492,930	0.41
		<b>At the end of the year</b>	31-Mar-19	<b>492,930</b>	<b>0.41</b>		
10.	Pinebridge India Equity Fund	<b>At the beginning of the year</b>	1-Apr-18	404,000	0.34	404,000	0.34
		<b>At the end of the year</b>	31-Mar-19	404,000	0.34		
11.	Reliance Capital Trustee Co Ltd-A/C Reliance Capital Builder Fund 4 Sr D	At the beginning of the year	1-Apr-17	297,257	0.25	297,257	0.25
		<b>At the beginning of the year</b>	1-Apr-18	344,845	0.29	344,845	0.29
		Sale	7-Sep-18	(100,000)	(0.08)	244,845	0.20
		Sale	14-Sep-18	(24,470)	(0.02)	220,375	0.18
		Sale	21-Sep-18	(10,175)	(0.01)	210,200	0.17
		Sale	30-Nov-18	(65,000)	(0.05)	145,200	0.12
	<b>At the end of the year</b>	31-Mar-19	<b>145,200</b>	<b>0.12</b>			

**Note:**

Date of transfer has been considered as the date on which the beneficiary position was provided by the Depositories to the Company.

Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder. Change in top ten shareholders at the beginning and at the end of the year.



(v) **Shareholding of directors & key managerial personnel:**

Sr. no.	Shareholders' name	Remarks	Date	Shareholding		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Parmod Sagar- Managing Director & CEO	At the beginning of the year	1-Apr-18	13,698	0.01	13,698	0.01
		Purchase/Sale during the year	-	-	-	-	-
		At the end of the year	31-Mar-19	13,698	0.01	13,698	0.01
2.	Mr. Sanjeev Bhardwaj-KMP	At the beginning of the year	1-Apr-18	2,250	0.00	2,250	0.00
		Purchase/Sale during the year	-	-	-	-	-
		At the end of the year	31-Mar-19	2,250	0.00	2,250	0.00

Following directors/key managerial personnel did not hold any shares during the year 2018-19.

Dr. Vijay Sharma, Mr. R.S. Bajoria, Ms. Verena Buzzi, Mr. Reinhold Steiner, Mr. Erwin Jankovits-Directors and Mr. Sanjay Kumar-KMP.

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Amount in Rs. Lacs)

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
Change in indebtedness during the financial year				
Additions	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration To Managing Director, Whole Time Director and/or Manager**

(Amount in Rs. Lacs)

Sr. no.	Particulars of remuneration	Mr. Parmod Sagar- Managing Director & CEO	Total Amount
1.	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	245.25	245.25
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.40	0.40
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2.	Stock option	-	-
3.	Sweat equity	-	-
4.	Commission - as % of profit - others (specify)	-	-
5.	Others, <i>please specify</i>	-	-
<b>Total (A)</b>		<b>245.65</b>	<b>245.65</b>
		<b>Ceiling as per the Act</b>	<b>702.08</b>

**B. Remuneration to other directors**

**i. Independent directors**

Sr. no.	Particulars of remuneration	Name of directors		Total amount
		Dr. Vijay Sharma	Mr. R S Bajoria	
1.	Fee for attending Board/Committee Meetings	4.00	4.00	8.00
2.	Commission	-	-	-
3.	Others, <i>please specify</i>	-	-	-
<b>Total (B1)</b>		<b>4.00</b>	<b>4.00</b>	<b>8.00</b>

**ii. Other non-executive directors**

Sr. no.	Particulars of remuneration	Name of directors			Total amount
		Mr. Reinhold Steiner	Mr. Erwin Jankovits	Ms. Verena Buzzi	
1.	Fee for attending Board/Committee meetings	-	-	-	-
2.	Commission	-	-	-	-
3.	Others, <i>please specify</i>	-	-	-	-
<b>Total (B ii)</b>		-	-	-	-
				<b>Total (B)=(B i +B ii)</b>	<b>8.00</b>
				<b>Total Managerial Remuneration (A+B)</b>	<b>253.65</b>
				<b>Overall ceiling as per the Act.</b>	<b>1,544.58</b>



**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(Amount in Rs. Lacs)

Sr. no.	Particulars of remuneration	Key Managerial Personnel		Total amount
		Mr. Sanjay Kumar	Mr. Sanjeev Bhardwaj	
<b>1.</b>	<b>Gross salary</b>			
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	15.69	80.16	95.85
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	0.40	0.40
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock option	-	-	-
3.	Sweat equity	-	-	-
4.	Commission - as % of profit - others (specify)	-	-	-
5.	Others, <i>please specify</i>	-	-	-
	<b>Total</b>	<b>15.69</b>	<b>80.56</b>	<b>96.25</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give details)
<b>A. Company</b>					
- Penalty			None		
- Punishment					
- Compounding					
<b>B. Directors</b>					
- Penalty			None		
- Punishment					
- Compounding					
<b>C. Other officers in default</b>					
- Penalty			None		
- Punishment					
- Compounding					

On behalf of the Board of Directors

Dr. Vijay Sharma  
Chairman  
(DIN: 00880113)

Place: Gurugram  
Date : 28 May 2019



**ANNEXURE V**

**Statement of Disclosure pursuant to Section 197 of the Companies Act, 2013**

[Read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

[(Explanation: (i) the expression “median” means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one; (ii) if there is an even number of observations, the median shall be the average of the two middle values]

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, or Manager, if any, in the financial year:

The ratio of remuneration of each director to the median remuneration of all employees who were on the payroll of the Company and the percentage increase in remuneration of the Directors, Chief Financial Officer and Company Secretary during the financial year 2018-19 are given below:

	Ratio to median remuneration	% increase in remuneration in the financial year
<b>Non-executive directors</b>		
Dr. Vijay Sharma*	0.99	(25.00)
Mr. R. S. Bajoria*	0.99	(25.00)
Mr. Reinhold Steiner#	-	-
Mr. Erwin Jankovits#	-	-
Ms. Verena Buzzi#	-	-
<b>Executive director</b>		
Mr. Parmod Sagar	68.03	19.05
<b>Key Managerial Personnel</b>		
Mr. Sanjeev Bhardwaj-CFO	24.12	20.41
Mr. Sanjay Kumar-Company Secretary	4.26	17.28

\*During the year 2018-19 only four meetings of board and audit committees were held (previous year five meeting held)

#The above mentioned non-executive directors are not drawing any remuneration from the Company.

3. The percentage increase in the median remuneration of employees in the financial year : 16.80%
4. The number of permanent employees on the rolls of the Company : 502
5. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The percentage increase in the salaries of employees other than the managerial personnel in the last financial year is 16.11% on a cost to Company basis, as against an increase of 19.05% in the salary of the Managing Director (Managerial Personnel as defined under the Act). The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time and also benchmarked against a comparable basket of relevant companies in India.

6. Affirmation that the remuneration is as per the remuneration policy of the Company:
- It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.
7. The statement containing particulars of the employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.



# Orient Refractories Limited

(An RHI Magnesita Company)



(a) Top ten employees in term of remuneration drawn

Sr. no.	Employee name (Designation) [Age (in years)]	Educational qualification	Experience (in years)	Date of joining	Gross remuneration Paid (in Rs. Lacs)	Previous employment (Designation)
1.	Mr. Parmod Sagar (Managing Director & CEO) (54 Years)	B.E. (Mech.)	36	15.04.1992	276.20	Orient Abrasives Ltd. (Sr. Vice President)
2.	Mr. Sanjeev Bhardwaj (Chief Financial Officer) (54 Years)	Chartered Accountant & Company Secretary	31	10.06.2013	97.92	Sterling Tools Ltd. (Vice President)
3.	Mr. Purshottam Dass (Vice President) (57 Years)	B.E. (Electrical & Electronics)	32	01.01.2013	61.51	Samtel India Ltd. (Vice President)
4.	Mr. Suneel Chawla (Vice President) (55 Years)	B.Com. & Company Secretary	36	21.10.2015	55.98	Jindal Steel & Power Ltd. (General Manager)
5.	Mr. Manoj Gupta (Asst. Vice President) (45 Years)	Chartered Accountant & Cost Management Accountant	21	23.08.2008	38.27	Orient Abrasives Ltd. (Sr. General Manager)
6.	Mr. Lakshmi Narayan Banerjee (Asst. Vice President) (70 Years)	M. Sc.	46	19.08.1998	36.44	Orient Abrasives Ltd. (Asst. Vice President)
7.	Mr. Manoj Kumar Rout (Sr. General Manager) (48 Years)	B.Sc. PG Dip. in Computer Application	26	15.11.2008	29.36	Orient Abrasives Ltd. (General Manager)
8.	Mr. Ajoy Kumar Roy (Sr. General Manager) (45 Years)	B. Sc.	22	10.08.1996	27.31	Orient Abrasives Ltd. (General Manager)
9.	Mr. Ishwar Singh (General Manager) (60 Years)	B.A. & L.L.B	38	26.11.1980	22.99	Orient Abrasives Ltd. (Dy. General Manager)
10.	Mr. Bhupender Kumar Tiwari (Dy. General Manager) (53 Years)	B.Sc.	23	28.04.1997	21.75	Orient Abrasives Ltd. (Asst. General Manager)

- (b) (i) If employed throughout the financial year was in receipt of remuneration not less than Rs. 102 lacs : None
- (ii) If employed for part of the year with an average salary not less than Rs. 8.50 lacs per month : None
- (iii) If employed throughout or part of the financial year was in receipt of remuneration in excess of Managing Director and holds 2% of the equity shares of the Company : None

On behalf of the Board of Directors

Place: Gurugram  
Date : 28 May 2019

Dr. Vijay Sharma  
Chairman  
(DIN: 00880113)



## **REPORT ON CORPORATE GOVERNANCE**

### **1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE**

Corporate Governance for our Company is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success, and we remain committed to maximizing stakeholders' value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all. We have a defined policy framework for ethical conduct of businesses. We believe that any business conduct can be ethical only when it rests on the six core values of customer value, ownership mindset, respect, integrity, one team and excellence.

#### **Statement on Company's Philosophy on Code of Governance**

Corporate governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mindset of the organization. We are committed to meet the aspirations of all our stakeholders.

This is demonstrated in shareholder returns, governance processes and an entrepreneurial performance focused work environment. Additionally, our customers have benefited from high quality products delivered at extremely competitive prices. The essence of Corporate governance lies in promoting and maintaining integrity, transparency and accountability in the management's higher echelons. The demands of corporate governance require professionals to raise their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics. It has thus become crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the complex inter-relationship among the board of directors, audit committee, finance, compliance and assurance teams, auditors and the senior management. Our employee satisfaction is reflected in the stability of our senior management, low attrition across various levels and substantially higher productivity.

At ORL, we believe that as we move closer towards our aspirations of being a global corporation, our corporate governance standards must be globally benchmarked. Therefore, we have institutionalized the right building blocks for future growth. The building blocks will ensure that we achieve our ambition in a prudent and sustainable manner. ORL not only adheres to the prescribed corporate governance practices as per the listing regulations as prescribed by SEBI, but is also committed to sound corporate governance principles and practices. It constantly strives to adopt emerging best practices being followed worldwide. It is our endeavor to achieve higher standards and provide oversight and guidance to the management in strategy implementation, risk management and fulfillment of stated goals and objectives.

We believe, corporate governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving. Our multiple initiatives towards maintaining the highest standards of governance are detailed in the following pages.

At ORL, it is our belief that an enlightened the board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the Company's value creation.

The Company has defined guidelines and an established framework for the meetings of the board and board committees. These guidelines seek to systematize the decision-making process at the meeting of the board and board committees in an informed and efficient manner. The board critically evaluates the Company's strategic direction, management policies and their effectiveness. The agenda for the Board reviews include strategic review from each of the board committees, a detailed analysis and review of annual strategic and operating plans and capital allocation and budgets. Additionally, the board reviews related party transactions, possible risks and risk mitigation measures and financial reports from the Chief Financial Officer. Frequent and detailed interaction sets the agenda and provides the strategic road map for the Company's future growth. The Institute of Company Secretaries of India (ICSI), one of India's premier professional bodies, has issued secretarial standards on important aspects like board meetings, general meetings, payment of dividend, maintenance of registers and records, minutes of meetings, transmission of shares and debentures, passing of resolutions by circulation, affixing of common seal and board's report. The Company substantially adheres to these standards. Our Company is in compliance with the requirements of corporate governance stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').



## 2. BOARD OF DIRECTORS

### Composition

The board of directors, along with its committees, provides leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing stakeholder value. The board has a fiduciary relationship in ensuring that the rights of all stakeholders are protected. The board of directors, as on 31 March 2019, comprised 6 directors, of which 5 were non-executive directors. The Company board includes a non-executive independent Chairman and 2 independent directors. All directors possess relevant qualifications and experience in general corporate management, finance, banking and other allied fields which enable them to effectively contribute to the Company in their capacity as directors. All independent directors of the Company have been appointed as per the provisions of the Companies Act, 2013 and the governance guidelines for board effectiveness adopted by the Company. Formal letters of appointment have been issued to the independent directors. The terms and conditions of their appointment are disclosed on the Company's website.

None of the directors on the board is a member of more than 10 committees and Chairman of more than 5 committees [committees being audit committee and stakeholders' relationship committee, as per Regulation 26 (1) of the Listing Regulations], across all the Companies in which he/ she is a director. The necessary disclosures regarding committee positions have been made by all the directors. None of the directors holds office in more than 20 companies and in more than 10 public companies. All directors are also in compliance of the limit on independent directorships of listed companies as prescribed in Regulation 25 (1) of the Listing Regulations.

### Category and attendance of directors

The names and categories of directors, their attendance at the board meetings held during the year and at the last annual general meeting, as also the number of directorships and committee positions held by them in public limited companies are given below:

Director	Category	No. of board meetings attended during 2018-19	Attendance at AGM held on 10 September 2018	No. of directorships* (As on 31 March 2019)			No. of committee positions in mandatory committees* (As on 31 March 2019)		
				Chairman	Member	Total	Chairman	Member	Total
Dr. Vijay Sharma (Chairman) DIN- 00880113	Independent non-executive	4	Yes	-	-	-	-	-	-
Mr. R. S. Bajoria DIN- 00033727		4	No	-	1	1	-	-	-
Ms. Verena Buzzi DIN- 07901672	Non-independent non-executive	1	No	-	-	-	-	-	-
Mr. Reinhold Steiner DIN- 06674749		2	No	-	-	-	-	-	-
Mr. Erwin Jankovits DIN- 07089589		4	Yes	-	-	-	-	-	-
Mr. Parmod Sagar (Managing Director & CEO) DIN- 06500871	Non-independent executive	4	Yes	-	-	-	-	-	-

\*Excludes directorships in associations, private limited companies, foreign companies, government bodies and companies registered under section 8 of the companies act, 2013. only audit committee and stakeholders' relationship committee of Indian public companies have been considered for committee positions.

The Company held 4 board meetings during 2018-19 and the gap between two meetings did not exceed 120 days. The dates on which the board meetings were held: 17 May 2018; 31 July 2018; 30 October 2018 and 14 February 2019. The necessary quorum was present for all the meetings.



### **Board procedure**

The agenda is circulated well in advance to the board members, along with comprehensive background information on the items in the agenda to enable the board to arrive at appropriate decisions. The information as required under Part A of Schedule II to the Listing Regulations is made available to the board. The board also reviews the declaration made by the Company Secretary regarding compliance with all applicable laws, on a quarterly basis.

### **Code of conduct**

The Company has adopted the ORL code of conduct for all the directors, including the non-executive directors and employees of the company. The code of conduct for the non-executive directors of the Company incorporates the duties of independent directors as laid down in the Companies Act, 2013. The Code is posted on the Company's web site. All board members and senior management personnel [as per Regulation 26 (3) of the Listing Regulations] have affirmed compliance with the applicable code of conduct. A declaration to this effect, signed by the Managing Director & CEO form part of this Report. Apart from receiving sitting fee that they are entitled to under the Companies Act, 2013 as non-executive directors and reimbursement of expenses incurred in the discharge of their duties, none of the non-executive directors has any other material pecuniary relationship or transactions with the Company, its promoters, its directors, its senior management or its subsidiaries and associates. None of the directors are inter-se related to each other. The directors and senior management of the Company have made disclosures to the board confirming that there are no material financial and/ or commercial transactions between them and the Company that could have potential conflict of interest with the Company at large.

### **Separate meeting of independent directors**

A separate meeting of independent directors of the Company, without the attendance of non-independent directors and members of management, was held on 17 May 2018, as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations. At the meeting, the independent directors:

- Reviewed the performance of non-independent directors and the board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of the Managing Director, CEO and non-executive directors and
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the board that is necessary for the Board to effectively and reasonably perform its duties.

Both the independent directors of the Company attended the meeting of independent directors. Dr. Vijay Sharma chaired the meeting.

### **Board and director evaluation and criteria for evaluation**

During the year, the board has carried out an annual evaluation of its own performance, performance of the directors, as well as the evaluation of the working of its committees. The nomination and remuneration committee has defined the evaluation criteria, procedure and time schedule for the performance evaluation process for the Board, its committees and directors. The criteria for board evaluation include inter-alia, degree of fulfilment of key responsibilities, board structure and composition, establishment and delineation of responsibilities to various committees, effectiveness of board processes, information and functioning. Criteria for evaluation of individual directors include aspects such as attendance and contribution at board/ committee meetings and guidance/ support to the management outside board/ committee meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the board, encouraging active engagement by all board members and motivating and providing guidance to the Managing Director. Criteria for evaluation of the committees of the board include degree of fulfilment of key responsibilities, adequacy of committee composition and effectiveness of meetings. The procedure followed for the performance evaluation of the board, committees and directors is detailed in the board's report.

### **Familiarization programme for directors including independent directors**

The board members, including independent directors are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the board and board committee meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the directors. Site visits to the plant location are organized for the directors to enable them to understand the operations of the Company. The details of the familiarization program imparted to Independent Director is available on website link [www.orientrefractories.com/pdfs/Familiarisation%20Programme%20for%20Independent%20Directors.pdf](http://www.orientrefractories.com/pdfs/Familiarisation%20Programme%20for%20Independent%20Directors.pdf) of the Company.



### 3. AUDIT COMMITTEE

#### Terms of reference

The audit committee functions according to its charter that defines its composition, authority, responsibilities and reporting functions. The terms of reference of the Audit Committee, inter alia, are as follows:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Review with the management the quarterly and annual financial statements and the auditor's report thereon, before submission to the board for approval.
- Discuss with the statutory auditors, before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
- Recommend to the board the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Review with the management, performance of the statutory and internal auditors.
- Review the adequacy of the internal audit function and the adequacy and efficacy of the internal control systems.
- Evaluate internal financial controls and risk management systems.
- Scrutinize inter-corporate loans and investments.
- Discuss any significant findings with internal auditors and follow-up thereon.
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Look into the reasons for substantial defaults in payments to shareholders and creditors.
- Approve transactions, including any subsequent modifications, of the Company with related parties.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Review the functioning of the whistle blower mechanism.
- Oversee compliance with legal and regulatory requirements.
- Approve the appointment of the chief financial officer after assessing the qualifications, experience and background of the candidate and
- Generally, all items listed in Part C of Schedule II to the Listing Regulations and in Section 177 of the Companies Act, 2013.

#### Composition and attendance during the year

The audit committee of the Company is constituted in accordance with the provisions of Regulation 18 of the Listing Regulations and the provisions of Section 177 of the Companies Act, 2013. All members of the Committee are financially literate, with Dr. Vijay Sharma, Chairman of the committee, having the relevant accounting and financial management expertise.

