

Auditors' Report

To
The Members of Orient Refractories Limited

1. We have audited the attached Balance Sheet of Orient Refractories Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



S.V.GHATALIA & ASSOCIATES

Chartered Accountants

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the profit and loss account, of the loss for the period ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the period ended on that date.

S.V. Ghatalia & Associates
For S.V.Ghatalia & Associates
Firm Registration No. 103162W
Chartered Accountants

Subodh Modi

Per Subodh Modi
Partner
Membership No. 93684

Place: Gurgaon
Date : May 30, 2011



S. V. GHATALIA & ASSOCIATES

Chartered Accountants

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

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

- (i) (a) The Company does not have any fixed assets during the year, therefore provisions of clause 4(i) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (ii) (b) The Company does not have any inventories during the year, therefore provisions of clause 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore provisions of clause 4(iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore provisions of clause 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) The activities of the Company do not involve purchase of inventory, purchase of fixed assets and sale of goods and services. Therefore, provision of clause 4(iv) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that there is no contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301. Therefore, provision of clause 4(v)(b) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The provisions relating to internal audit are not applicable to the Company.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax and other material statutory dues applicable to it. The provisions relating to provident fund, investor education and protection fund, employees' state insurance, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues are not applicable to the Company.



S. V. GHATALIA & ASSOCIATES

Chartered Accountants

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to provident fund, investor education and protection fund, employees' state insurance, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues are not applicable to the Company.
- (c) According to the information and explanation given to us, there are no dues of income tax which have not been deposited on account of any dispute. The provisions relating to provident fund, investor education and protection fund, employees' state insurance, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues are not applicable to the Company.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.
- (xi) The Company has not taken any loan from a financial institution, bank or debenture holders. Therefore, the provision of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.



S. V. GHATALIA & ASSOCIATES

Chartered Accountants

- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

S.V. Ghatalia & Associates
For S.V. GHATALIA & ASSOCIATES
Firm registration number: 103162W
Chartered Accountants

Subodh Modi

per **Subodh Modi**
Partner
Membership No.: 93684

Place: Gurgaon
Date: May 30, 2011



ORIENT REFRACTORIES LIMITED
Balance Sheet as at March 31, 2011

	Schedules	As at March 31, 2011 (Amount in Rs.)
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	1	500,000
Total		500,000
Current Assets, Loans and Advances		
Cash and Bank Balances	2	499,262
(A)		499,262
Less: Current Liabilities and Provisions		
Current Liabilities	3	931,610
(B)		931,610
Net Current Assets (A-B)		(432,348)
Profit and loss account		932,348
Total		500,000
Notes to Accounts	5	

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

S. G. Rajgarhia & Associates
For S.A. Ghatila & Associates
Firm Registration No. 103162W
Chartered Accountants

Subodh Modi

Per Subodh Modi
Partner
Membership No. 93684

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

S.G. Rajgarhia *Anisha Mittal*

S.G. Rajgarhia Anisha Mittal
Director Director

Place: Gurgaon, Haryana
Date: May 30, 2011

ORIENT REFRACTORIES LIMITED

Profit and Loss Account for the period ended March 31, 2011

	Schedules	For the period ended March 31, 2011 (Amount in Rs.)
EXPENDITURE		
Legal and Professional expenses		20,000
Payment to Auditors		
As Auditor:		
Audit Fee		15,000
Printing and Stationary		3,150
Filing Fees		712,500
Stamp Duty		180,964
Bank Charges		738
	Total	932,348
Loss before Tax		(932,348)
Current tax		-
Loss after tax		(932,348)
Loss carried forward to Balance Sheet		(932,348)
Earnings per Share	4	(5.97)
Nominal value of shares Re. 1		

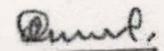
Notes to Accounts

5

The Schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account

As per our report of even date

S.V. Ghatila & Associates
For S.V. Ghatila & Associates
Firm Registration No. 103162W
Chartered Accountants