The composition of the audit committee and the details of meetings attended by the directors during the year are given below:

Name of the member	Category	No. of meetings attended during 2018-19
Dr. Vijay Sharma, Chairman	Independent, non-executive	4
Mr. R. S. Bajoria, Member	Independent, non-executive	4
Mr. Erwin Jankovits, Member	Non-independent, non-executive	4



The audit committee met four times during the year and the gap between two meetings did not exceed 120 days. The dates on which the audit committee meetings were held were: 17 May 2018; 31 July 2018; 30 October 2018 and 14 February 2019. Necessary quorum was present at the above meetings.

During the year, the audit committee reviewed key audit findings covering operational, financial and compliance under risk mitigation plans covering key risks affecting the Company were presented to the committee. The meetings of the audit committee are usually attended by the Managing Director, the Chief Financial Officer, the Company Secretary and a representative of the Statutory Auditors. The Company Secretary acts as the secretary to the committee. The Chairman of the audit committee, Dr. Vijay Sharma was present at the annual general meeting of the Company held on 10 September 2018.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

##### Terms of reference

The terms of reference of the Nomination and Remuneration Committee are as follows:

- Recommend to the Board the setup and composition of the board, including formulation of the criteria for determining qualifications, positive attributes and independence of a director.
- Periodical review of composition of the board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Support the board in matters related to the setup, review and refresh of the committees.
- Devise a policy on board diversity.
- Recommend to the board the appointment or re-appointment of directors.
- Recommend to the board, the appointment of key managerial personnel (KMP) and executive team members.
- Carry out the evaluation of every director's performance and support the board and independent directors in the evaluation of the performance of the board, its committees and individual directors, including formulation of criteria for evaluation of independent directors and the board.
- Oversee the performance review process for the KMP and executive team with the view that there is an appropriate cascading of goals and targets across the Company.
- Recommend the remuneration policy for the directors, KMP, executive team and other employees.
- On an annual basis, recommend to the board the remuneration payable to directors, KMP and executive team of the Company.
- Review matters related to remuneration and benefits payable upon retirement and severance to MD/ EDs, KMP and executive team.
- Review matters related to voluntary retirement and early separation schemes for the Company.
- Assist the Board in fulfilling its corporate governance responsibilities relating to remuneration of the board, KMP and executive team members.
- Oversee familiarization programmes for directors.
- Review HR and people strategy and its alignment with the business strategy periodically, or when a change is made to either.
- Review the efficacy of HR practices, including those for leadership development, rewards and recognition, talent management and succession planning.

##### Composition and Attendance during the year

The composition of the Committee and the details of Meetings attended by the Directors during the year are given below:

Name of the member	Category	No. of meetings attended during 2018-19
Mr. R. S. Bajoria, Chairman	Independent, non-executive	1
Dr. Vijay Sharma, Member	Independent, non-executive	1
Mr. Erwin Jankovits, Member	Non- independent, non-executive	1



The committee met one time during the year i.e. on 14 February 2019. The Chairman of the nomination and remuneration committee, Mr. R. S. Bajoria due to his pre-occupation was not present at the annual general meeting of the Company held on 10 September 2018.

**Details of remuneration paid**

▪ **Remuneration paid to the Managing Director**

(Amount in Rs. Lacs)

Particulars	Mr. Parmod Sagar- Managing Director & CEO
Salary	168.94
Perquisites and allowances	95.75
Retirement benefits	11.51
<b>Total</b>	<b>276.20</b>

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) to Mr. Parmod Sagar, Managing Director & CEO.

▪ **Remuneration Paid to the Non-Executive Directors**

The Company pays sitting fee and also reimburses the out-of-pocket expenses incurred for attending the meetings of the board/committee only to non-executive independent directors, non-executive non-independent directors of the Company decided to forgo their sitting fees. Sitting fee for attending the board meeting was Rs. 75,000/- and audit committee meeting was Rs. 25,000/- per meeting, no sitting fee paid for attending other committee meeting. The sitting fees paid during the financial year 2018-19 are as follows:

(Amount in Rs. Lacs)

Name of director	Sitting fees
Dr. Vijay Sharma	4.00
Mr. R. S. Bajoria	4.00

Apart from sitting fees as mentioned above, non - executive directors, including Independent Directors are not entitled to any remuneration from the Company. None of the directors hold any shares in the Company except Mr. Parmod Sagar, Managing Director & CEO who holds 13,698 equity shares of the Company as on 31 March 2019.

**5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

**Terms of reference**

The terms of reference of the stakeholders' relationship committee are as follows:

- Review statutory compliance relating to all security holders.
- consider and resolve the grievances of security holders of the company, including complaints related to transfer of securities, non-receipt of annual report/ declared dividends/ notices/ balance sheet.
- Oversee compliances in respect of dividend payments and transfer of unclaimed amounts to the investor education and protection fund.
- Oversee and review all matters related to the transfer of securities of the Company.
- Approve issue of duplicate certificates of the Company.
- Review movements in shareholding and ownership structures of the Company.
- Ensure setting of proper controls and oversee performance of the registrar and share transfer agent.
- Recommend measures for overall improvement of the quality of investor services.
- Set forth policies relating to and oversee implementation of the code of conduct for prevention of insider trading.
- Review the concerns received under the ORL code of conduct.



### Composition and attendance during the year

The stakeholders' relationship committee met once during the year, on 14 February 2019. The composition of the stakeholders' relationship committee and the details of the meetings attended by the directors during the year are given below:

Name of the member	Category	No. of meetings attended during 2018-19
Dr. Vijay Sharma, Chairman	Independent, non-executive	1
Mr. R. S. Bajoria, Member	Independent, non-executive	1
Mr. Parmod Sagar, Member	Non- independent, executive	1

### Name, designation and address of the Compliance Officer

Mr. Sanjay Kumar  
Company Secretary  
SP-148 A+B, RIICO Industrial Area,  
Bhiwadi, Dist-Alwar, Rajasthan-301019  
Tel. No.: +91 1493 222 266  
Fax No.: +91 1493 222 267  
e-mail: Sanjay.Kumar@RHIMagnesita.com

Shareholders may also correspond with the Company on the e-mail address: investor@orlindia.com. A total of 8 cases were reported as complaints. All complaints were resolved, and no complaint was pending on 31 March 2019. No request for dematerialization of share was pending as on 31 March 2019.

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### Terms of reference

The Company has constituted a corporate social responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013. The terms of reference of the committee are as follows:

- Formulate and recommend to the board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount to be spent on the CSR activities.
- Monitor the Company's CSR policy periodically.
- Oversee the Company's conduct with regard to its corporate and social obligations and its reputation as a responsible corporate citizen.
- Oversee activities impacting the quality of life of various stakeholders.
- Attend to such other matters and functions as may be prescribed from time to time.

The board has adopted the CSR Policy as formulated and recommended by the committee. The same is displayed on the website of the Company. The annual report on CSR activities for the year 2018-19 forms a part of the board's report.

### Composition and attendance during the year

The composition of the CSR committee and the details of the meetings attended by the directors during the year are given below:

Name of the member	Category	No. of meetings attended during 2018-19
Dr. Vijay Sharma, Chairman	Independent, non-executive	4
Mr. R. S. Bajoria, Member	Independent, non-executive	4
Mr. Erwin Jankovits, Member	Non- independent, non-executive	4
Mr. Parmod Sagar, Member	Non- independent, executive	4

The committee met four times during the year on: 17 May 2018; 31 July 2018; 30 October 2018 and 14 February 2019.



## 7. RISK MANAGEMENT COMMITTEE

### Terms of reference

The Company has constituted a risk management committee as required under the Companies Act, 2013 and Listing Regulations. The terms of reference of the committee are as follows:

- Review the risk identification and management process developed by management to confirm it is consistent with the Company's strategy and business plan;
- Review management's assessment of risk at least annually and provide an update to the board in this regard;
- Inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risk;
- Oversee and monitor management's documentation of the material risks that the Company faces and update as events change and risks shift;
- Assess the steps management has implemented to manage and mitigate identifiable risk, including the use of hedging and insurance;
- Oversee and monitor management's review, at least annually, and more frequently if necessary, of the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks);
- Constitute sub-committee (team of the Company personals) to identify the risk to take action and report the same to the committee;
- Review the following with management, with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled:
  - Management's tolerance for financial risks;
  - Management's assessment of significant financial risks facing the Company;
  - The Company's policies, plans, processes and any proposed changes to those policies for controlling significant financial risks and
  - To review with the Company's counsel, legal matters which could have a material impact on the Company's public disclosure, including financial statements.

The board has adopted the risk management policy as formulated and recommended by the committee. The same is displayed on the website of the Company.

### Composition and attendance during the year

The composition of the risk management committee and the details of the meetings attended by the directors during the year are given below:

Name of the member	Category	No. of meetings attended during 2018-19
Dr. Vijay Sharma, Chairman	Independent, non-executive	4
Mr. R. S. Bajoria, Member	Independent, non-executive	4
Mr. Parmod Sagar, Member	Non- independent, executive	4

The committee met four times during the year on: 17 May 2018; 31 July 2018; 30 October 2018 and 14 February 2019.



## 8. GENERAL BODY MEETINGS

Location, date and time of annual general meetings held during the last 3 years and special resolutions passed:

Date, date and time	Venue	Special resolutions
Monday, 10 September 2018 at 2:30 p.m.	Kohinoor Continental, Andheri-Kurla Road, J.B. Nagar, Andheri, Mumbai- 400059	1. Adoption of memorandum of association as per the provisions of the Companies Act, 2013 2. Adoption of articles of association as per the provisions of the Companies Act, 2013
Monday, 25 September 2017 at 11.30 a.m.	"Modi Hall", PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	None
Monday, 26 September 2016 at 11.30 a.m.		

All resolutions moved at the last annual general meeting were passed by the requisite majority of shareholders. No extra- ordinary general meeting of the shareholders was held during the year. During the year under review, following resolutions were put through by postal ballot:

Date of postal ballot notice	Type of resolution	Particular	Votes cast in favor		Votes cast against		Date of declaration of results
			No. of votes	%'age of total vote cast	No. of votes	%'age of total vote cast	
15 March 2018	Special resolution	Amendment in the memorandum of association of the Company	94,188,975	99.997	3,000	0.003	26 April 2018
		Shifting of registered office of the Company	94,188,935	99.997	3,040	0.003	

The Company successfully completed the process of obtaining approval from its members for resolutions on the items detailed above. Mr. Naresh Verma of M/s. Naresh Verma & Associates, Company Secretaries was appointed as the scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

### Procedure for postal ballot

In compliance with the SEBI (LODR) Regulations, 2015 and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related rules, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of National Securities Depository Limited (NSDL) for providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting. The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members/list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the e-mail addresses registered with their depository participants (in case of electronic shareholding)/the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandate under the Act and applicable rules.

Voting rights are reckoned on the paid-up value of the shares registered in the name of the members as on the cut-off date.

Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode were requested to vote before close of business hours on the last day of e-voting.

The scrutinizer submits his report to the Chairman/Managing Director, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/Managing Director /Authorized Officer. The results are also displayed on the website of the Company, [www.orientrefractories.com](http://www.orientrefractories.com), besides being communicated to the stock exchanges, depository and registrar & transfer agent. The date of declaration of the results by the Company was deemed to be the date of passing of the resolution.



## 9. DISCLOSURES

### During the year 2018-19

- A. There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large. The Company has formulated a related party transactions policy and the same is displayed on the Company's website at the following web link: <http://www.orientrefractories.com/pdfs/Policy%20For%20Related%20Party%20Transaction.pdf>
- B. There were no materially significant related party transactions, i.e. transactions of the Company of material nature with its promoters, their subsidiaries, the directors or the management or relatives, etc. that may have potential conflict with the interests of the Company at large. Declarations have been received from the senior management personnel to this effect.
- C. The Company does not have subsidiary company so there is no policy on material subsidiaries.
- D. The Company has complied with the requirements of the Stock Exchanges/ SEBI and statutory authorities on all matters related to the capital markets during the last three years. No penalty or strictures were imposed on the Company by these authorities.
- E. The Managing Director & CEO and the Chief Financial Officer have certified to the Board in accordance with Part B of Schedule II to the Listing Regulations pertaining to Managing Director & CEO / CFO certification for the financial year ended 31 March 2019.
- F. The Company has a well-defined risk management framework in place. The Company periodically places before the risk management committee, audit committee and the board, the key risks and the risk assessment and mitigation procedures followed by the Company.
- G. The Company has adopted a whistle blower policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the audit committee. It is affirmed that no personnel of the Company has been denied access to the audit committee.
- H. In preparation of financial statements, the Company has followed the accounting standards as prescribed under the Companies (Indian Accounting Standards) Rules, 2015, as applicable. The accounting policies followed by the Company to the extent relevant, are set out elsewhere in this annual report.
- I. The Company has complied with all the mandatory and non-mandatory requirements of the Listing Regulations relating to corporate governance and also complied with Clauses (b) to (i) of Regulation 46 (2) relating to the dissemination of information on the website of the Company. The status of compliance with the non-mandatory requirements listed in Part E of Schedule II of the Listing Regulations, is as under:
  - The financial statements of the Company are with unmodified audit opinion.
  - The Chairman of the board is a non-executive independent director and his position is separate from that of the Managing Director.
  - The internal auditor reports to the audit committee.

## 10. MEANS OF COMMUNICATION

- A. The quarterly and the half yearly results, published in the format prescribed by the Listing Regulations read with the circular issued there under, are approved and taken on record by the board of directors of the Company within 45 days of the close of the relevant quarter. The approved results are forthwith uploaded on the designated portals of the Stock Exchanges where the Company's shares are listed viz., NSE Electronic Application Processing System (NEAPS) of the National Stock Exchange of India Ltd. (NSE) and BSE Online Portal of BSE Ltd. (BSE). The results are also published within 48 hours in The Business Standard (in English and in Hindi) and displayed on the Company's website, [www.orientrefractories.com](http://www.orientrefractories.com).



- B. The Company publishes the audited annual results within the stipulated period of sixty days from the close of the financial year as required by the Listing Regulations. The annual audited results are also uploaded on NEAPS and BSE online Portal of NSE and BSE respectively. The results are also published within 48 hours in The Economics Times (in English and in Hindi) and displayed on the Company's website.
- C. Official news releases is uploaded on NEAPS and BSE Online Portal of NSE and BSE respectively and posted on the Company's website.
- D. Comprehensive information about the Company, its business and operations and press releases can be viewed on the Company's website. The "Investor Relations" section on the website gives information relating to financial results, annual reports, shareholding pattern, and presentations made to analysts and at annual general meetings. Information about unclaimed dividends is also available in this section.
- E. The quarterly shareholding pattern and corporate governance report of the Company are filed with NSE through NEAPS and with BSE through BSE Online Portal. They are also displayed on the Company's website under the "Investor Relations" section.
- F. Material events or information, as detailed in Regulation 30 of the Listing Regulations, are disclosed to the Stock Exchanges by filing them with NSE through NEAPS and with BSE through BSE Online Portal. They are also displayed on the Company's website under the "Investor Relations" section.
- G. Management discussion and analysis report forms a part of the annual report.

#### 11. GENERAL SHAREHOLDER INFORMATION

The Company is registered with the Registrar of Companies, Maharashtra. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L28113MH2010PLC312871.

- A. Annual General Meeting Date, Time and Venue:** Tuesday, 23 July 2019 at 10.30 a.m. at Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri, Mumbai- 400059.

As required under Regulation 36 (3) of the Listing Regulations, particulars of the directors seeking re-appointment/ appointment are given in the explanatory statement to the notice of the annual general meeting attached to this report.

- B. Financial calendar** : 1 April 2018 to 31 March 2019
- C. Date of book closure** : Tuesday, 2 July 2019 to Tuesday, 9 July 2019  
(both days inclusive)
- D. Dividend payment date** : By 22 August 2019
- E. Listing on Stock Exchanges** : The Company's equity shares are listed on the following stock exchanges:

<b>BSE Ltd.</b>	<b>The National Stock Exchange of India Ltd.</b>
Phiroze Jeejeebhoy Towers	Exchange Plaza, 5th Floor
Dalal Street	Plot No. C/1 G Block, Bandra-Kurla Complex
Mumbai 400 001	Bandra (E) Mumbai 400 051
(Stock Code-534076)	(Stock Code-ORIENTREF)

The Company has paid the listing fees to these Stock Exchanges for the year 2018-19.

Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares : INE743M01012

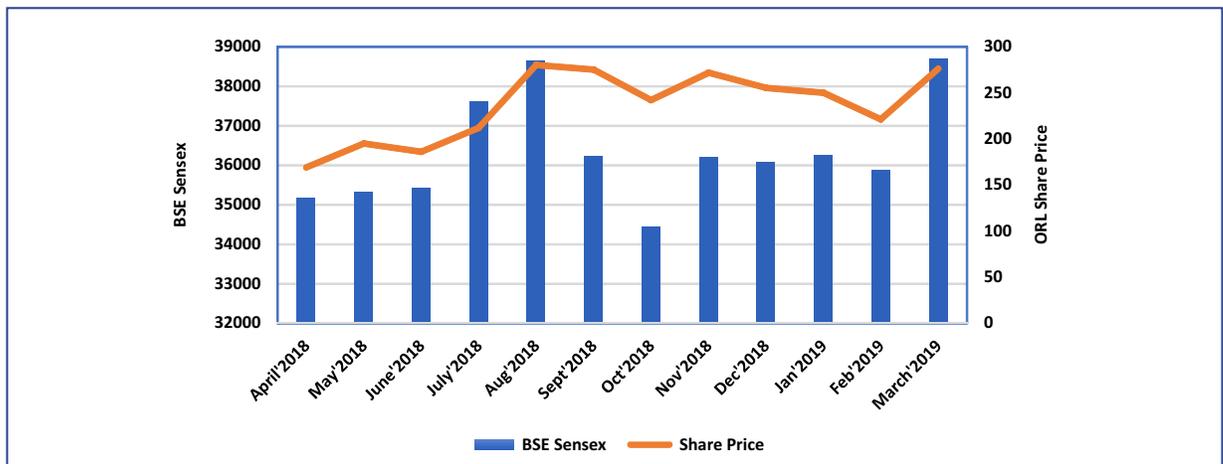


**F. Market Information:**

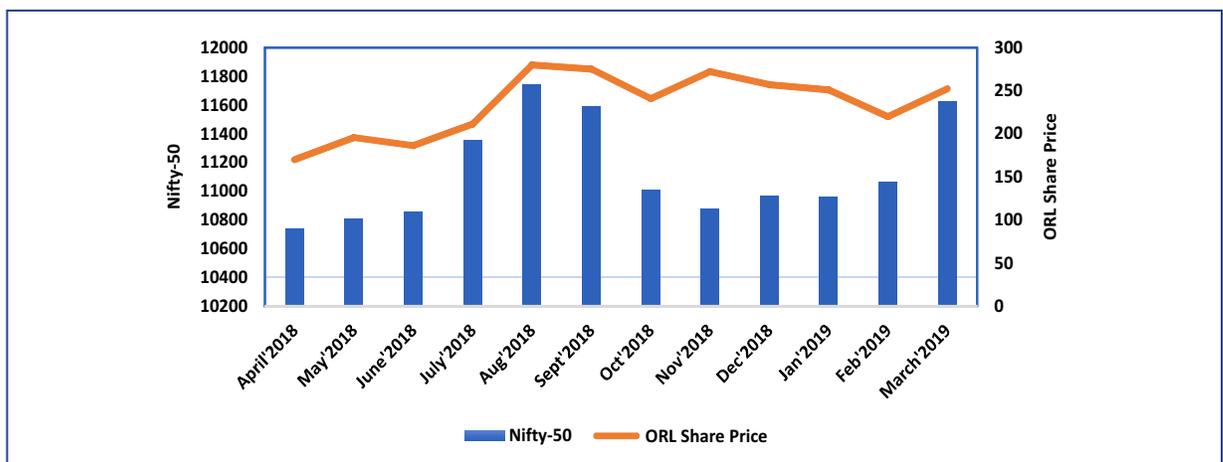
**a. Market price data: High/ low, Number and Value of shares traded during each month in the last financial year:**

Month	BSE				NSE			
	High price	Low price	No. of shares traded	Total turnover (Rs. in lacs)	High price	Low price	No. of shares traded	Total turnover (Rs. in lacs)
	(Rs.)				(Rs.)			
April'2018	168.80	156.60	39,522	64.59	169.85	157.00	508,232	831.36
May'2018	194.90	152.50	285,379	510.79	195.35	151.00	2,439,184	4,290.27
June'2018	185.95	162.05	58,498	102.66	186.00	159.90	468,565	816.72
July'2018	211.90	167.00	108,976	210.37	211.00	167.25	880,255	1,685.12
August'2018	280.10	205.10	4,816,549	11,100.54	279.75	216.35	8,225,360	20,443.64
September'2018	275.10	227.30	256,522	635.28	275.00	227.35	2,081,663	5,141.69
October'2018	241.95	206.70	125,148	279.34	240.50	212.25	2,492,209	5,595.01
November'2018	271.65	214.90	210,444	523.93	271.90	215.00	2,137,579	5,302.59
December'2018	255.20	227.00	93,244	222.29	256.85	226.35	1,079,936	2,566.72
January'2019	250.00	190.00	93,250	206.10	250.90	188.50	848,169	1,874.05
February'2019	221.00	182.80	64,088	125.76	219.75	181.05	573,435	1,128.59
March'2019	276.00	213.15	116,333	273.47	251.90	212.00	1,012,107	2,396.52

**b. Performance of ORL Share Price in comparison with BSE Sensex**



**c. Performance of ORL Share Price in comparison with Nifty-50**





**G. Share Registrar and Transfer Agent:**

Skyline Financial Services Private Limited  
D-153 A, 1st Floor,  
Okhla Industrial Area, Phase-I,  
New Delhi-110 020  
Telephone : +91-11-40450193-97  
Fax : +91-11-26812682  
E-mail : admin@skylinerta.com, grievances@skylinerta.com  
Website : www.skylinerta.com

**H. Share Transfer System:**

Documents for transfer of shares in physical form can be lodged with Skyline Financial Services Private Limited at its registered address. The transfers are normally processed within 10-12 days from the date of receipt, if the documents are complete in all respects.

**I. Secretarial Audit**

- M/s. Naresh Verma & Associates, Practicing Company Secretaries have conducted the secretarial audit of the Company for the year 2018-19. Their audit report confirms that the Company has complied with the applicable provisions of the Companies Act, 2013 and the Rules made there under, SEBI (LODR) Regulations applicable to the Company. The secretarial audit report forms part of the board's report.
- Pursuant to Regulation 40 (9) of the Listing Regulations, certificates have been issued on a half-yearly basis, by a company secretary in practice, certifying due compliance of share transfer formalities by the Company.
- A Company Secretary in practice carries out a quarterly reconciliation of share capital audit, to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital agrees with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

**J. Fees paid to statutory auditors**

The total fees incurred by the Company, for services rendered by statutory auditors and its affiliates entities, is given below:

**(Amount Rs. in Lacs)**

Particulars	2018-19
Audit fees	51.54
Limited review	12.70
Statutory certificates	5.50
Reimbursement of expenses	1.27
<b>Total</b>	<b>71.01</b>

**K. CEO and CFO certification**

The MD & CEO and the Chief Financial Officer ('CFO') have issued certificate pursuant to the provisions of Regulation 17 of the Listing Regulations certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. They also certify that, to the best of their knowledge and belief, no transactions entered into during the year were fraudulent, illegal or violative of the code of conduct of the Company, they are responsible for establishment and maintenance of the internal financial controls for financial reporting and they have indicated to the auditors and the audit committee about any significant changes in internal control over financial reporting, significant changes in the accounting policies and instances of significant frauds, if any, which they were aware. The said certificate is annexed and forms part of this annual report.



**L. Code of conduct and ethics**

The board has formulated and adopted code of conduct and ethics for the board of directors and senior management. The said code has been hosted on the website of the Company at <https://www.orientrefractories.com>. The confirmation from the Managing Director & CEO of the Company regarding compliance with the code of conduct and ethics by all the Directors and Senior Management is annexed and forms part of this report.

**M. Certificate under regulation 34(3) of SEBI Listing Regulations**

The Company has obtained a certificate pursuant to the Regulation 34(3) read with Schedule V of the Listing Regulations, from M/s. Naresh Verma and Associates, Practicing Company Secretaries, confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of the companies either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other statutory authorities. The said certificate forms part of this report.

**N. Distribution of shareholding as on 31 March 2019**

Shareholding of nominal value: Re.1/-

Sr. no.	Share holding nominal value (in Rs.)	Number of shareholders	%' age to total numbers	Shareholding amount (in Rs.)	%' age to total amount
1.	Up to 5,000	15,687	96.40	8,170,494	6.80
2.	5,001 to 10,000	299	1.84	2,255,360	1.88
3.	10,001 to 20,000	165	1.01	2,385,717	1.99
4.	20,001 to 30,000	44	0.27	1,099,242	0.91
5.	30,001 to 40,000	18	0.11	619,553	0.52
6.	40,001 to 50,000	7	0.04	321,205	0.27
7.	50,001 to 100,000	17	0.10	1,133,977	0.94
8.	100,000 and above	36	0.22	104,153,652	86.69
<b>Total</b>		<b>16,273</b>	<b>100.00</b>	<b>120,139,200</b>	<b>100.00</b>

**O. Shareholding pattern as on 31 March 2019**

Sr. no.	Category of the shareholders	No. of shareholders	Total holding	%'age to capital
<b>1.</b>	<b>Promoter and promoter group</b> Foreign-[Dutch US Holding B.V.]	1	79,877,771	66.49
<b>2.</b>	<b>Institutions</b>			
(a)	Mutual fund	8	12,499,265	10.40
(b)	FII/Foreign portfolio investors	16	5,542,022	4.61
(c)	Alternate investment funds	2	366,252	0.30
(d)	Financial institutions/banks	6	63,941	0.50
<b>3.</b>	<b>Non-Institutions</b>			
(a)	Individual shareholders holding nominal share capital up to Rs. 2.00 lacs	15,080	15,032,338	12.51
(b)	Individual shareholders holding nominal share capital above Rs. 2.00 lacs	1	221,949	0.18
(c)	NBFC registered with RBI	2	31,000	0.03
(d)	Bodies corporate	277	2,646,707	2.20
(e)	Non-resident Indians	458	420,917	0.35
(f)	Resident Indian HUF	384	439,305	0.37
(g)	Clearing members/house	37	79,683	0.07
(h)	Orient Refractories Limited - Unclaimed Suspense Account	1	2,918,050	2.43
<b>Total</b>		<b>16,273</b>	<b>120,139,200</b>	<b>100.00</b>



**P. List of shareholders holding more than 1% shares in the Company as on 31 March 2019**

Sr. no.	Particulars	No. of shares	%
	<b>Promoter &amp; promoter group</b>		
1.	Dutch US Holding B.V.	79,877,771	66.49
	<b>Others</b>		
2.	L and T Mutual Fund Trustee Ltd-L and T Infrastructure Fund	5,982,500	4.98
3.	Pinebridge Investments GF Mauritius Limited	3,301,512	2.75
4.	HDFC Trustee Co Ltd A/C HDFC Retirement Savings Fund-Hybrid-Debt Plan	3,004,386	2.50
5.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Balanced Advantage Fund	2,049,946	1.71

**Q. Corporate benefits to investors' dividend declared for the last 7 years**

Financial year	Type of dividend	Dividend per Share (in Rs.)
2017-18	Final Dividend	2.50
2016-17		2.50
2015-16		1.45
2014-15		1.40
2013-14		1.25
2012-13		1.00
2011-12	Interim Dividend	1.00

*Note: Final dividend of Rs. 2.50 per share, recommended by the Board of Directors on 28 May 2019, is subject to approval of shareholders at the ensuing AGM.*

**R. Unclaimed dDividend**

Section 124 of the Companies Act, 2013 mandate that companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). In accordance with the following schedule, the dividend for the years mentioned as follows, if unclaimed within a period of seven years, will be transferred to the IEPF:

Financial year	Date of declaration	Due date for transfer	Amount* (in Rs. Lacs)
2017-18	10 September 2018	17 September 2025	92.08
2016-17	25 September 2017	2 October 2024	90.44
2015-16	26 September 2016	3 October 2023	53.70
2014-15	24 September 2015	1 October 2022	49.76
2013-14	26 September 2014	3 October 2021	44.00
2012-13	26 September 2013	3 October 2020	35.67
2011-12	10 May 2012	16 June 2019	35.90

\*Amount unclaimed as on 31 March, 2019

**S. Unclaimed suspense demat account**

In accordance with Regulation 39 of the Listing Regulations, an unclaimed suspense demat account has been opened with Stock Holding Corporation of India Limited and all equity shares in physical form lying unclaimed pursuant to issued shares on demerger of the Company have been dematerialized and credited to said demat account. Whenever any request for said unclaimed shares is received, equity shares either in electronic or physical forms is issued to the claimant concerned after debiting said demat account.

Particulars	No. of shareholders	No. of shares
Aggregate number of shareholders and the outstanding shares credited to unclaimed suspense demat account as on 1 April 2018	1,467	2,990,540
Number of shareholders who approached issuer for transfer of shares from suspense account during the financial year 2018-19	24	72,490
Number of shareholders to whom shares were transferred from suspense account during the financial year 2018-19	24	72,490
Aggregate number of shareholders and the outstanding shares in the suspense account lying on 31 March 2019	1,443	2,918,050



# Orient Refractories Limited

(An RHI Magnesita Company)



The voting rights on the shares in the suspense accounts as on 31 March 2019 shall remain frozen till the rightful owners of such shares claim the shares. Wherever shareholders have claimed the shares, after proper verification, the share certificates were dispatched to them or credited the shares to the respective beneficiary account.

## T. Dematerialization of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories, viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Percentage of shares held in physical and dematerialized form as on 31 March 2019:

Electronic form with NSDL	:	95.60%
Electronic form with CDSL	:	3.19%
Physical form	:	1.21%

The Company's shares are regularly traded on BSE Ltd. and the National Stock Exchange of India Ltd. in the electronic form.

## U. Details of utilization of funds

During the year under review, there were no preferential allotment or qualified institutional placement as specified under Regulation 32(7A) of the Listing Regulations.

## V. Policies of the Company

As a part of good corporate governance, the Company has from time to time adopted various policies/codes which are hosted on the website of the Company at <https://www.orientrefractories.com>.

## W. Outstanding ADRs/ GDRs/ Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company does not have any outstanding ADRs/ GDRs/ Warrants or any convertible instruments.

## X. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

During the year, the Company has managed commodity price risk or foreign exchange risk and hedged to the extent considered necessary. Net open exposures are reviewed regularly and covered through forward contracts in foreign currency. The details of foreign currency exposure are disclosed in note no. 24 to the financial statements.

## Y. Addresses:

### a. Registered office:

Orient Refractories Limited, C-604, Neelkanth Business Park, Opp. Railway Station, Vidhyavihar (West), Mumbai, MAHARASHTRA-400086

### b. Corporate office:

Orient Refractories Limited, Unit No. DG-B-001, 3rd Floor, Digital Greens, Sector-61, Gurugram, Haryana

### c. Plant location:

SP-148 A+B, RIICO Industrial Area, Bhiwadi, Dist.-Alwar, Rajasthan-301019

### d. Investor correspondence address:

- Orient Refractories Limited, Secretarial Department, C-604, Neelkanth Business Park, Opp. Railway Station, Vidhyavihar (West), Mumbai, MAHARASHTRA-400086
- Orient Refractories Limited, Secretarial Department, SP-148 A+B, RIICO Industrial Area, Bhiwadi, Dist.-Alwar, Rajasthan-301019 or
- Skyline Financial Services Private Limited, Unit: Orient Refractories Limited, D-153 A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110 020

On behalf of the Board of Directors

Sanjay Kumar  
Company Secretary  
(ACS:17021)

Parmod Sagar  
Managing Director & CEO  
(DIN: 06500871)

Place: Gurugram  
Date : 28 May 2019



**BUSINESS RESPONSIBILITY REPORT**

**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

1. Corporate Identity Number (CIN) of the Company : L28113MH2010PLC312871
2. Name of the Company : Orient Refractories Limited
3. Registered address : C-604, Neelkanth Business Park,  
Opp. Railway Station, Vidhyavihar (West),  
Mumbai, Maharashtra – 400086
4. Website : www.orientrefractories.com
5. E-mail id : Bhi\_ho@RhiMagnesita.com
6. Financial Year reported : 1 April 2018 to 31 March 2019

7. Sector(s) that the Company is engaged in (industrial activity code-wise)

Group	Class	Sub-class	Description	Sector
239	2399	23993	Manufacturing of refractory products	Refractory

8. List three key products/services that the Company manufactures/provides (as in balance sheet) : Refractory/Monolithics
9. Total number of locations where business activity is undertaken by the Company
  - (a) Number of International Locations (Provide details of major 5) : Nil
  - (b) Number of National Locations : The Company carries manufacturing operation only at 1 (one) location in India
10. Markets served by the Company – : Local/State/National/International - All markets

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

1. Paid up Capital (INR) : INR 1,201.39
2. Total Turnover (INR) : INR 74,794.70
3. Total profit after taxes (INR) : INR 8,982.66
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 1.77%
5. List of activities in which expenditure in 4 above has been incurred : For details, please refer the Corporate Social Responsibility Report(Annexure I of Directors' Report)



**SECTION C: OTHER DETAILS**

1. Does the Company have any Subsidiary Company/ Companies? : No, as on 31 March 2019
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? : Not applicable
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] : The Company does business with reputed organizations who undertake BR initiatives as per their respective organizational policies.

**SECTION D: BR INFORMATION**

**1. Details of Director/Directors responsible for BR**

**a. Details of the Director/Director responsible for implementation of the BR policy/policies**

1.	DIN Number	06500871
2.	Name	Mr. Parmod Sagar
3.	Designation	Managing Director & CEO

**b. Details of the BR head**

Particulars		Details
1.	DIN Number (if applicable)	
2.	Name	Mr. Purshottam Dass
3.	Designation	Senior Vice President
4.	Telephone number	+91 1493 2222 66
5.	e-mail id	Purshottam.Dass@RHIMagnesita.com

**2. Principle-wise (as per NVGs) BR Policy/policies**

**a. Details of compliance (Reply in Y/N)**

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
i.	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
ii.	Has the policy being formulated in consultation with the relevant stakeholders?	The policy(ies) has been framed keeping in mind the interests of the stakeholders at large.								
iii.	Does the policy conform to any national / international standards?	Various practices/processes emanating out of the policy(ies) conform to national/international standards.								
iv.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
v.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
vi.	Indicate the link for the policy to be viewed online?	<a href="https://www.orientrefractories.com/policies.htm">https://www.orientrefractories.com/policies.htm</a>								
vii.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policy(ies) has been disseminated on the Intranet as well as on the website of the Company.								
viii.	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
ix.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	The individual policies by and large prescribe a grievance redressal mechanism for the stakeholders concerned. Wherever, the individual policies do not explicitly state the grievance redressal mechanism, grievances can be addressed to <a href="mailto:Bhi_info@RHiMagnesita.com">Bhi_info@RHiMagnesita.com</a>								
x.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Internal Auditors of the Company review the implementation of policies from time to time. No dedicated Business Responsibility audit has been conducted.								



b. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
i.	The company has not understood the Principles	Not applicable								
ii.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
iii.	The company does not have financial or manpower resources available for the task									
iv.	It is planned to be done within next 6 months									
v.	It is planned to be done within the next 1 year									
vi.	Any other reason (please specify)									

**3. Governance related to BR**

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The assessment is a continuous process and there is no defined frequency at which this assessment is done.

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The requirement of publishing BRR annually is applicable to the Company from FY 2018-19 only. This report is available at <https://www.orientrefractories.com/policies.htm>

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1**

**Businesses should conduct and govern themselves with ethics, transparency and accountability**

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, Senior Management and all other employees of the Company. ORL's value systems are aligned with the RHI Magnesita Group's Values and beliefs guided by the five ethics and four cultural themes - spirit of the RHI Magnesita Group: five ethics Respect, appreciation, honesty, integrity, reliability and responsibility and four cultural themes i.e. act customer focused & innovatively; be performance driven & accountable; operate cross functionally, collaboratively & pragmatically across the global organization; have open decision making in a respectful environment . The Company as well as subsidiary or associates are governed by this philosophy as well as the requirements of their local jurisdictions.

ORL's path – a corporate manual setting out the corporate culture lays down the guidelines required to be adhered to by every employee both in letter and spirit. This manual prepared with a view to give clarity on ethical issues, maintaining transparency in all dealings and practice ethics in a dynamic business environment is required to be adhered to by all employees. The Company's Code of Conduct, Code of Conduct for Prevention of Insider Trading, Policy on Prevention of Sexual Harassment, Ethical Guidelines on Stakeholder Dealing, Whistle Blower Policy which are also enshrined in the path serve as a guiding norm in matters relating to ethics, anti-bribery and anti-corruption for all employees.

The Company has a policy to do business with suppliers/ contractors and others who are aligned with its value systems. Appropriate due diligence is exercised while selecting them.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

During the year, there was no referral made under the Whistle Blower policy of the Company.



## Principle 2

**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Company undertakes to assure safety and optimal resource use over the life-cycle of its products. The Company, being a material science & technology oriented company continuously innovates and strives for optimal resource use over the life cycle of the products it manufactures.

Mono Tubes - for conversion of open casting to close casting which improves the Safety of the employees, reducing steel wastages, less generation of heat radiation and offensive fumes and reduction in power consumption, thereby having a low negative impact on environment.

Ladle well block - developed with recycled used refractory waste which helps in conservation of natural resources

Chevron tunflow – Reduction in generation of smoke offensive fumes and heat radiation from Tundish by use of chevron tunflow which saves energy also.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

**a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

We are Zero Discharge Company, therefore Unit consumption is not appropriate measure.

**b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

- Reduction in energy consumption by converting Oil fired Kilns to Gas firing system.
- Reduction in energy cost by replacing conventional lights with energy efficient LED lights.
- Optimum utilization of electrical energy maintaining Power factor of 0.995
- Reduction of approx. 40% in ground water consumption by replacing cooling tower by gas-based chillers and 100 % use of treated water for gardening.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

The Company's integrated operations ensure sustainable usage of the available resources. Joint project opportunities amongst various business units improve efficiencies in sourcing besides resulting in product efficiencies.

Conscious efforts are made to ensure that everyone connected with the Company be it the designers, producers, value chain members, customers and recyclers are made aware of their responsibilities. The Company's Total Productivity Maintenance (TPM) practices help in achieving operational efficiencies also resulting in energy conservation and sustainable operations. Usage of materials which are either recycled or capable of recycling assumes top priority.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company's global and complex operations does not complement the procurement of goods and services from local and small producers in its location of manufacturing operations. However, the Company interacts with the local & small producers at regular intervals on the business and quality requirements. Assured volumes instils confidence in them to supply quality products by adopting sustainable and safe practices. The Company from time to time provides training and guidance on optimum use of resources, thereby saving cost and time. This has resulted in the small producers manufacturing products which are benchmarks in quality, thereby gaining an edge over the market.



**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).**

Duly recognizing that over-consumption results in unsustainable exploitation of the planet's resources, the business units in the Company are committed to promoting sustainable consumption, including recycling of resources.