Per Subodh Modi
Partner
Membership No. 93684

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



S.G. Rangarhia
Director

Anisha Mittal
Director

Place: Gurgaon, Haryana
Date: May 30, 2011

ORIENT REFRACTORIES LIMITED

Cash Flow Statement for the period ended on March 31, 2011

	For the period ended March 31, 2011 Rs.
A. Cash Flow From Operating Activities	
Net Loss before tax	-932,348
Operating Loss before Working Capital changes	-932,348
Movements in Working Capital:	
Increase in current liabilities and provisions	931,610
Cash used in Operations	-738
Direct taxes paid (net of refunds)	-
Net Cash used in Operating Activities	-738
B. Cash Flow From Financing Activities	
Issue of share capital	500,000
Net Cash from Financing Activities	500,000
Net Increase in cash and cash equivalents (A+B)	499,262
Cash and cash equivalents at the end of the period	499,262
Component of cash and cash equivalent	
With banks:	
On Current Account	499,262
Cash & Cash Equivalents in Cash Flow Statement:	499,262

Notes:

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

per our report of even date

S.V. Ghatila & Associates
 For S.V. Ghatila & Associates
 Firm Registration No. 103162W
 Chartered Accountants

Subodh Modi
 Per Subodh Modi
 Partner
 Membership No. 93684

Place: Gurgaon, Haryana
 Date: May 30, 2011

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

S.G. Rajgarhia
 S.G. Rajgarhia
 Director

Anisha Mittal
 Anisha Mittal
 Director

ORIENT REFRACTORIES LIMITED
Schedules to the Accounts

As at March 31, 2011
Rs.

Schedule 1 : Share Capital

Authorised

120,500,000 Equity Shares of Re. 1/- each

120,500,000

120,500,000

Issued, Subscribed and Paid up

500,000 Equity Shares of Re. 1/- each

500,000

500,000

Notes:

Out of above 499,400 equity shares are held by Orient Abrasives Limited, the Parent Company.

Schedule 2 : Cash and Bank Balances

Balances with Scheduled Banks:

On Current accounts

499,262

499,262

Schedule 3 : Current Liabilities

Payable to Holding Company

931,610

931,610

Schedule 4 : Earnings per Share

Net Loss as per profit and loss account

(932,348)

Net Loss available for equity shareholders

(932,348)

Weighted average number of Equity Shares considered for Calculating Basic and Diluted EPS

156,164

Basic and Diluted Earnings per Share (nominal value Re.1 each)

(5.97)

Date of allotment of shares

8-Dec-10

Last date of financial period

31-Mar-11

No. of days

114

Number of shares

500000

Weighted average number of shares

156,164.38

SAC

lv

[Signature]

1. Nature of Operations

Orient Refractories Limited ("The Company") was incorporated on November 26, 2010 as a public limited Company. The Company is a subsidiary of Orient Abrasives Limited ("Parent Company"). The Company currently has no operations and intends to, inter alia, be engaged in the business activities and operations pertaining to the refractories. During the year the Parent company has decided to demerge its refractory undertaking situated at SP-148, RHCO Industrial Area, Bhiwadi, District Alwar, Rajasthan (hereinafter referred as 'Refractory undertaking') at the board meeting held on December 8, 2010 and transfer the same to the company. Thus, Company has been incorporated for taking over the business of demerged Refractory Undertaking. The scheme of demerger is filed with Hon'ble High court of Delhi, the next hearing of which is on September 19, 2011.

2. Statement of Significant Accounting Policies

(a) Basis of preparation

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

(b) Use of estimates

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

(c) Earnings Per Share

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

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

(d) Provisions

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

AK
W *Agar*

Orient Refractories Limited
Schedule 5: Notes to Accounts

(e) **Cash and Cash equivalent**

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

3. Related Party Disclosures

In accordance with the requirements of Accounting Standard – 18 on “Related Party Disclosures” where control exists and where transactions have taken place, the description of the relationship as identified and certified by management are as follows:

Names of Related Parties

A. Parties where control exists
Orient Abrasives Limited – Holding Company

Transactions with related parties during the period ending on March 31, 2011.

(Amount in Rs.)	
Nature of Transactions	Holding Company
Reimbursement of Expenses	931,610

4. These Financial statements have been prepared for the period from November 26, 2010 to March 31, 2011. Since this being the first financial period, so no comparative information is available.

As per our report of even date

S.V. Ghatila & Associates
For S.V. Ghatila & Associates
Firm Registration No. 103162W
Chartered Accountants

Subodh Modi

Per Subodh Modi
Partner
Membership No. 93684

Place: Gurgaon, Haryana
Date: May 30, 2011

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

S.G. Rajgarhia

S.G. Rajgarhia
Director

Anisha Mittal

Anisha Mittal
Director