The Company has sustainable processes in place to recycle the products and waste, post completion of the manufacturing life cycle.

- The Company has an integrated value cycle mapping process. For example: Use of more than 16 % of recycled raw material which is collected from different steel plants.

**Principle 3**

**Businesses should promote the well being of all employees**

Any organization is as good as the people who work for it. The trusting and caring ecosystem allows the Company to nurture a workforce that works passionately in tandem with its core values.

The Company is committed to providing equal opportunities both at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability etc. The Company strives to keep the workplace environment safe, hygienic humane, upholding the dignity of the employees including conducting trainings and sending suitable communications on regular basis. The Company's strategic pillars for capability development, propelling performance, scaling up capability and the dedicated HR initiatives thereunder continue to facilitate constant upgradation of the skill and competency of the employees.

The dedicated learning and development programmes enhance the right skill sets and relevant knowledge to employees to achieve operational and futuristic benefits. The learning solutions are designed as per the training need analysis. Proactive steps and structured problem-solving mechanisms with focus on people issues and periodical communication on business related issues ensure cordial industrial relations.

Providing and maintaining a safe and hygiene working environment is a continuous process at ORL. Periodic awareness sessions, training on usage of protective equipments, identifying and eliminating unsafe conditions are given top priority. Our plant is BS-OHSAS 18001-2007 certified for occupational health and safety management systems. The Company continues its commitment to employ and empower women and its initiatives such as friendly work place policies for women, policy for prevention of sexual harassment, redressal mechanism in the form of Internal Complaints Committee, women welfare Committees etc. augurs well.

- 1. Total number of employees.** : 502
- 2. Total number of employees hired on temporary/ contractual/casual basis.** : 800
- 3. Number of permanent women employees.** : 1
- 4. Number of permanent employees with disabilities** : 0
- 5. Do you have an employee association that is recognized by management?** : Yes. There is recognised trade union affiliated to trade union bodies.
- 6. What percentage of your permanent employees is members of this recognized employee association?** : 100 % workmen (which is 20% of the permanent employees) are members of recognised employee association.
- 7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
Child labour/forced labour/involuntary labour	Nil	Nil
Sexual harassment	Nil	Nil
Discriminatory employment	Nil	Nil



8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Category of employees	Safety	Skill Upgradation
Permanent Employees	85%	90%
Permanent Women Employees	100%	100%
Casual/Temporary/Contractual Employees	80%	100%
Employees with Disabilities	Nil	Nil

**Principle 4**

**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

1. **Has the company mapped its internal and external stakeholders?**

Yes. The Company has identified its internal and external stakeholders.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

The Company's Corporate Social Responsibility (CSR) policy drives the initiatives undertaken by the Company towards the benefit of the disadvantaged, vulnerable and marginalized stakeholders. The systems and process in place to systematically identify stakeholders and for understanding their concerns and for engaging with them is reviewed from time to time. The feedback mechanism available for shareholders and customers to assess the services levels and other complaints follows the spirit laid down herein.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stake holders?**

The Company on a periodical basis undertakes dedicated activities as a part of its CSR initiatives for the disadvantaged, vulnerable and marginalized stakeholders in and around the Company's factories/plants. Education, sports and health aids are provided to schools in rural/under-developed areas and to schools supporting differently abled children. The Company has been set up to build a skill bank of a technically competent and industry ready work force by providing specialized training based on National Council Vocational Training syllabus for the rural youth drawn from socially and economically backward sections of the society.

**Principle 5**

**Businesses should respect and promote human rights**

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company's policy on human rights is imbibed in its values represented in the Five Ethics and Four Cultural values of the Company. The alignment with this value system is expected out of any person dealing with the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Nil under this principle.

**Principle 6**

**Business should respect, protect, and make efforts to restore the environment**

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**

Safeguarding and protecting the environment is a shared value of the Company and its subsidiaries, joint ventures and associates. However, these companies have their own Safety, Health and Environment policies depending on the nature of their business and the local regulatory requirements. The Company's suppliers and contractors would be governed by their



respective policies. The Company exercises due diligence in the selection of suppliers/contractors/others who are aligned with its value system.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?**

Being in the manufacturing business, the Company has mechanisms in place to ensure compliance with the applicable environmental laws. The Company is committed to be an environment friendly organization and has a dedicated Environmental Policy. The Company is an active player in practicing initiatives to address environmental issues and ensuring sustainable development. The Company has received the ISO 14001 certificate for their Environment Management Systems, OHSAS 18001 certificate for safety and occupational health Management System and ISO 9001 for Quality Management Systems. Plant is maintaining zero water discharge. Further, the Risk Management framework covering the Environmental risks is reviewed on a periodical basis and the steps that are required to be taken for mitigating the related risks are analyzed and implemented.

The Company also recognizes the significance of a greener belt by which several saplings are planted on a yearly basis to reduce the carbon footprint.

The Environment, Health and Safety (EHS) Policy of the Company is available at <https://www.orientrefractories.com/policies.htm>

**3. Does the company identify and assess potential environmental risks?**

Yes. Identification of potential environmental risks and the mitigation plan thereon is a continuous process. A report of the same is also placed before the Risk Management Committee of the Board of Directors on a periodical basis.

Further, the Company also ensures that the effluent/ emissions are within the permissible limits as prescribed by the statutory authorities.

**4. Does the company have any project related to Clean Development Mechanism?**

No, the Company has not undertaken any specific project related to the Clean Development Mechanism as per the Kyoto Protocol. However, Plant of the Company is certified ISO 14001 (Environment Management System), QMS - ISO 9001 (Quality Management System), OSHAS - 18001.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.**

The Company utilizes its resources in an optimal and responsible manner ensuring sustainability through reduction, re-use, re-cycling and managing waste. Appropriate measures to check and prevent pollution are undertaken and wherever required assessment of environmental consequences, if any, is taken up with due regard to public interest. Equitable sharing of access and commercialization of biological and other natural resources and associated traditional knowledge is encouraged. The Company seeks to improve its environmental performance by adopting cleaner production methods, promotion of energy efficient and environmentally friendly technologies. Suitable processes and systems are developed with contingency plans and processes that help in preventing, mitigating and controlling environmental damages caused due to the Company's operations.

For more details on the energy conservation initiatives - please refer Annexure III of the Directors' report for the FY 2018-19.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, the Company being in manufacturing business, at all times ensures compliance with the applicable environmental laws. The Environment Policy of the Company and the ISO-14001 certification of its facilities reiterates its commitment to be an environment friendly organization setting standards in environment management.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. Nil**



## Principle 7

**Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with: Yes**

- Indian Refractory Manufacturers Association
- World Refractory Association through ultimate holding company RHI Magnesita N.V.

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

The Company is not actively involved in lobbying. However, as a responsible corporate citizen, the Company as a part of industry association makes recommendations/ representations before regulators and associations for advancement and improvement of industrial climate in India.

## Principle 8

**Businesses should support inclusive growth and equitable development**

**1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?**

No, the Company does not have any specified programmes/initiatives/projects in pursuit of the policy related to Principle 8.

The Company believes that social responsibility is not just a corporate obligation that has to be carried out but it is one's dharma.

Therefore, our philanthropic endeavors are a reflection of our spiritual conscience and this provides us a way to discharge our responsibilities to the various sections of the society.

The CSR Committee, constituted for implementation of the well-defined CSR policy laid out by the Company, reviews the spend to be made and the projects for which such funds need to be allocated. The CSR policy highlights the responsibility statement of the Company towards CSR, the principles guiding the initiative, the manner of implementation and the reporting thereof. Skill Development, education and health care are the priority focus areas for the CSR initiatives of the Company.

In health care domain the Company has organized health check-up camps to offer curative services and conducted awareness programmes on health issue. The Company has incurred running expenses of Ambulance to provide health support to the society. Water and sanitation facilities were also provided under CSR activities at various places. The Company has contributed to Swatch Bharat Kosh to promote the clean environment and green initiatives and also contributed to Clean Ganga Fund for cleanliness of water and manage drinking water. The Company has donated water purifiers to safe drinking water to schools in rural area. To conserve water and manage & dispose water, the Company has contributed to Chief Minister Fund of Rajasthan under Mukhya Mantri Jal Swalamban Abhiyan. To promote the education facility, the Company has renovated school building and toilets in surrounding areas, further provided necessary infrastructure & reading materials to girl hostel to promote girl child education.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

The Corporate Social Responsibility initiatives of the Company are implemented through an in-house team as well as through by direct contribution to various external NGOs e.g. Avatar Development Foundation, GraniAgro Rural Advancement and National Innovation, Center for human care, The Earth Saviours Foundation etc.

**3. Have you done any impact assessment of your initiative? No**

**4. What is your company's direct contribution to community development projects?**

Please refer the CSR report in Annexure I of the Board's report for the FY 2018-19 for complete details on the spend made by the Company during the financial year ended 31 March 2019.



**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

The Company's dedicated CSR team focuses education of under privileged girl students. Schools have been adopted, where support is provided by providing various items of necessity. Also, time to time cleanliness drive and health checkup programmes for nearby communities have been undertaken by the Company.

The intent of participating schools and nearby communities during health checkup programmes indicates impact of initiatives. The indirect programmes for assisting communities in and around plant locations has also positively impacted & influenced those in the nearby communities.

**Principle 9**

**Businesses should engage with and provide value to their customers and consumers in a responsible manner**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

The total number of customer complaints across all businesses which were pending at the end of the year where work was in progress constitutes less than 5% which have been subsequently resolved.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

Yes. Wherever relevant, the Company encourages that its packaging/labeling contain detailed information regarding safe handling, storage and use, which is over and above what is mandated as per local laws.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year.**  
**None**

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

Yes. The Company on a periodical basis conducts various consumer survey/satisfaction trends. The Company put its customers at the fulcrum of its business strategy. The Company understands their requirements and provides them holistic solutions rather than merely supplying materials. The Company collaborates meaningfully with its customers for co-creating sustainable products and solutions. Dedicated customer/dealer meetings, customer plant visits, transparent and compliant product labeling ensures awareness creation for the product usage and safe disposal. Customer visits are not necessarily confined to their product needs but also extends to sharing of best practices like TQM, TPM etc. It is also worthy to note that a significant portion of the Company's business pertains to offering customized products. Hence, customer's requirements rank very high to the Company.

The Business Responsibility Policy of the Company governing its business sustainability efforts is available on the Company's website <https://www.orientrefractories.com/policies.htm>

for **Orient Refractories Limited**

Place: Gurugram  
Date: 28 May 2019

**Parmod Sagar**  
Managing Director & CEO  
(DIN: 06500871)

**Dr. Vijay Sharma**  
Chairman  
(DIN: 00880113)



**COMPLIANCE WITH THE CODE OF CONDUCT AND ETHICS**

I, Parmod Sagar, Managing Director & CEO of Orient Refractories Limited hereby declare that all the members of the board of directors and senior management personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended 31 March 2019.

**On behalf of the Board of Directors**

**Place: Gurugram**  
**Date : 28 May 2019**

**Parmod Sagar**  
Managing Director & CEO  
(DIN: 06500871)

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

**To**  
**The Members,**  
**Orient Refractories Limited**  
C-604, Neelkanth Business Park,  
Opposite Railway Station, Vidhyavihar (West),  
Mumbai, Maharashtra - 400 086

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of ORIENT REFRACTORIES LIMITED having CIN - L28113MH2010PLC312871 and having registered office at C-604, Neelkanth Business Park, Opposite Railway Station, Vidhyavihar (West), Mumbai, Maharashtra - 400 086 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the directors on the board of the Company as stated below for the financial year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:-

Sr. no.	Name of director	DIN	Date of appointment in Company
1.	Mr. Rama Shanker Bajoria	00033727	18-10-2011
2.	Dr. Vijay Sharma	00880113	12-11-2014
3.	Mr. Parmod Sagar	06500871	04-03-2018
4.	Mr. Erwin Jankovits	07089589	11-02-2015
5.	Mr. Reinhold Steiner	06674749	24-07-2013
6.	Ms. Verena Buzzi	07901672	08-08-2017

Ensuring the eligibility of for the appointment / continuity of every director on the board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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

**Place: Delhi**  
**Date: 28 May 2019**

**Naresh Verma**  
**CP:4424, FCS: 5403**



### **CEO / CFO Certification**

We, Parmod Sagar, Managing Director & CEO and Sanjeev Bhardwaj, Chief Financial Officer, of Orient Refractories Limited (the 'Company') hereby certify that:

- a) We have reviewed financial statements and the cash flow statement for the year ended 31 March 2019 of the Company 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 any 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 that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and 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 proposed 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 significant role in the Company's internal control system over financial reporting.

Yours' faithfully  
For **Orient Refractories Limited**

**Place: Gurugram**  
**Date: 28 May 2019**

**Parmod Sagar**  
**Managing Director & CEO**  
**(DIN: 06500871)**

**Sanjeev Bhardwaj**  
**Chief Financial Officer**



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## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To  
**THE MEMBERS,  
ORIENT REFRACTORIES LIMITED**

We, Naresh Verma & Associates, Company Secretaries, have examined the compliance of conditions of corporate governance by the Company, for the year ended on 31 March 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

### **Managements' responsibility**

The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the corporate governance stipulated in the SEBI Listing Regulations.

### **Auditors' responsibility**

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

We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with corporate governance requirements by the Company.

### **Opinion**

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in regulations 17 to 27, and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended 31 March 2019.

### **Other matters and restriction on use**

This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to corporate governance report accompanied with by a report thereon from the statutory auditors and should not be used by any other person or for any other purpose.

Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **Naresh Verma & Associates**  
Company Secretaries

**Place: Delhi**  
**Date: 28 May 2019**

**Naresh Verma**  
**CP:4424, FCS: 5403**



## INDEPENDENT AUDITORS' REPORT

TO  
THE MEMBERS OF  
ORIENT REFRACTORIES LIMITED

Report on the audit of the financial statements

### Opinion

1. We have audited the accompanying financial statements of Orient Refractories Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

### Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matter

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

#### Key audit matter

##### Determination of cost of Work-in-Progress and Finished Goods for valuation of inventory

Refer to Note 8 (Inventory) and Note 2.15 (Significant accounting policies) to the financial statements.

The carrying amount of inventory of work in progress is Rs. 1,245.28 lacs and of finished goods is Rs. 3,496.31 lacs as at March 31, 2019.

The Company carries its inventory for work-in-progress and finished goods at the lower of cost and net realizable value. The cost is determined using weighted average cost formula.

The Company's process for arriving at the cost of inventory of work in progress and finished goods involves manual determination of the composition of raw material included in the inventory based on physical count of the inventory and its reconciliation with the raw material issued for the related batch under production/ produced, and allocation of an appropriate proportion of production overheads.

We considered this as a key audit matter because of the significant balance of inventory to the financial statements and the Company's processes involving manual calculations around determination of composition which carry an inherent risk of errors and accordingly may impact the carrying values of inventory.



#### **How our audit addressed the key audit matter**

We carried out the following procedures:

- Obtained understanding on the process and controls over the inventory costing and inventory cycle and evaluated and tested such controls.
- Verified the composition of raw material included in the inventory of work-in-progress and finished goods from the approved Bills of Material (BOM).
- Conducted independent physical verification of inventory of work in progress and finished goods in the factory and at the Total Refractory Management (TRM) sites on a test check basis.
- Verified the stores records and other underlying documentation for verification of issuance of raw material to the batches of production.
- Verified that the overheads allocated comprise of the costs that are incurred in relation to the production process.
- Verified the arithmetical accuracy of calculation of cost of inventory including allocation of production overheads.

Based on the above audit procedures, we considered the management's determination of cost of work-in-progress and finished goods for valuation of inventory to be reasonable.

#### **Other Information**

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of management and those charged with governance for the financial statements**

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
14. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.



# Orient Refractories Limited

(An RHI Magnesita Company)



- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;
  - ii. The Company has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2019.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: (FRN 012754N/N500016)  
Chartered Accountants

**Abhishek Rara**  
**Partner**

**Membership Number: 077779**

**Place: Gurugram**  
**Date: 28 May, 2019**



## **Annexure A to Independent Auditors' Report**

Referred to in paragraph 14(f) of the Independent Auditors' Report of even date to the members of Orient Refractories Limited on the financial statements for the year ended March 31, 2019

### **Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of Orient Refractories Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to financial statements**

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



**Inherent Limitations of Internal Financial Controls with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: (FRN 012754N/N500016)  
Chartered Accountants

**Abhishek Rara**  
**Partner**  
Membership Number: 077779

Place: Gurugram  
Date: 28 May, 2019



### Annexure B to Independent Auditors' Report

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of Orient Refractories Limited on the financial statements as of and for the year ended March 31, 2019

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 7 to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory, including stocks with third parties have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii) (a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products related to Mortar. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 27 (iii) to the financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, goods and services tax, duty of excise, value added tax which have not been deposited on account of any dispute. The particulars of dues of service tax and duty of customs as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Amount paid under protest (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1944	Service Tax	11,368,992	309,075	January 2013 to February 2015	Customs Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Customs Duty	85,843	-	April 2016 to June 2017	Commissioner of Customs (Appeals)

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.



# Orient Refractories Limited

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- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: (FRN 012754N/N500016)  
Chartered Accountants

**Abhishek Rara**  
Partner  
Membership Number: 077779

**Place: Gurugram**  
**Date: 28 May, 2019**



## BALANCE SHEET

(Amount in Rs. Lacs)

Particulars	Notes	As at 31 March, 2019	As at 31 March, 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	5,985.45	3,991.68
Capital work-in-progress	3	272.28	1,400.91
Intangible assets	4	14.86	25.68
<b>Financial assets</b>			
(i) Investments	5(a)	0.30	0.30
(ii) Loans	5(c)	171.16	92.13
(iii) Other financial assets	5(f)	59.22	29.57
Deferred tax assets (net)	6	-	147.18
Other non-current assets	7	454.81	516.36
<b>Total non-current assets</b>		<b>6,958.08</b>	<b>6,203.81</b>
<b>Current assets:</b>			
Inventories	8	11,744.08	9,105.99
<b>Financial assets</b>			
(i) Trade receivables	5(b)	15,743.05	15,942.57
(ii) Investment	5(a)	10,316.19	10,767.22
(iii) Cash and cash equivalents	5(d)	2,175.28	740.72
(iv) Bank balances other than above	5(e)	612.21	530.84
(v) Other financial assets	5(f)	47.23	427.56
Contract assets	5(g)	1,134.22	-
Other current assets	7	2,076.89	1,146.32
<b>Total current assets</b>		<b>43,849.15</b>	<b>38,661.22</b>
<b>Total Assets</b>		<b>50,807.23</b>	<b>44,865.03</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	9(a)	1,201.39	1,201.39
Other equity	9(b)	36,422.14	31,079.84
<b>Equity attributable to the owners of Orient Refractories Limited</b>		<b>37,623.53</b>	<b>32,281.23</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employee benefit obligations	10	-	26.96
Other non-current liabilities	11	70.06	62.86
Deferred tax liabilities (net)	6	100.89	-
<b>Total non-current liabilities</b>		<b>170.95</b>	<b>89.82</b>



## BALANCE SHEET

(Amount in Rs. Lacs)

Particulars	Notes	As at 31 March, 2019	As at 31 March, 2018
<b>Current liabilities</b>			
Financial liabilities			
(i) Trade payables	12(a)		
- Total outstanding dues of micro and small enterprises		455.08	414.83
- Total outstanding dues of creditors other than micro enterprises and small enterprises		10,694.03	9,543.88
(ii) Other financial liabilities	12(b)	1,095.90	982.88
Contract liabilities	14A	59.46	-
Provisions	13	34.07	273.37
Employee benefit obligations	10	416.32	360.90
Other current liabilities	14	257.89	918.12
<b>Total current liabilities</b>		<b>13,012.75</b>	<b>12,493.98</b>
<b>Total Liabilities</b>		<b>13,183.70</b>	<b>12,583.80</b>
<b>Total Equity and Liabilities</b>		<b>50,807.23</b>	<b>44,865.03</b>

The above balance sheet should be read in conjunction with the accompanying notes.

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: (FRN 012754N/N500016)  
Chartered Accountants

For and on behalf of the Board of Directors of  
**ORIENT REFRACTORIES LIMITED**

**Abhishek Rara**  
Partner  
Membership Number: 077779

**Dr. Vijay Sharma**  
Chairman  
(DIN - 00880113)

**Parmod Sagar**  
Managing Director & CEO  
(DIN - 06500871)

**Place : Gurugram**  
**Date : 28 May, 2019**

**Sanjeev Bhardwaj**  
Chief Financial Officer

**Manoj Gupta**  
Asst. Vice President (F&A)

**Sanjay Kumar**  
Company Secretary  
(ACS-17021)



## STATEMENT OF PROFIT AND LOSS

(Amount in Rs. Lacs)

Particulars	Notes	Year ended 31 March, 2019	Year ended 31 March, 2018
Revenue from operations	15	74,794.70	63,722.73
Other Income	16	1,817.29	1,062.23
<b>Total income</b>		<b>76,611.99</b>	<b>64,784.96</b>
<b>Expenses</b>			
Cost of Raw material and components consumed	17(a)	31,520.20	24,136.77
Purchases of stock-in-trade (traded goods)	17(b)	15,005.71	10,329.48
Changes in inventories of finished goods, work-in-progress and stock-in-trade	18	(2,064.06)	240.26
Excise duty		-	880.53
Employee benefits expenses	19	5,443.06	4,727.10
Depreciation and amortisation expense	3&4	863.12	682.69
Other expenses	20	12,091.72	10,703.60
<b>Total expenses</b>		<b>62,859.75</b>	<b>51,700.43</b>
<b>Profit before tax</b>		<b>13,752.24</b>	<b>13,084.53</b>
<b>Tax expense:</b>			
- Current tax	22	4,490.89	4,608.54
- Deferred tax	22	258.55	(102.12)
- Short / (Excess) provision for tax relating to prior years	22	20.14	(5.21)
<b>Total tax expense</b>		<b>4,769.58</b>	<b>4,501.21</b>
<b>Profit for the year</b>		<b>8,982.66</b>	<b>8,583.32</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
- Remeasurement of the defined benefit plans		(29.99)	(22.06)
- Income tax relating to the above		10.48	7.63
<b>Other comprehensive income for the year, net of tax</b>		<b>(19.51)</b>	<b>(14.43)</b>
<b>Total comprehensive income for the year</b>		<b>8,963.15</b>	<b>8,568.89</b>
Basic earning per share (Face value of Re. 1 each share)	29	7.48	7.14
Diluted earning per share (Face value of Re. 1 each share)	29	7.48	7.14

The above statement of profit & loss should be read in conjunction with the accompanying notes.

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: (FRN 012754N/N500016)  
Chartered Accountants

For and on behalf of the Board of Directors of  
**ORIENT REFRACTORIES LIMITED**

**Abhishek Rara**  
Partner  
Membership Number: 077779

**Dr. Vijay Sharma**  
Chairman  
(DIN - 00880113)

**Parmod Sagar**  
Managing Director & CEO  
(DIN - 06500871)

Place : Gurugram  
Date : 28 May, 2019

**Sanjeev Bhardwaj**  
Chief Financial Officer

**Manoj Gupta**  
Asst. Vice President (F&A)

**Sanjay Kumar**  
Company Secretary  
(ACS-17021)



## STATEMENT OF CHANGE IN EQUITY

Equity Share Capital	(Amount in Rs. Lacs)	
Particulars	Notes	Amount
<b>As at 1 April , 2017</b>		1,201.39
Change in Equity Share Capital	9 (a)	-
<b>As at 31 March, 2018</b>		1,201.39
Change in Equity Share Capital	9 (a)	-
<b>As at 31 March, 2019</b>		<b>1,201.39</b>

### Other Equity

Particulars	Notes	Attributable to Owners of Orient Refractories Limited		
		Reserves and Surplus		Total other equity
		General Reserve	Retained Earnings	
<b>Balance as at 1 April 2018</b>	9 (b)	8,337.56	22,742.28	<b>31,079.84</b>
Profit for the year			8,982.66	<b>8,982.66</b>
Other comprehensive income			(19.51)	<b>(19.51)</b>
<b>Total comprehensive income for the year</b>		<b>8,337.56</b>	<b>31,705.43</b>	<b>40,042.99</b>
Dividend paid		-	(3,003.48)	(3,003.48)
Dividend distribution tax		-	(617.37)	(617.37)
<b>Balance as on 31 March, 2019</b>		<b>8,337.56</b>	<b>28,084.58</b>	<b>36,422.14</b>
<b>Balance as at 1 April 2017</b>	9 (b)	8,337.56	17,788.31	<b>26,125.87</b>
Profit for the year			8,583.32	<b>8,583.32</b>
Other comprehensive income			(14.43)	<b>(14.43)</b>
<b>Total comprehensive income for the year</b>		<b>8,337.56</b>	<b>26,357.20</b>	<b>34,694.76</b>
Dividend paid		-	(3,003.48)	(3,003.48)
Dividend distribution tax		-	(611.44)	(611.44)
<b>Balance as on 31 March, 2018</b>		<b>8,337.56</b>	<b>22,742.28</b>	<b>31,079.84</b>

The above statement of change in equity should be read in conjunction with the accompanying notes.

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: (FRN 012754N/N500016)  
Chartered Accountants

For and on behalf of the Board of Directors of  
**ORIENT REFRACTORIES LIMITED**

**Abhishek Rara**  
Partner  
Membership Number: 077779

**Dr. Vijay Sharma**  
Chairman  
(DIN - 00880113)

**Parmod Sagar**  
Managing Director & CEO  
(DIN - 06500871)

Place : Gurugram  
Date : 28 May, 2019

**Sanjeev Bhardwaj**  
Chief Financial Officer

**Manoj Gupta**  
Asst. Vice President (F&A)

**Sanjay Kumar**  
Company Secretary  
(ACS-17021)



## STATEMENT OF CASH FLOW

(Amount in Rs. Lacs)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>13,752.24</b>	<b>13,084.53</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	863.12	682.69
Amortization of Prepaid expense	5.89	5.91
Interest income	(304.80)	(168.00)
Allowance for doubtful debts - trade receivables	-	298.58
Allowances for doubtful trade receivable no longer required written back	(635.10)	-
Allowances for doubtful export incentive receivable no longer required written back	(6.41)	-
Liabilities/ provisions no longer required written back	(53.12)	-
Bad trade and other receivables, loans and advances written off	-	54.65
Net gain on financial assets (open ended mutual fund scheme) measured at fair value through profit or loss	(176.19)	(262.23)
Net gain on disposal of financial assets (open ended mutual fund scheme)	(439.15)	(276.95)
Loss on fixed assets sold/ scrapped/ written off	1.88	18.02
Net unrealised foreign exchange gain/(loss)	3.21	(86.77)
Items that will not be reclassified to Profit or loss	(29.99)	(22.06)
<b>Operating profit before working capital changes</b>	<b>12,981.58</b>	<b>13,328.37</b>
<b>Changes in operating assets and liabilities</b>		
Decrease/ (Increase) in inventories	(2,638.09)	(967.87)
Decrease/ (Increase) in trade receivables	774.83	(4,805.00)
Decrease/ (Increase) in other current financial assets	3.00	(20.90)
Decrease/ (Increase) in other current assets	(924.16)	(664.77)
Decrease/ (Increase) in loans	(79.03)	(15.88)
Decrease/ (Increase) in contract assets	(763.75)	(307.36)
Decrease/ (Increase) in other non-current financial assets	(29.65)	(13.30)
Decrease/ (Increase) in other non-current assets	0.86	2.43
Increase /(Decrease) in trade payables	1,300.10	2,345.65
Increase /(Decrease) other financial liabilities	124.06	498.52
Increase /(Decrease) employee benefit obligations	28.45	22.34
Increase /(Decrease) in non current liabilities	7.20	4.26
Increase /(Decrease) contract liabilities	(711.36)	664.05
Increase /(Decrease) other current liabilities	110.60	61.48
<b>Cash generated from operations</b>	<b>10,184.64</b>	<b>10,132.02</b>
Net income tax paid	(4,750.33)	(4,408.07)
<b>Net cash flow from operating activities (A)</b>	<b>5,434.31</b>	<b>5,723.95</b>
<b>B. Cash flows from investing activities</b>		
Proceeds from redemption of national savings certificates	-	-
Investment in mutual funds	(45,195.00)	(42,572.93)
Proceeds from redemption of mutual funds	46,261.37	32,344.88
Increase in other bank balances	(81.37)	(89.24)
Capital expenditure on fixed assets, including capital advances	(1,795.32)	(1,975.61)
Proceeds from sale of fixed assets	26.13	27.32
Interest received	311.66	168.00
<b>Net cash flow used in investing activities (B)</b>	<b>(472.53)</b>	<b>(12,097.58)</b>



## STATEMENT OF CASH FLOW

(Amount in Rs. Lacs)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
<b>C. Cash flows from financing activities</b>		
Dividend paid on equity shares	(2,909.85)	(2,916.79)
Tax on dividend	(617.37)	(611.44)
<b>Net cash flow used in financing activities (C)</b>	<b>(3,527.22)</b>	<b>(3,528.23)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,434.56</b>	<b>(9,901.86)</b>
Cash and cash equivalents at the beginning of the year	740.72	10,642.58
<b>Cash and cash equivalents at the end of the year</b>	<b>2,175.28</b>	<b>740.72</b>
<b>Cash and cash equivalent included in the cash flow statement comprise of the following:</b>		
Cash on hand		
Balances with Bank		
- in current accounts	522.29	437.94
- deposits with original maturity of less than three months	1,650.00	300.62
Cash on hand	2.99	2.16
	<b>2,175.28</b>	<b>740.72</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: (FRN 012754N/N500016)  
Chartered Accountants

For and on behalf of the Board of Directors of  
**ORIENT REFRACTORIES LIMITED**

**Abhishek Rara**  
Partner  
Membership Number: 077779

**Dr. Vijay Sharma**  
Chairman  
(DIN - 00880113)

**Parmod Sagar**  
Managing Director & CEO  
(DIN - 06500871)

**Place : Gurugram**  
**Date : 28 May, 2019**

**Sanjeev Bhardwaj**  
Chief Financial Officer

**Manoj Gupta**  
Asst. Vice President (F&A)

**Sanjay Kumar**  
Company Secretary  
(ACS-17021)



## NOTES TO FINANCIAL STATEMENTS

### 1. Corporate Information

Orient Refractories Limited ('the Company'), domiciled and incorporated in India and publicly traded on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE') in India. The registered office of the Company is situated at C-604, Neelkanth Business Park, Opposite Railway Station, Vidhyavihar (West), Mumbai, Maharashtra-400086, India. The Company is primarily engaged in the business of manufacturing and trading of refractories, monolithics and ceramic paper and has a manufacturing facility in Bhiwadi (Rajasthan).

The financial statements were approved by the Board of Directors and authorised for issue on May 28, 2019.

### 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

(i) Compliance with IND AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following which have been measured at fair value:

- Financial assets comprising of investments in open ended mutual fund schemes, which are being measured at fair value.
- Defined benefit plans – plan assets measured at fair value

(iii) New and amended standards adopted by the Company

The Company has applied the following standard for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115, Revenue from Contracts with Customers

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the modified retrospective approach. The effect of initially applying this standard is recognised at the date of initial application (April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information is not restated. The impact of adoption of the standard on the Financial Statements is disclosed in Note 32.

#### 2.3 Critical accounting estimates, assumptions and judgements

The preparation of Financial Statements requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities at the date of the Financial Statements and the results of operations during the reporting period. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the financial statement:

(a) Property, plant and equipment

The management engages internal technical team to assess the remaining useful lives and residual value of property, plant and equipment. The management believes that the assigned useful lives and residual value are reasonable.



(b) Intangibles

Internal technical or user team assess the remaining useful lives of Intangible assets. The Management believes that assigned useful lives are reasonable.

(c) Income taxes

The management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets / liabilities. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

(d) Contingencies

The management's judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

(e) Allowance for uncollected accounts receivable and advances

Trade receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(f) Revenue from contracts with customers

For Refractory Management Contracts where the transaction price depends on the customer's production performance, the management has determined that both supply of goods and services the customer. Customer expects total refractory management services from the Company, which includes supply of refractory material and its related services to produce steel. The customer expects complete refractory management for the product of steel in the steep plant. Thus, only one single performance obligation, performance of refractory management service, exists.

#### 2.4 Current Versus non-current Classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

#### 2.5 Property Plant and Equipment

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss on the date of disposal or retirement.

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item are probable to flow to the Company and cost of the item can be measured reliably. All other repair and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation on Property, Plant and equipment is provided on straight-line basis over the useful lives of assets as determined on the basis of technical estimates which are similar to the useful lives as prescribed under Schedule II to the Companies Act, 2013 except for Vehicles, which are being used by the employees. These vehicles are depreciated on written down value method, over the period of 5 years and 6 years for four wheelers and two wheelers respectively. Based on past experience and internal technical evaluation, the management believes that these useful lives represent the appropriate period of usage and therefore, considered to be appropriate for charging depreciation.

Assets residual values, depreciation method and useful lives are reviewed at the end of financial year considering the physical condition of the assets or whenever there are indicators for review and adjusts residual life prospectively.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income.



## 2.6 Intangible Assets

On transition to Ind AS, the Company has opted for the option given under Ind AS 101 to measure all the items of Intangible Assets at their carrying value under previous GAAP. Consequently the carrying value under IGAAP has been assumed to be deemed cost of Intangible Assets on the date of transition to Ind AS.

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

### Software

Software are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of license. Intangible Assets are amortised at straight line basis as follows:

Software	1-5 years
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## 2.7 Leases

### As a Lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Leasehold land is amortised over the period of the lease term.

## 2.8 Financial assets (Debt Instruments)

### A. Classification and initial recognition

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the asset. The Company determines the classification of its financial assets at initial recognition. The Company classifies the financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through profit or loss, or through other comprehensive income)
- Those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets are initially recognised at fair value plus directly attributable transaction costs in case of financial assets not at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss.

### B. Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

#### a. Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if



they are acquired for the purpose of selling in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets are designated upon initial recognition at fair value through profit or loss when the same are managed by the Company on the basis of their fair value and their performance is evaluated on fair value basis in accordance with a risk management or investment strategy of the Company. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in other income in the statement of profit or loss.

**b. Financial assets measured at amortised cost**

Assets that are held for collection of contractual cash flows, where the assets' cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income in the statement of profit or loss.

**c. Fair value through other comprehensive income (FVOCI)**

Financial assets are measured at fair value through other comprehensive income (OCI) if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**C. Derecognition**

A financial asset is derecognized only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**D. Impairment of financial assets**

The Company assesses on forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

**E. Income recognition - Interest**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

**2.9 Financial Liabilities**

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity. The Company's financial liabilities includes trade and other payables.



#### Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities carried at fair value through profit or loss) are added or deducted from the fair value measured on initial recognition of financial liability. Financial liabilities are classified as subsequently measured at amortised cost.

#### Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognized.

#### De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

### 2.10 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### 2.11. Fair Value Measurement

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### 2.12 Derivative financial instruments

The Company acquires forward contracts to mitigate the risk arising foreign currency exposures from purchase and sale of goods and services. These forward contracts are designated as derivative financial instruments. Derivatives are initially recognised at fair value on the date of derivate contract is entered into and subsequently re-measured to their fair value at the end of reporting period. The consequent gains/ losses, arising from subsequent re-measurement, are recognised in the statement of profit or loss, unless the derivative is designated as hedging instrument and hedging relationship is established with the item being hedged.

### 2.13 Impairment of non-financial assets – Property, plant and equipment and Intangible assets

Intangible assets and property, plant and equipment are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount,



provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

#### **2.14 Income Taxes**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

#### **2.15 Inventories**

Inventories are valued at the lower of cost (on first in first out basis in respect of trading goods and on weighted average basis in respect of raw materials, work-in-progress and finished goods) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods, including freight, octroi and other levies. Work-in-progress and finished goods include appropriate proportion of labour and overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Stores and spares inventory is valued at cost.

#### **2.16 Cash and Cash Equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### **2.17 Provisions, contingent liabilities and contingent assets**

##### **a) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

##### **b) Contingencies**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements.



## 2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

## 2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Board of Directors of the Company has authorised its Managing Director & CEO to assess the financial performance and position of the Company, and makes decisions in normal course of business operations. For key strategic decisions, the Board of Directors take decisions after evaluating the possible options and recommendations given by the management. The Board of Directors, together with Managing Director has been identified as being the chief operating decision maker. Refer Note 26 for segment information presented.

## 2.20 Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to customers either over time or at a point of time at an amount that reflects the consideration the Company expects to be entitled to in exchange for those products or services. Control is defined as the ability to direct the use of and obtain substantially all of the economic benefits from an asset.

Revenue is measured based on the transaction price, which is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in future periods. If the consideration in a contract includes a variable amount, at the inception of the contract, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer.

At the inception of the contract, the Company identifies the goods or services promised in the contract and assesses which of the promised goods or services shall be identified as separate performance obligations. Promised goods or services give rise to separate performance obligations if they are capable of being distinct.

Revenue from the delivery of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual Incoterms agreed in the customer contract.

Revenue from contracts for total refractory management services, revenue is recognized over time on the basis using the output-oriented method (e.g. quantity of steel produced).

Revenue from providing services is recognized in the accounting period in which the services are rendered.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before the consideration is due.

## 2.21 Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with required conditions. Export incentive under Merchandise Exports from India Scheme (MEIS) 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.

## 2.22 Employee benefits

### Defined benefit plan - Gratuity

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.



The present value is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

#### **Defined contribution plans**

The Company's contribution to provident fund, national pension scheme and employees' state insurance scheme are considered as defined contribution plans and are charged as expense in the Statement of Profit and Loss, based on the amount of contribution required to be made and when services are rendered by the employee.

#### **Other Benefits - Compensated Absences**

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### **2.23 Foreign currency translation**

#### **(i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's operations are primarily in India. The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

#### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### **2.24 Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.



## 2.25 Earnings per Share

### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

## 2.26 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## 2.27 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 2.28. Standards issued and applicable from April 1, 2019

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 (the 'Rules') on 30 March 2019. The rules shall be effective from reporting periods beginning on or after 1 April 2019 and cannot be early adopted.

### (a) Ind AS 116, Leases

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company is in the process of evaluating the impact of the new standard on the financial statements.

### (b) Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12

The amendments have inserted a new Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments. The appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;



- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

Management has assessed the impact of the amendment and concluded that there will be no impact required in the financial statements.

**(c) Amendments to Ind AS 109 – Prepayment Features with Negative Compensation**

The amendments enable entities to measure at amortised cost some pre payable financial assets with negative compensation. The assets, which include some loan and debt securities, would otherwise have been measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

Management has assessed the impact of the amendment and concluded that there will be no impact required in the financial statements.

**(d) Amendments to Ind AS 19 – Plan amendment, curtailment or settlement**

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- separately recognise any changes in the asset ceiling through other comprehensive income.

Management has assessed the impact of the amendment and concluded that there will be no impact required in the financial statements.

**(e) Amendments to Ind AS 12 – Income tax consequences of payments on Financial instruments classified as equity**

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

Management has assessed the impact of the amendment and concluded that there will be no impact required in the financial statements.

**(f) Amendments to Ind AS 23 –Borrowing costs eligible for capitalization**

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Management has assessed the impact of the amendment and concluded that there will be no impact required in the financial statements.



# Orient Refractories Limited

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## Note 3 :

### Property, plant and equipment and capital work-in progress

(Amount in Rs. Lacs)

Particulars	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total	Capital work-in-progress
<b>Balance as at 1 April, 2017</b>	680.81	3,147.45	16.88	76.00	376.94	<b>4,298.08</b>	466.60
Additions	149.34	723.82	13.41	50.89	80.18	<b>1,017.64</b>	1,951.95
Disposals	-	(36.27)	(0.02)	-	(34.47)	<b>(70.76)</b>	(1,017.64)
<b>Balance as at 31 March, 2018</b>	<b>830.15</b>	<b>3,835.00</b>	<b>30.27</b>	<b>126.89</b>	<b>422.65</b>	<b>5,244.96</b>	<b>1,400.91</b>
Additions	473.24	2,160.68	7.97	59.37	172.63	<b>2,873.89</b>	1,745.97
Disposals	-	(0.35)	-	(3.08)	(28.63)	<b>(32.06)</b>	(2,874.60)
<b>Balance as at 31 March, 2019</b>	<b>1,303.39</b>	<b>5,995.33</b>	<b>38.24</b>	<b>183.18</b>	<b>566.65</b>	<b>8,086.79</b>	<b>272.28</b>
<b>Accumulated depreciation</b>							
<b>Balance as at 1 April, 2017</b>	34.70	490.63	2.73	19.45	62.22	<b>609.73</b>	-
Charge for the year	57.48	516.13	3.83	24.23	67.30	<b>668.97</b>	-
Depreciation on assets disposed off during the year	-	(11.26)	-	-	(14.16)	<b>(25.42)</b>	-
<b>Accumulated depreciation as at 31 March, 2018</b>	<b>92.18</b>	<b>995.50</b>	<b>6.56</b>	<b>43.68</b>	<b>115.36</b>	<b>1,253.28</b>	-
Charge for the year	64.70	684.02	4.15	30.72	68.52	<b>852.11</b>	-
Depreciation on assets disposed off during the year	-	-	-	(0.07)	(3.98)	<b>(4.05)</b>	-
<b>Accumulated depreciation as at 31 March, 2019</b>	<b>156.88</b>	<b>1,679.52</b>	<b>10.71</b>	<b>74.33</b>	<b>179.90</b>	<b>2,101.34</b>	-
<b>Net Carrying amount</b>							
<b>Balance as at 31 March, 2018</b>	<b>737.97</b>	<b>2,839.50</b>	<b>23.71</b>	<b>83.22</b>	<b>307.29</b>	<b>3,991.68</b>	<b>1,400.91</b>
<b>Balance as at 31 March, 2019</b>	<b>1,146.51</b>	<b>4,315.81</b>	<b>27.53</b>	<b>108.85</b>	<b>386.75</b>	<b>5,985.45</b>	<b>272.28</b>

## Note 4 :

### Other intangible assets

Particulars	Software
<b>Balance as at 1 April, 2017</b>	50.92
Additions	2.53
<b>Balance as at 31 March, 2018</b>	<b>53.45</b>
Additions	0.19
<b>Balance as at 31 March, 2019</b>	<b>53.64</b>
<b>Accumulated amortisation</b>	
<b>Opening</b>	<b>14.05</b>
Charge for the year	13.72
<b>Balance as at 31 March, 2019</b>	<b>27.77</b>
Charge for the year	11.01
<b>Accumulated amortisation as at 31 March, 2019</b>	<b>38.78</b>
<b>Net Carrying amount</b>	
<b>Balance as at 31 March, 2018</b>	<b>25.68</b>
<b>Balance as at 31 March, 2019</b>	<b>14.86</b>



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## Note 5 :

### Financial assets

(Amount in Rs. Lacs)

Particulars	As at 31 March, 2019	As at 31 March, 2018
<b>5 (a) Investments</b>		
<b>Non-current investments</b>		
<b>Investments in government securities (unquoted)</b>		
National Savings Certificates*	0.30	0.30
<b>Total</b>	<b>0.30</b>	<b>0.30</b>
* The National Saving certificates have been given to the sales tax department as security.		
<b>Current investments</b>		
<b>Investment in mutual funds (unquoted)</b>		
185,336 Units ( 31 March 2018 : 220,937 units) in Reliance Ultra Short Duration Fund -Direct Growth Plan formerly known as Reliance Liquid Fund - Cash Plan-Direct Growth Plan	5,664.23	6,202.41
4,640,759 Units :(31 March 2018 : 4,552,394 units) in Aditya Birla Sun Life Liquid Fund -Daily Dividend Reinvestment -Direct-Plan formerly known as Aditya Birla Sun Life Cash Plan -Direct Plan	4,651.96	4,564.81
<b>Total</b>	<b>10,316.19</b>	<b>10,767.22</b>
<b>5 (b) Trade Receivables</b>		
Trade receivables	13,328.88	15,213.40
Receivables from related parties (refer note 30)	2,558.21	1,508.31
Less: Allowance for doubtful debts	(144.04)	(779.14)
<b>Total</b>	<b>15,743.05</b>	<b>15,942.57</b>
<b>Break-up of security details</b>		
Secured- considered good	-	-
Unsecured:		
Considered good	15,743.05	15,942.57
Considered doubtful	144.04	779.14
Significant increase in credit risk	-	-
Credit impaired	-	-
<b>Total Gross receivables</b>	<b>15,887.09</b>	<b>16,721.71</b>
Less: Allowance for doubtful debts ( refer note 24)	(144.04)	(779.14)
<b>Total</b>	<b>15,743.05</b>	<b>15,942.57</b>
<b>5 (c) Loans</b>		
(Unsecured, considered good)		
Security Deposits	171.16	92.13
<b>Total</b>	<b>171.16</b>	<b>92.13</b>
<b>5 (d) Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	522.29	437.94
- deposits with original maturity of less than three months	1,650.00	300.62
Cash on hand	2.99	2.16
<b>Total</b>	<b>2,175.28</b>	<b>740.72</b>
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.		
<b>5 (e) Bank balances other than cash and cash equivalents</b>		
On dividend account	401.54	307.91
Deposit account with Banks with maturity more the 3 months but less than 12 months	210.67	222.93
<b>Total</b>	<b>612.21</b>	<b>530.84</b>
<b>5 (f) Other Financial Assets</b>		
<b>Non-current</b>		
Deposit account with Bank (With original maturity of more than 12 months)	38.96	11.45
Others	20.26	18.12
<b>Total</b>	<b>59.22</b>	<b>29.57</b>
<b>Current</b>		
Unbilled revenue	-	370.47
Interest accrued on deposits	31.59	38.45
Loans and advances to employees	15.64	15.58
Others	-	3.06
<b>Total</b>	<b>47.23</b>	<b>427.56</b>
<b>5 (g) Contract assets</b>		
Unbilled revenue	1,134.22	-
<b>Total</b>	<b>1,134.22</b>	<b>-</b>
	<b>1,134.22</b>	<b>-</b>



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## Note 6:

### Deferred tax asset/(liability) (net)

(Amount in Rs. Lacs)

Particulars	Depreciation	Defined benefit obligation	Allowances for doubtful trade receivable no longer required written back	Others	Total
<b>At 1 April, 2017</b>	<b>(256.08)</b>	<b>126.50</b>	<b>-</b>	<b>167.01</b>	<b>37.43</b>
(Charged)/ Credited					
- to profit and loss Account	(17.96)	0.10	-	119.98	<b>102.12</b>
- to other comprehensive income	-	7.63	-	-	<b>7.63</b>
<b>At 1 April, 2018</b>	<b>(274.04)</b>	<b>134.23</b>	<b>-</b>	<b>286.99</b>	<b>147.18</b>
(Charged)/ Credited					
- to profit and loss Account	(117.50)	0.77	(221.93)	80.11	<b>(258.55)</b>
- to other comprehensive income		10.48	-	-	<b>10.48</b>
<b>As at 31 March 2019</b>	<b>(391.54)</b>	<b>145.48</b>	<b>(221.93)</b>	<b>367.10</b>	<b>(100.89)</b>

## Note 7:

### Other Assets

Particulars	As at 31 March, 2019	As at 31 March, 2018
<b>Unsecured, considered good unless otherwise stated</b>		
<b>Non-current</b>		
Capital Advances	109.55	164.35
Prepaid expenses	3.74	4.60
Prepaid lease payment (Leasehold Land)	341.52	347.41
<b>Total</b>	<b>454.81</b>	<b>516.36</b>
<b>Current</b>		
Prepaid lease payment (Leasehold Land)	5.90	5.90
Prepaid expenses	28.42	58.29
Balance with government authorities	825.52	371.35
Deposit with tax authorities	-	18.16
Advances to creditors	652.25	103.93
<b>Export incentives receivable (government grant)*</b>		
- Considered good	563.27	587.41
- Considered doubtful	20.98	27.39
	584.25	614.80
Less: Provision for doubtful export incentives receivable	(20.98)	(27.39)
	563.27	587.41
Others	1.53	1.28
<b>Total</b>	<b>2,076.89</b>	<b>1,146.32</b>
<b>* Government grant</b>		
Balance at the beginning of the year	614.80	305.10
Income recognised during the year (refer note 15)	689.56	621.71
Grants received during the year	720.11	312.01
	<b>584.25</b>	<b>614.80</b>

## Note 8:

### Inventories

Raw materials {(including goods in transit Rs.412.48 lacs (31 March,2018 Rs. 284.37 lacs)}	4,355.57	3,757.66
Work-in-progress	1,245.28	1,059.19
Finished goods	3,496.31	2,542.43
Traded goods {(including goods in transit Rs.232.17 lacs (31 March,2018 Rs. 341.06 lacs)}	1,878.02	953.93
Stores and spares {(including goods in transit Rs.49.56 lacs (31 March,2018 Rs. 22.73 lacs)}	768.90	792.78
<b>Total</b>	<b>11,744.08</b>	<b>9,105.99</b>



**Note 9 (a):**

**Equity Share Capital**

(Amount in Rs. Lacs)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Equity share capital	1,201.39	1,201.39
<b>Authorised</b>		
120,500,000 equity shares ( 31 March, 2018 - 120,500,000 ) of Rs 1 each	1,205.00	1,205.00
<b>Issued, subscribed and fully paid up share capital</b>		
120,139,200 equity shares (31 March, 2018 - 120,139,200 ) of Rs 1 each (Fully paid up)	1,201.39	1,201.39

**(i) Movement in equity share capital**

Particulars	Number of shares	Closing balance (in Rs. Lacs)
Balance as at 1 April, 2017	120,139,200	1,201.39
Changes during the year	-	-
Balance as at 31 March, 2018	120,139,200	1,201.39
Balance as at 1 April, 2018	120,139,200	1,201.39
Changes during the year	-	-
Balance as at 31 March, 2019	120,139,200	1,201.39

**Terms and rights attached to equity shares**

Equity share has a par value of Rs. 1. They entitle the holder to participate in dividend, and to share in the proceeds of winding up of the company in proportion to number of and amounts paid on shares held.

Every holder of equity shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled one vote.

**(ii) Shares of company held by immediate holding company**

Dutch US Holding B.V., Netherlands (No. of equity shares)	79,877,771	83,637,771
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**(iii) Details of shares held by each shareholder holding more than 5% shares**

Dutch US Holding B.V., Netherlands (No. of equity shares)	79,877,771	83,637,771
Dutch US Holding B.V., Netherlands (percent of shares held)	66.49%	69.62%

**Note 9 (b):**

**Other equity**

General reserves	8,337.56	8,337.56
Retained earnings	28,084.58	22,742.28
<b>Total</b>	<b>36,422.14</b>	<b>31,079.84</b>

**(i) General reserve**

Opening balance	8,337.56	8,337.56
Balance transferred from reserve during the year	-	-
<b>Closing balance</b>	<b>8,337.56</b>	<b>8,337.56</b>

**(ii) Retained earning**

Opening balance	22,742.28	17,788.31
Net profit for the year	8,982.66	8,583.32
Remeasurements of post employment benefit obligation, net of tax	(19.51)	(14.43)
Dividend paid	(3,003.48)	(3,003.48)
Dividend distribution tax	(617.37)	(611.44)
<b>Closing balance</b>	<b>28,084.58</b>	<b>22,742.28</b>



**Note 10:**

**Employee benefit obligation**

(Amount in Rs. Lacs)

Employee benefit obligation	As at 31 March 2019		As at 31 March 2018	
	Current	Non-current	Current	Non-current
Leave obligations	409.31	-	356.91	-
Gratuity	7.01	-	3.99	26.96
<b>Total</b>	<b>416.32</b>	<b>-</b>	<b>360.90</b>	<b>26.96</b>

**(i) Leave obligations**

The leave obligation cover the company's liability for earned leave.

The entire amount of provision of Rs. 409.30 Lacs ( 31 March 2018 - Rs. 356.91 Lacs ) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to avail the full amount of accrued leaves or require payment for such leave within the next 12 months.

	As at 31 March, 2019	As at 31 March, 2018
<b>Leave obligation not expected to be settled within the next 12 months</b>	359.50	320.38

**(ii) Defined Contribution Plan**

The Company has certain defined contribution plans including provident fund. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is Rs. 207.74 Lacs (31 March 2018 - Rs. 195.05 Lacs).

**Contribution to provident and other funds**

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Contribution to Employee state insurance	18.43	21.34
Contribution to Provident fund	207.74	195.05
Contribution to National Pension Scheme	33.43	29.68
	<b>259.60</b>	<b>246.07</b>

**(ii) Defined Benefit Plan - Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contribution to recognised funds in India. The Company does not fully fund the liability and maintains the target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. The gratuity fund plan assets of the company are managed by Orient Refractories Employees Group Gratuity Trust through Kotak Gratuity Group Plan. As per the information provided by the Kotak Mahindra Old Mutual Life Insurance Limited, 100% of the plan assets has been invested in the Kotak Group Bond fund managed by the Insurer.

Particulars	Gratuity	
	As at 31 March, 2019	As at 31 March, 2018
	<b>Funded</b>	

**(A) Changes in Defined Benefit Obligation**

Defined benefit obligation as at the beginning of the year	868.42	781.81
Current service cost	68.67	59.97
Interest cost	67.13	57.07
Benefit paid	(16.48)	(33.78)
Actuarial (Gain) / Loss	33.73	3.35
<b>Defined Benefit Obligation at end of year</b>	<b>1,021.47</b>	<b>868.42</b>



# Orient Refractories Limited

(An RHI Magnesita Company)



(Amount in Rs. Lacs)

Particulars	Gratuity	
	As at 31 March, 2019	As at 31 March, 2018
	Funded	
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	837.47	743.79
Expected return on plan assets	64.73	54.30
Employer contributions	125.00	91.87
Benefit payments from plan assets	(16.48)	(33.78)
Actuarial Gain/(loss) on plan assets	3.74	(18.71)
<b>Fair value of plan assets at end of year</b>	<b>1,014.46</b>	<b>837.47</b>
<b>Net defined Benefit Asset/(Liability)</b>		
Present Value of obligation at the end	1,021.47	868.42
Fair Value of plan assets	1,014.46	837.47
<b>Unfunded Liability/Provision in Balance Sheet</b>	<b>7.01</b>	<b>30.95</b>
<b>Total expense recognised in the statement of profit and loss</b>		
Current service cost	68.67	59.98
Interest cost	67.13	57.07
Interest income	(64.73)	(54.30)
<b>Total Expense recognised under employee benefit expense</b>	<b>71.07</b>	<b>62.75</b>
<b>Total expense recognised in OCI</b>		
Actuarial (Gain) / Loss on defined benefit obligation arising from change in demographic assumption	4.72	(26.64)
Actuarial (Gain) / Loss on defined benefit obligation arising from change in financial assumption	29.01	29.99
Actuarial (Gain) / Loss of Plan assets	(3.74)	18.71
<b>Unrecognised actuarial (gain)/loss at the end of year</b>	<b>29.99</b>	<b>22.06</b>
<b>(B) Actuarial Assumptions</b>		
i) Discounting Rate	7.66%	7.73%
ii) Future salary Increase	8.00%	8.00%
iii) Retirement Age (Years)	58	58
iv) Ages	<b>Withdrawal Rate (%)</b>	
Up to 30 Years	3	3
From 31 to 44 years	2	2
Above 44 years	1	1
Assumptions regarding future mortality rate for gratuity is based on actuarial advice in accordance with published statistics and experience.		
<b>(C) Expected contribution for the next one year</b>		
i) Service cost	73.21	64.28
ii) Net Interest cost	0.54	2.39
<b>iii) Expected contribution for the next one year</b>	<b>73.75</b>	<b>66.67</b>



(Amount in Rs. Lacs)

**(D) Maturity profile of Defined Benefit Obligation**

Particulars	As at 31 March, 2019	As at 31 March, 2018
i) 0 to 1 Year	160.14	112.00
ii) 1 to 2 Year	13.91	21.01
iii) 2 to 3 Year	14.44	13.82
iv) 3 to 4 Year	14.47	16.47
v) 4 to 5 Year	34.66	27.80
vi) 5 to 6 Year	13.86	12.09
vii) 6 Year onwards	769.99	665.23
<b>Total</b>	<b>1,021.47</b>	<b>868.42</b>

**(D) Sensitivity analysis on defined benefit obligation**

**Discount rate**

a. Discount rate - 0.5% - the liability to increase by	35.10	31.34
b. Discount rate + 0.5% - the liability to decrease by	(33.32)	(29.96)

**Salary increase rate**

a. Rate - 0.5% - the liability to decrease by	(33.37)	(30.03)
b. Rate + 0.5% - the liability to increase by	34.83	31.11

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the Defined benefit recognised in the balance sheet. The methods and types of assumptions used in preparation, the sensitivity analysis did not change compared to the prior period.

**(F) Risk Exposures:**

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Salary Increases:** Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

**Investment Risk:** If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

**Discount Rate:** Reduction in discount rate in subsequent valuations can increase the plan's liability.

**Mortality & disability:** Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

**Withdrawals:** Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

**(G) Defined benefit liability and employer contribution**

The Company monitors the deficit in defined benefit obligation ( net off plan assets) and endeavours to meet such deficit within reasonable future. The objective is to ensure adequate investments of funds, at appropriate time, to generate sufficient corpus for future payments.



# Orient Refractories Limited

(An RHI Magnesita Company)



(Amount in Rs. Lacs)

Particulars	As at 31 March, 2019	As at March 31, 2018
<b>Note 11:</b>		
<b>Other non current liabilities</b>		
Deposit from employees	70.06	62.86
<b>Total</b>	<b>70.06</b>	<b>62.86</b>
<b>Note 12:</b>		
<b>Note 12(a):</b>		
<b>Trade payable</b>		
<b>Current</b>		
Total outstanding dues of micro enterprises and small enterprises (refer note 31)	455.08	414.83
Total outstanding dues of creditors other than micro enterprises and small enterprises	10,694.03	9,543.88
<b>Total</b>	<b>11,149.11</b>	<b>9,958.71</b>
<b>Note 12(b):</b>		
<b>Other current financial liabilities</b>		
Unpaid dividend	401.54	307.91
Employee benefits payable	612.53	488.47
Payables on purchase of fixed assets	81.83	186.50
<b>Total</b>	<b>1,095.90</b>	<b>982.88</b>
<b>Note 13 :</b>		
<b>Provisions</b>		
Provision for income tax (Net of advance tax Rs. 15,601.06 Lacs, as at 31 March 2018 Rs. 10,850.73 Lacs)	34.07	273.37
<b>Total</b>	<b>34.07</b>	<b>273.37</b>
<b>Note 14 :</b>		
<b>Other current liabilities</b>		
Statutory dues (Contribution to Provident fund and Employee state insurance, Goods and services tax etc)	237.88	128.77
Advances from customers	-	770.82
Deposits from employees	20.01	18.53
<b>Total</b>	<b>257.89</b>	<b>918.12</b>
<b>Note 14A:</b>		
<b>Contract Liabilities</b>		
Advances from customers	59.46	-
<b>Total</b>	<b>59.46</b>	<b>-</b>

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
<b>Note 15 :</b>		
<b>Revenue from operations (Refer note 32)</b>		
<b>Revenue from contracts with customers</b>		
- Sales of products		
(i) Finished goods* (Including excise duty)	46,612.91	39,598.77
(ii) Traded goods	5,402.79	5,635.02
- Total Refractories Management Services #	21,585.83	17,708.33
- Sale of services	503.61	158.90
	<b>74,105.14</b>	<b>63,101.02</b>
Other operating revenues(Government grant - export incentives)	689.56	621.71
<b>Total</b>	<b>74,794.70</b>	<b>63,722.73</b>

\*Goods and Services Tax (GST) has been effective from July 1, 2017. Consequently, excise duty, value added Tax (VAT) , Service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from 1 July 2017 'Sales of products' excludes the amount of GST recovered. Accordingly, revenue from 'Sale of Products' and 'Revenue from operations' for the year ended 31 Marchs, 2019 are not comparable with those of the previous year.

# Including Sales of Goods Rs. 20,738.12 Lacs (Previous Year Sale of Goods Rs. 16,930.83 Lacs).



# Orient Refractories Limited

(An RHI Magnesita Company)



(Amount in Rs. Lacs)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
<b>Note 16:</b>		
<b>Other income</b>		
Interest income on financial assets on amortised cost:		
- on bank deposits	242.28	50.01
- on others	62.52	117.99
Net gain on financial assets (open ended mutual fund scheme) measured at fair value through profit or loss	176.19	262.23
Net gain on disposal of financial assets (open ended mutual fund scheme)	439.15	276.95
Net foreign exchange differences	169.22	341.79
Liabilities/ provisions no longer required written back	53.12	-
Allowances for doubtful trade receivable no longer required written back	635.10	-
Allowances for doubtful export incentive receivable no longer required written back	6.41	-
Miscellaneous income	33.30	13.26
<b>Total</b>	<b><u>1,817.29</u></b>	<b><u>1,062.23</u></b>
<b>Note 17 (a) :</b>		
<b>Cost of raw materials and components consumed</b>		
Opening stock	3,757.66	2,741.90
Add: Purchases	<u>32,118.11</u>	<u>25,152.53</u>
	35,875.77	27,894.43
Less: Closing stock	<u>4,355.57</u>	<u>3,757.66</u>
<b>Total</b>	<b><u>31,520.20</u></b>	<b><u>24,136.77</u></b>
<b>Note 17 (b):</b>		
<b>Purchases of stock-in-trade (traded goods)</b>		
Spray/Ramming mass	6,162.27	4,280.48
Other items	<u>8,843.44</u>	<u>6,049.00</u>
<b>Total</b>	<b><u>15,005.71</u></b>	<b><u>10,329.48</u></b>
<b>Note 18:</b>		
<b>Change in inventories of finished goods, work in-progress and stock-in-trade</b>		
<b>Inventories at the end of the year</b>		
Work in progress	1,245.28	1,059.19
Finished goods	3,496.31	2,542.43
Stock-in-trade	<u>1,878.02</u>	<u>953.93</u>
	<b><u>6,619.61</u></b>	<b><u>4,555.55</u></b>
<b>Inventories at the beginning of the year</b>		
Work in progress	1,059.19	840.88
Finished goods	2,542.43	2,737.18
Stock-in-trade	<u>953.93</u>	<u>1,217.75</u>
	<b><u>4,555.55</u></b>	<b><u>4,795.81</u></b>
<b>Total</b>	<b><u>(2,064.06)</u></b>	<b><u>240.26</u></b>
<b>Note 19:</b>		
<b>Employee benefits expense</b>		
Salaries, wages and bonus	4,881.80	4,218.55
Contribution to provident fund & others (refer note 10)	259.60	246.07
Gratuity (refer note 10)	71.07	62.75
Leave compensation	68.35	96.26
Staff welfare expenses	<u>162.24</u>	<u>103.47</u>
<b>Total</b>	<b><u>5,443.06</u></b>	<b><u>4,727.10</u></b>



# Orient Refractories Limited

(An RHI Magnesita Company)



(Amount in Rs. Lacs)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
<b>Note 20:</b>		
<b>Other expenses</b>		
Consumption of stores and spare parts	1,733.52	1,529.80
Consumption of packing materials	1,313.73	1,159.71
Power and fuel	2,873.40	2,264.29
Processing charges	1,300.40	1,095.71
Rent {Refer note 28(b)}	37.98	30.98
Repairs and maintenance		
- Plant and machinery	318.02	238.57
- Buildings	79.17	62.79
- Others	1.85	3.53
Insurance	45.57	39.29
Rates and taxes	24.88	70.81
Communication costs	40.13	45.40
Travelling and conveyance	222.40	186.42
Printing and stationery	33.14	24.15
Freight and forwarding	2,376.61	2,044.04
Commission on sales (Other than sole selling agents)	770.01	733.34
Advertising and other expenses	81.77	105.27
Donation	3.72	4.10
Expenditure on corporate social responsibility (Refer note 21)	158.55	184.06
Legal and professional fees {Refer note 20(a)}	407.10	240.37
Royalty	72.24	78.62
Directors sitting fees	8.00	10.02
Bad debt and other receivables, loans and advances written off	-	54.65
Allowance for doubtful debts - trade receivables	-	298.58
Loss on fixed assets sold/ scrapped	1.88	18.02
Amortization of Prepaid Lease Rent	5.90	5.91
Bank Charges	115.68	106.01
Miscellaneous expenses	66.07	69.16
<b>Total</b>	<b>12,091.72</b>	<b>10,703.60</b>

## Note 20(a):

### Legal and professional include Payment to Auditors as under : -

Payment to auditor (excluding GST) comprise

a) To statutory auditor		
- for audit	51.54	63.14
- for limited review	12.70	12.70
- for certification	5.50	-
- reimbursement of expenses	1.27	0.90
b) To cost auditor for cost audit	0.50	0.50
<b>Total</b>	<b>71.51</b>	<b>77.24</b>

## Note 21 :

### Corporate social responsibility expenditure

Amount required to be spent as per section 135 of the Companies Act, 2013

### Details of expenditure towards Corporate Social Responsibility (CSR) activities

a) Gross amount required to be spent by the Company during the year	217.07	182.10
b) Amount spent during the year on:		
i) Construction/ acquisition of any asset	-	-
ii) On purposes other than (i) above	158.55	184.06
<b>Total</b>	<b>158.55</b>	<b>184.06</b>



# Orient Refractories Limited

(An RHI Magnesita Company)



(Amount in Rs. Lacs)

	Year ended 31 March, 2019	Year ended 31 March, 2018
<b>Note 22:</b>		
<b>Income Tax Expense</b>		
<b>(a) Income tax expense</b>		
Current Tax		
Current tax on profits for the year	4,490.89	4,608.54
Adjustments for current tax of prior periods	20.14	(5.21)
Total Current Tax Expense	<b>4,511.03</b>	<b>4,603.33</b>
Deferred Tax		
Deferred Tax Expense/(Benefit)	258.55	(102.12)
<b>Income Tax Expense</b>	<b>4,769.58</b>	<b>4,501.21</b>
<b>(b) Reconciliation of tax expense and accounting profit multiplied by tax rate</b>		
<b>Profit before income tax expense</b>	13,752.24	13,084.53
Tax at the Indian tax rate of 34.944% (Previous year : 34.608 %)	4,805.58	4,528.29
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Adjustments for Prior Year	20.14	(5.21)
Corporate social responsibility expenditure	24.65	12.91
Dividend Income	(73.98)	(56.09)
Other	(6.81)	21.31
<b>Income Tax Expense</b>	<b>4,769.58</b>	<b>4,501.21</b>

## Note 23:

### Fair Value measurement

#### Financial instruments by category:

	As at 31 March, 2019		As at 31 March, 2018	
	FVPL	Amortised cost	FVPL	Amortised cost
<b>Financial assets</b>				
<b>Non-current</b>				
Investments		0.30		0.30
Loans		171.16		92.13
Other financial assets		59.22		29.57
<b>Current</b>				
Trade receivables		15,743.05		15,942.57
Cash and bank balances				
- in current accounts		522.29		437.94
- deposits with original maturity of less than three months		1,650.00		300.62
Investment in mutual funds	10,316.19		10,767.22	
Cash on hand		2.99		2.16
Bank balances other than above		612.21		530.84
Other financial assets		47.23		427.56
<b>Total Financial Assets</b>	<b>10,316.19</b>	<b>18,808.45</b>	<b>10,767.22</b>	<b>17,763.69</b>
Trade payables		11,149.11		9,958.71
Other financial liabilities		1,095.90		982.88
<b>Total Financial Liabilities</b>	<b>-</b>	<b>12,245.01</b>	<b>-</b>	<b>10,941.59</b>

The fair value of deposit with open ended mutual fund scheme s classified as level 1 in the fair value hierarchy. The value is measured using net asset value (NAV) as disclosed by the mutual fund house. The carrying value of the financial assets, other than deposits with open ended mutual fund scheme, closely approximates the fair value.



(Amount in Rs. Lacs)

**Note 24:**

**Financial Risk Management**

The Company's activities expose it to market risk, liquidity risk and credit risk.

The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policies accordingly. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and bank balances, trade receivables, other financial assets	Ageing analysis Credit ratings	Diversification of bank deposits and periodic monitoring of realisable value of assets. Business with customers with reliable credit rating in the market.
Liquidity risk	Trade payables and other Financial liabilities	Cash flow forecasts	Availability of adequate cash and liquid assets.
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting's Sensitivity analysis	Regular monitoring to keep the net exposure at an acceptable level, with an option of taking forward foreign exchange contracts if deemed necessary.  Natural hedging by maintaining balances between receivables and payables within same currency.

**A. Credit Risk**

Credit risk on cash and cash equivalent and bank balances is not significant as it majorly includes deposits with bank and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Investments primarily includes investments in debt based mutual funds, which are with registered fund houses and therefore risk of any loss is low.

Other financial assets primary includes security deposits given to state electricity board and other public sector organisations, wherein possibility of any loss is remote. These deposits are given in the normal course of the business operations.

Credit risk arise from possibility that customer may default on its obligation to make timely payments, resulting into financial loss. The maximum exposure to the credit risk is primarily from trade receivable and unbilled revenue.

The credit risk is managed by the company through credit term approvals, establishing the financial reliability of the customers taking into account the financial condition, analysis of historical bad debts and ageing of account receivables. Outstanding customer receivables are regularly monitored. Individual credit terms are set accordingly by the company credit control department.

To address the risk of any potential non recovery from trade receivables, the Company has the practise of reviewing debtors having balances outstanding for more than 180 days as at period end and consider them for provision for bad and doubtful debts. Besides this, wherever there is specific evidence about the deteriorating financial position, downfall in business, intention to not pay or other similar factors of the customer, the management reviews the underlying facts and merits of such cases to evaluate the need to adjust provision, as computed based on ageing analysis. This provision, based on collective analysis, is sufficient to cover the entire lifetime loss of revenues recognised including those that are currently less than 180 days' outstanding and not provided for.

**Ageing of trade receivable**

Category	As at 31 March 2019	As at 31 March 2018
Not Due	11,993.72	10,785.12
0 - 30	1,809.02	2,712.66
31-60 days	715.41	865.80
61-90 days	583.03	401.42
91-180 days	602.19	1,003.76
181-240 days	92.95	470.72
More than 240	90.77	482.23
<b>Total</b>	<b>15,887.09</b>	<b>16,721.71</b>



(Amount in Rs. Lacs)

**Loss allowance provision- trade receivable**

Particulars	Amount
<b>Loss allowance as on 1 April, 2018</b>	<b>779.14</b>
Changes in loss allowance	(635.10)
<b>Loss allowance as on 31 March, 2019</b>	<b>144.04</b>

**B. Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations on time. The Company's primary sources of liquidity are cash generated from operations. The cash flows from operating activities are driven primarily by operating results and changes in the working capital requirements.

The Company believe that its liquidity position is adequate to fund the operating and investing needs and to provide with flexibility to respond to further changes in the business environment.

**Contractual Maturities of financial liabilities**

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	Total
<b>31 March, 2019</b>					
Trade Payables	10,855.26	90.66	203.19	-	<b>11,149.11</b>
Unpaid dividend	-	-	401.54	-	<b>401.54</b>
Employee Benefits payable	313.57	298.96	-	-	<b>612.53</b>
Other financial liabilities	81.83	-	-	-	<b>81.83</b>
<b>31 March, 2018</b>					
Trade Payables	4,750.52	5,011.72	196.47	-	<b>9,958.71</b>
Unpaid dividend	488.47	-	-	-	<b>488.47</b>
Employee Benefits payable	-	-	307.91	-	<b>307.91</b>
Other financial liabilities	74.01	112.49	-	-	<b>186.50</b>

**C. Market Risk**

**Foreign currency risk:** The Company operates internationally and is exposed to foreign exchange risk in relation to operating activities (when revenue or expense is denominated in a foreign currency) arising from foreign currency transactions, primarily with respect to the USD and EUR. The Company manages the exposure through natural hedging, by maintaining appropriate balances of receivables and payables within same currency. The Company also has policies to enter into foreign currency financial contracts in order to manage the impact of changes in foreign exchange rates on the results of operations and future foreign currency denominated cash flows. Forward exchange contracts are not intended for trading or speculative purposes but only for hedge purposes.

The Company does not have material foreign currency exposure.

**Foreign currency risk exposure**

**Particulars of unhedged foreign currency exposure in INR (in Lacs)**

Purpose	As at 31 March 2019				As at 31 March 2018		
	USD	EURO	NU*	GBP	USD	EURO	NU
Trade Payables	2,400.24	30.30	6.95	4.80	2,028.88	92.66	2.99
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>2,400.24</b>	<b>30.30</b>	<b>6.95</b>	<b>4.80</b>	<b>2,028.88</b>	<b>92.66</b>	<b>2.99</b>
Trade Receivables	1,867.69	788.12			1,430.26	1,029.75	
<b>Net exposure to foreign currency risk (Assets)</b>	<b>1,867.69</b>	<b>788.12</b>			<b>1,430.26</b>	<b>1,029.75</b>	

\*NU is the currency of the Kingdom of Bhutan. The Company does not expect any change in the exchange rate of NU and INR, resulting into any significant impact to the financial numbers.

**Sensitivity to risk**

Particulars	Impact of profit - Increase/ (decrease)	
	As at 31 March 2019	As at 31 March 2018
<b>USD Sensitivity</b>		
INR/USD - Increase by 5% (31 March, 2018 - 5%)	(18.42)	(19.57)
INR/USD - Decrease by 5% (31 March, 2018 - 5%)	18.42	19.57
<b>Euro Sensitivity</b>		
INR/EURO - Increase by 5% (31 March, 2018 - 5%)	29.44	30.63
INR/EURO - Decrease by 5% (31 March, 2018 - 5%)	(29.44)	(30.63)



(Amount in Rs. Lacs)

**Note 25:**

**Capital management**

**A. Risk Management**

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that it can continue to provide adequate returns to the shareholders.

The Company does not have any borrowings and the entire capital comprises of equity.

**B. Dividend**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>(i) Equity shares</b>		
Final Dividend for the year 31-Mar-2018 of Rs. 2.50 (31 Mar-2017 - Rs. 2.50) per fully paid share	3,003.48	3,003.48
Dividend distribution tax on final dividend	617.37	611.44
<b>(ii) Dividend not recognised at the end of the reporting period</b>		
- In addition to the above dividends, the directors have recommended the payment of a final dividend of Rs.2.50 per fully paid equity share (March 31, 2017 of Rs.2.50), in its meeting held on May 28, 2019. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	3,003.48	3,003.48
Dividend distribution tax on above	611.44	611.44

**Note 26:**

**Segment Information**

The Company is primarily engaged in the business of manufacturing refractories and monolithics. Based on the information reported to the chief operating decision maker (CODM) for the purpose of resources' allocation and assessment of performance, there is single business segment in accordance with the requirements of Indian Accounting Standard (Ind AS) 108 on 'Operating Segment Reporting' notified under the Companies (Indian Accounting Standard) Rules, 2015.

**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 total revenue of operations by geographical market, regardless of where the goods were produced:

Particulars	As at 31 March, 2019	As at 31 March, 2018
Within India	59,352.45	49,172.94
Outside India	15,442.25	14,549.79
<b>Total</b>	<b>74,794.70</b>	<b>63,722.73</b>

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

Particulars	As at 31 March, 2019	As at 31 March, 2018
Within India	12,726.21	13,494.22
Outside India	3,016.84	2,448.35
<b>Total</b>	<b>15,743.05</b>	<b>15,942.57</b>

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

**Note 27:**

(Amount in Rs. Lacs)

**Contingent Liabilities****Claims against the Company not acknowledged as debts**

Particulars	As at 31 March, 2019	As at 31 March, 2018
Demand from excise and service tax authorities	114.55	183.64
<b>Total</b>	<b>114.55</b>	<b>183.64</b>

**Notes:**

- (i) No provision is considered necessary since the Company expects favourable decisions.
- (ii) Paid under protest of Rs. 3.09 Lacs (31 March, 2018, Rs. 5.36 Lacs)  
These represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes. It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
- (iii) The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

**Note 28(a):****Capital and other commitments**

- (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances):

Particulars	As at 31 March, 2019	As at 31 March, 2018
Tangible Assets	532.73	377.08

- (ii) The Company has other commitments, for purchases/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services and employee benefits, in normal course of business.
- (iii) The Company did not have any long term commitments/contracts including derivative contracts for which there were any material foreseeable losses.

**Note 28 (b):****Operating lease**

The Company's cancellable operating lease arrangement mainly consists of residential premises and offices taken on lease for periods ranging between 1-5 years. Terms of lease include terms for renewal, increase in rents in future periods and terms of cancellation.

The Company does not have any non-cancellable lease. Expense incurred during the year is Rs 37.98 lacs (Rs 30.98 lacs for the year ended 31 March, 2018).

**Note 29:****Earning per share**

Particulars	Year ended 31 March , 2019	Year ended 31 March , 2018
(a) Basic earnings per share (Rs.)	7.48	7.14
(b) Diluted earning per share (Rs.)	7.48	7.14
(c) Reconciliations of earnings used in calculating earnings per share		
<i>Basic and diluted earnings per share</i>		
Profit attributable to the equity holders of the Company.	8,982.66	8,583.32
Weighted average number of equity shares used as the denominator.	120,139,200	120,139,200

Note: There are no dilutive instruments.



**Note 30:**

**Related Party Transactions**

**(a) Parent entities**

The Company is controlled by the following

Name	Type	Place of incorporation	Ownership Interest (in %'age)	
			As at 31 March, 2019	As at 31 March, 2018
RHI AG (upto 16/10/2017)	Ultimate holding company	Austria	-	-
RHI Magnesita N.V.(from 17/11/2017)	Ultimate holding company	Austria	-	-
Dutch US Holding B.V.	Holding company	Netherlands	66.49%	69.62%

**(b) Key managerial personnel (KMP)**

Mr. Parmod Sagar, Managing Director & CEO  
Mr. Sanjeev Bhardwaj, Chief Financial Officer

**(c) List of related parties**

**i) Fellow subsidiaries with whom the Company had transactions during the year**

RHI Feuerfest GmbH  
RHI India Private Limited  
RHI Clasil Private Limited  
Refractory Intellectual Property GmbH & Co KG  
RHI Refractories Asia Pacific PTE Ltd.  
Stopinc Aktiengesellschaft  
RHI Magnesita GmbH

**ii) Relative of KMP**

Mr. Christophar Parvesh

**(d) Related Party Transactions**

(Amount in Rs. Lacs)

Particulars	Relationship	Year ended	
		31 March, 2019	31 March, 2018
<b>RHI AG</b>			
Sales	Ultimate Holding Company	-	3,549.71
Purchase		-	1,592.78
Expenses reimbursement (Received)		-	73.20
<b>Dutch US Holding B.V.</b>	Holding company		
Dividend paid		2,090.94	2,090.94
<b>Sales:</b>			
RHI India Private Limited	Fellow Subsidiary	1,441.00	676.75
RHI Clasil Private Limited	Fellow Subsidiary	432.46	647.13
RHI Feuerfest GmbH	Fellow Subsidiary	5,556.41	3,482.00
RHI Magnesita GmbH	Fellow Subsidiary	3,710.73	-
Stopinc Aktiengesellschaft	Fellow Subsidiary	-	0.08
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	540.49	557.18
<b>Purchase</b>			
Stopinc Aktiengesellschaft	Fellow Subsidiary	189.36	123.95
RHI Clasil Private Limited	Fellow Subsidiary	234.49	59.38
RHI India Private Limited	Fellow Subsidiary	206.13	5.84
RHI Feuerfest GmbH	Fellow Subsidiary	3,290.53	1,261.63
RHI Magnesita GmbH	Fellow Subsidiary	1,721.18	-
<b>Managerial remuneration</b>			
Mr. Parmod Sagar	KMP	276.20	232.00
Mr. Sanjeev Bhardwaj	KMP	97.92	81.33
<b>Salary</b>			
Mr. Christophar Parvesh	Relative of KMP	7.85	7.12



# Orient Refractories Limited

(An RHI Magnesita Company)



(Amount in Rs. Lacs)

		Year ended 31 March, 2019	Year ended 31 March, 2018
<b>Royalty</b>			
Refractory Intellectual Property GmbH & Co KG	Fellow subsidiary	48.32	43.94
<b>Expenses reimbursement (Received)</b>			
RHI Clasil Private Limited	Fellow Subsidiary	6.49	2.08
RHI India Private Limited	Fellow Subsidiary	141.07	3.74
RHI Feuerfest GmbH	Fellow Subsidiary	42.43	54.23
RHI Magnesita GmbH	Fellow Subsidiary	62.82	-
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	29.14	0.09

## (e) Outstanding balances arising from sales/ purchase of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related party:

Particulars		Year ended 31 March, 2019	Year ended 31 March, 2018
<b>Trade Payables:</b>			
RHI India Private Limited	Fellow Subsidiary	14.19	0.93
Refractory Intellectual Property GmbH & Co KG	Fellow Subsidiary	85.88	40.24
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	199.01	26.04
RHI Clasil Private Limited	Fellow Subsidiary	-	6.10
RHI Feuerfest GmbH	Fellow Subsidiary	-	1,533.76
RHI Magnesita GmbH	Fellow Subsidiary	1,321.00	-
<b>Total Trade Payable to related parties</b>		<b>1,620.08</b>	<b>1,607.07</b>
<b>Trade Receivable:</b>			
RHI India Private Limited	Fellow Subsidiary	434.30	180.01
RHI Clasil Private Limited	Fellow Subsidiary	52.42	161.48
RHI Refractories Asia Pacific Pte Ltd	Fellow Subsidiary	237.49	43.92
RHI Feuerfest GmbH	Fellow Subsidiary	-	1,122.90
RHI Magnesita GmbH	Fellow Subsidiary	1,834.00	-
<b>Total Trade receivables from related parties</b>		<b>2,558.21</b>	<b>1,508.31</b>

## Note 31:

### Dues to micro, small and medium enterprises

(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at period end	455.08	414.83
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.13	0.22
(iii) Principal amount paid to supplier registered under the MSMED Act, beyond the appointed day during the year.	30.00	61.17
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period	-	-
(vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.13	0.22
(vii) Further Interest remaining due and payable for earlier years	0.22	-

## Note 32:

### Impact of application of Ind AS 115 Revenue from Contracts with Customers

The Company has applied Ind AS 115 retrospectively only to contracts that are not completed as at the date of initial application, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at April 1, 2018. In accordance with the transition guidance in Ind AS 115 has only been applied to contracts that are incomplete as at April 1, 2018.

The Company's accounting policies for its revenue streams are disclosed in note 15. Apart from providing more extensive disclosures on the company's revenue transactions, the application of Ind AS 115 has not had a significant impact on the financial position and/or financial performance of the Company.

### Revenue from contracts with customers ( refer note 15)



# Orient Refractories Limited

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The Company has recognised the following amounts relating to revenue in the statement of profit or loss: (Amount in Rs. Lacs)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Sale of products		
(i) Finished goods *(Including Excise Duty)	46,612.91	39,598.77
(ii) Traded goods	5,402.79	5,635.02
Total Refractories Management Services #	21,585.83	17,708.33
Sale of services	503.61	158.90
<b>Revenue from contracts with customers</b>	<b>74,105.14</b>	<b>63,101.02</b>
Other operating revenues(Government grant - export incentives)	689.56	621.71
<b>Total Revenue</b>	<b>74,794.70</b>	<b>63,722.73</b>

\* Goods and Services Tax (GST) has been effective from July 1, 2017. Consequently, excise duty, value added Tax (VAT), Service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from 1 July 2017 'Sales of products' excludes the amount of GST recovered. Accordingly, revenue from 'Sale of Products' and 'Revenue from operations' for the year ended 31 March, 2019 are not comparable with those of the previous year.

# Including Sales of Goods Rs. 20,738.12 Lacs (Previous Year Sale of Goods Rs. 16,930.83 Lacs).

## Disaggregation of Revenue

In the following tables, revenue is disaggregated by product group and by geography. This is consistent with the revenue information that is disclosed for each reportable segment under Ind AS 108 (refer note 26). The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
<b>Disaggregation of Revenue by Geography</b>		
Within India	59,352.45	49,172.94
Outside India	15,442.25	14,549.79
<b>Total Revenue</b>	<b>74,794.70</b>	<b>63,722.73</b>

## Timing of Revenue Recognition

Revenue from sale of products is transferred to the customers at a point in time, whereas revenue from refractory management services is transferred over a period of time. Other revenue is transferred at a point in time.

## Performance obligations

Revenue from the sale of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual Incoterms agreed in the customer contract. Control is defined as the ability to direct the use and obtain substantially all the economic benefits from an asset. For the incoterms CIF (Cost, Insurance and Freight), transport service gives rise to a separate performance obligation to which a part of revenue has to be allocated, as this service is performed after the control of the product is transferred to the customer.

For Refractory Management services where the transaction price depends on the customer's production tonnage the management has determined that both supply of goods and services are not distinct as the customer expects total refractory management services from the Component, which includes supply of refractory material and its related services to produce steel. Thus, only one single performance obligation, the performance of refractory management services, exists. With regard to these contracts, revenue is recognised over time using the output-oriented method (e.g. quantity of steel produced).

Revenue from services is recognised over time, using an input method to measure progress towards completion of service, because the customer simultaneously receives and consumes the benefits provided by the Company.

## Transaction price allocated to the remaining performance obligations

Transaction price is the expected consideration to be received in exchange for transferring goods or services, to the extent that it is highly probable that there will not be a significant reversal of revenue. For Refractory Management Contracts, transaction price depends on the customer's production performance. The Company applies practical expedient in Ind AS 115. Accordingly it does not disclose information about remaining performance obligations wherein the Company has a right to consideration from customer in an amount that directly corresponds with the value to the customer of entity's performance till date using the output method and for the other contracts which have original expected durations of one year or less.



# Orient Refractories Limited

(An RHI Magnesita Company)



Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
<b>Reconciliation of revenue recognised with contract price</b>		
Contract price	74,239.53	63,174.64
Adjustments for:		
Claims & Rebates	(208.86)	(142.09)
Performance Bonus	74.47	68.47
<b>Revenue from contracts with customers</b>	<b>74,105.14</b>	<b>63,101.02</b>

## Trade Receivables and Contract Balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as Contract Asset.

A receivable is a right to consideration that is unconditional upon passage of time.

Contract assets consist of unbilled revenue which arises when the Company satisfies the performance obligation in the Refractory Management Services contracts but does not have an unconditional right to consideration as it is dependent on the certification of the report on the quantity of steel produced. Contract asset usually gets converted to Trade Receivables within a time period of 30 days. Contract assets were previously presented as part of other Financial Assets.

Contract liabilities consists of advances from customers. These were previously presented as part of Other Current Liabilities.

Contract liabilities typically have a turn around time period of approximately 30-90 days.

Trade receivables are presented net off impairment loss in note 5(b).

Contract liabilities are presented in note 14A

<b>Revenue recognised that was included in the contract liability balance at the beginning of the year</b>		
Revenue from contract with customers		770.82
<b>Total</b>		<b>770.82</b>
<b>Movement in Contract Assets</b>		
Opening balance as on April 1, 2018		370.47
Add: Revenue recognized during the year		74,105.14
Less: Invoiced during the year		(73,341.39)
Less: Impairment/(reversal) during the year		-
Closing balance as on March 31, 2019		<b>1,134.22</b>
<b>Movement in Contract Liabilities</b>		
Opening balance as on April 1, 2018		770.82
Add: Collection during the year		1,938.16
Less: Gross Sales		(2,649.52)
Closing balance as on March 31, 2019		<b>59.46</b>

The contract assets primarily relate to the company's right to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the right become unconditional. The contract liabilities primarily relate to the advance consideration received from customers.

## Significant judgements in the application of the Standard

For Refractory Management Contracts where the transaction price depends on the customer's production performance, the management has determined that both supply of goods and services are not distinct as the customer expects total refractory management services from the Component, which includes supply of refractory material and its related services to produce steel. The customer expects complete refractory management for the agreed product areas in the steep plant in order to enable steel production. Thus, only one single performance obligation, performance of refractory management service, exists.

## Note 33: Merger

On July 31, 2018 the Audit Committee and Board of Directors of the Company, RHI India Private Limited (RHI India) and RHI Clasil Private Limited (RHI Clasil), approved the proposed merger of RHI India and RHI Clasil with and into the Company with the proposed appointed date of January 1, 2019. The Company is in the process of obtaining the necessary approvals for the proposed merger. These financial statements have been prepared without considering impact, if any, of the proposed merger.



# Orient Refractories Limited

(An RHI Magnesita Company)



## Note 34 : Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs as per the requirement of Schedule III, unless otherwise stated.

## Note 35 : Previous year's figures

Previous year's figures have also been regrouped / recasted, wherever necessary, to conform to the current year's presentation.

The above statement of cash flows should be read in conjunction with the accompanying notes.

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: (FRN 012754N/N500016)  
Chartered Accountants

For and on behalf of the Board of Directors of  
**ORIENT REFRACTORIES LIMITED**

**Abhishek Rara**  
Partner  
Membership Number: 077779

**Dr. Vijay Sharma**  
Chairman  
(DIN - 00880113)

**Parmod Sagar**  
Managing Director & CEO  
(DIN - 06500871)

**Place : Gurugram**  
**Date : 28 May, 2019**

**Sanjeev Bhardwaj**  
Chief Financial Officer

**Manoj Gupta**  
Asst. Vice President (F&A)

**Sanjay Kumar**  
Company Secretary  
(ACS-17021)



**Form No. SH-13**

**Nomination Form**

[Pursuant to Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies  
(Share Capital and Debentures) Rules, 2014]

To,

**Orient Refractories Limited**  
**SP-148 A+B, RIICO Industrial Area,**  
**Bhiwadi, Dist.-Alwar,**  
**RAJASTHAN-301019**

I/We \_\_\_\_\_ the holder(s) of the securities, particulars of which are given hereunder, wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

**(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made):**

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive No.

**(2) PARTICULARS OF NOMINEE/S –**

- (a) Name :
- (b) Date of Birth :
- (c) Father's / Mother's / Spouse's name :
- (d) Occupation :
- (e) Nationality :
- (f) Address :
- (g) E-mail Id. & Telephone No. :
- (h) Relationship with the security holder(s) :

**(3) IN CASE NOMINEE IS A MINOR –**

- (a) Date of birth :
- (b) Date of attaining majority :
- (c) Name of guardian :
- (d) Address of guardian :

**(4) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY –**

- (a) Name :
- (b) Date of Birth :
- (c) Father's / Mother's / Spouse's name :
- (d) Occupation :
- (e) Nationality :
- (f) Address :
- (g) E-mail Id. & Telephone No. :
- (h) Relationship with the security holder(s) :
- (i) Relationship with the minor nominee :

Name(s) and Address of Security holder(s)

Signature(s)

Name and Address of Witness

Signature



**Form No. SH-14**

**Cancellation or Variation of Nomination**

[Pursuant to sub-section (3) of Section 72 of the Companies Act, 2013 and Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014]

To,  
**Orient Refractories Limited**  
**SP-148 A+B, RIICO Industrial Area,**  
**Bhiwadi, Dist.-Alwar,**  
**RAJASTHAN-301019**

I/We hereby cancel the nomination(s) made by me/us in favour of

[name(s) and address of the nominee]

in respect of the below mentioned securities. or I/We hereby nominate the following person in place of

as nominee in respect of the below mentioned securities in whom shall vest all rights in respect of such securities in the event of my / our death.

**(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being cancelled / varied)**

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive No.

**(2) (A) PARTICULARS OF NOMINEE/S –**

- (a) Name :
- (b) Date of Birth :
- (c) Father's / Mother's / Spouse's name :
- (d) Occupation :
- (e) Nationality :
- (f) Address :
- (g) E-mail Id. & Telephone No. :
- (h) Relationship with the security holder(s) :

**(B) IN CASE NOMINEE IS A MINOR –**

- (a) Date of birth :
- (b) Date of attaining majority :
- (c) Name of guardian :
- (d) Address of guardian :

**(3) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY –**

- (a) Name :
- (b) Date of Birth :
- (c) Father's / Mother's / Spouse's name :
- (d) Occupation :
- (e) Nationality :
- (f) Address :
- (g) E-mail Id. & Telephone No. :
- (h) Relationship with the security holder(s) :
- (i) Relationship with the minor nominee :

Name(s) and Address of Security holder(s)

Signature(s)

Name and Address of Witness

Signature



To,  
**Skyline Financial Services Private Limited**  
**D-153 A, 1st Floor,**  
**Okhla Industrial Area, Phase-I,**  
**New Delhi-110 020**

**Updation of Shareholder Information**

I/ We request you to record the following information against our Folio No.:

**General Information:**

Folio No.:	
Name of the first named Shareholder:	
PAN: *	
CIN/ Registration No.: * (applicable to Corporate Shareholders)	
Tel No. with STD Code:	
Mobile No.:	
Email Id:	

\*Self-attested copy of the document(s) enclosed

**Bank Details:**

IFSC (11 digit)		MICR (9 digit)	
Bank A/c Type		Bank A/c No.*	
Name of the Bank			
Bank Branch Address			

\* A blank cancelled cheque is enclosed to enable verification of bank details

I/ We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/ We would not hold the Company/ RTA responsible. I/ We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I/ We understand that the above details shall be maintained by you till I/We hold the securities under the above mentioned Folio No.

Place:  
Date:

.....  
Signature of Sole/ First holder







# Orient Refractories Limited

(An RHI Magnesita Company)



**Registered Office:** C-604, Neelkanth Business Park,  
Opp. Railway Station, Vidhyavihar (West), Mumbai, Maharashtra - 400086  
CIN: L28113MH2010PLC312871

**Tel. No.:** +912266090600, **E-mail:** investor@orlindia.com, **Website:** www.orientrefractories.com

## ATTENDANCE SLIP

**9<sup>th</sup> Annual General Meeting on Tuesday, 23 July 2019 at 10:30 A.M.**  
**at Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri, Mumbai- 400059**

I/ We hereby record my/ our presence at the **9<sup>th</sup> ANNUAL GENERAL MEETING** of the Company at Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri, Mumbai- 400059, on Tuesday, 23 July 2019 at 10.30 a.m.

\_\_\_\_\_  
**Member's Folio/ DP ID-Client ID No.**

\_\_\_\_\_  
**Member's/ Proxy's Name**

\_\_\_\_\_  
**Member's/Proxy's Signature**

### NOTES:

1. Only Member/ Proxyholder can attend the Meeting.
2. Please complete the Folio/ DP ID-Client ID No. and name of the Member/ Proxy, sign this Attendance Slip and hand it over, duly signed, at the entrance of the Meeting Hall.
3. Shareholder/ Proxyholder desiring to attend the Meeting should bring his/ her copy of the Annual Report for reference at the Meeting.

### Particulars for voting through electronic means

For Members opting to vote through electronic means, instead of voting at the Annual General Meeting, facility is available at the web link: <https://www.evoting.nsdl.com>. Particulars for electronic voting are as under:

<b>EVEN (E-Voting Event Number)</b>	<b>User ID</b>	<b>Password</b>
110827		

### NOTE:

Please refer to the instructions printed under the Notes of the Notice of the 9th Annual General Meeting. The e-voting period starts from **9.00 a.m. on Saturday, 20 July 2019 and will end at 5.00 p.m. on Monday, 22 July 2019**. The voting module shall be disabled by NSDL for voting thereafter.





# Orient Refractories Limited

(An RHI Magnesita Company)



**Registered Office:** C-604, Neelkanth Business Park,  
Opp. Railway Station, Vidhyavihar (West), Mumbai, Maharashtra - 400086  
CIN: L28113MH2010PLC312871

**Tel. No.:** +912266090600, **E-mail:** investor@orlindia.com, **Website:** www.orientrefractories.com

## PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014)

Name of the Member(s)	
Registered Address	
E-mail Id	
Folio No./ DP ID-Client ID No.	

I/ We, being the Member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint:

- (1) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him;
- (2) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him;
- (3) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 9<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, 23 July 2019 at 10.30 a.m. at Kohinoor Continental, Andheri-Kurla Road, JB Nagar, Andheri, Mumbai- 400059 and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution No.	Resolution	For	Against
<b>Ordinary Business</b>			
1.	Consider and adopt Audited Financial Statements for the Financial Year ended 31 March 2019 and Report of the Board of Directors and Auditors report thereon.		
2.	Declaration of dividend on Equity Shares for the year ended 31 March 2019.		
3.	Appointment of Director in place of Mr. Erwin Jankovits (DIN: 07089589) who retires by rotation and being eligible offers himself for re-appointment.		
<b>Special Business</b>			
4.	To appoint Ms. Jacqueline Michelle Knox (DIN:08413227) as a director of the Company, liable to retire by rotation.		
5.	To re-appoint Dr. Vijay Sharma (DIN- 0880113) as an independent director.		
6.	To approve the continuation of directorship of Mr. Rama Shanker Bajoria (DIN: 00033727) as an independent director of the Company.		
7.	Ratification of the Remuneration of M/s. K G Goyal & Associates, Cost Auditors of the Company.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
Signature of Shareholder:

\_\_\_\_\_  
Signature of Proxy holder

Affix  
Revenue  
Stamp

### NOTES:

- This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at C-604, Neelkanth Business Park, Opp. Railway Station, Vidhyavihar (West), Mumbai, Maharashtra-400086, not less than 48 hours before the commencement of the Meeting.
- This is only optional. Please put a '✓' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Appointing proxy does not prevent a member from attending in person if he so wishes.
- In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.







**ORIENT REFRACTORIES LIMITED**

C-604, Neelkanth Business Park,

Opp. Railway Station, Vidhyavihar (West),

Mumbai, Maharashtra - 400086