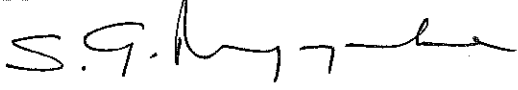



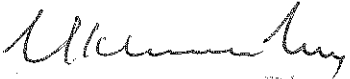





ORIENT ABRASIVES LTD

FORM A

COVERING LETTER OF THE ANNUAL AUDIT REPORT

1.	Name of the Company:	Orient Abrasives Limited
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit observation	Un-qualified /-Matter of Emphasis
4.	Frequency of observation	Whether appeared first time / repetitive / since how long period NOT APPLICABLE
5.	Signed by-	
	GEO / Managing Director	
		for ORIENT ABRASIVES LTD.  Managing Director
	CFO	For ORIENT ABRASIVES LIMITED  B. L. GUPTA SR. VICE PRESIDENT (FINANCE)
	Auditor of the company	 
	Audit Committee Chairman	for ORIENT ABRASIVES LTD.  Director 

Registered Office :

1307, Chiranjiv Tower,
43 Nehru Place,
New Delhi-110019 (India)
Phone : +91-11-4642-5400
Fax : +91-11-2644 3859, 4642 5444
E-mail : ho@oalindia.com

Works :

G.I.D.C., Industrial Area,
Porbandar - 360577, Gujarat
Phone : +91-286-2221788-89
E-mail : orientabrasives@oal.co.in
Website : www.orientabrasives.com

***42nd
Annual Report
2012-13***

MANAGEMENT

BOARD OF DIRECTORS

(As on May 17,2013)

Mr R K Rajgarhia, Chairman
Mr R S Bajoria
Mr S K S Narayan
Mr U K Khaitan
Mr S G Rajgarhia, Managing Director
Mr P P Khanna, Executive Director
Mr R K Khanna, President

BANKERS

HDFC Bank
State Bank of India

AUDITORS

S R Batliboi & Co. LLP

REGISTERED OFFICE

1307, Chiranjiv Tower
43, Nehru Place, New Delhi-110 019
e-mail:ho@oalindia.com
website: www.orientabrasives.com

REGISTRAR & TRANSFER AGENT

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

WORKS

Abrasive Grains & Power Division
GIDC Industrial Area,
Porbandar, Gujarat -360 577

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NOTICE

Notice is hereby given that the FORTY SECOND Annual General Meeting of the members of Orient Abrasives Limited will be held at Hindi Bhawan, 11, Vishnu Digambar Marg (Near Bal Bhawan), New Delhi-110 002 on Thursday, July 18, 2013 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited annual accounts of the Company for the year ended March 31, 2013 and the report of the Directors' and Auditors' thereon.
2. To appoint a director in place of Mr P P Khanna, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr S K S Narayan, who retires by rotation and being eligible offers himself for re-appointment.
4. To declare a final dividend on equity shares.
5. To appoint Auditors to hold office from the conclusion of this annual general meeting till the conclusion of next annual general meeting and to fix their remuneration.

for **Orient Abrasives Limited**

New Delhi
May 17, 2013

R K Rajgarhia
Chairman

NOTES

1. The relevant details as required by clause 49 of the listing agreements entered into with the stock exchanges, of persons seeking re-appointment as directors under item nos. 2 and 3 of the notice are annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTIONS/ AUTHORITY, AS APPLICABLE.
3. **THE REGISTER OF MEMBERS AND SHARES TRANSFER BOOK OF THE COMPANY WILL BE CLOSED FROM THURSDAY, JULY 11, 2013 TO THURSDAY, JULY 18, 2013, BOTH DAYS INCLUSIVE.**
4. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name and e-mail address, etc., to their depository participant. Changes intimated to the depository participant will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Transfer Agent to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Transfer Agent.
5. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or the Company's Registrar and Transfer Agent for assistance in this regard.
6. Members holding physical shares in identical order of names in more than one folio are requested to send to the Company or the Company's Registrar and Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
7. Members desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.
8. Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/unpaid dividends, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.

9. Members, who have not yet encashed their dividend warrant for the financial years 2005-06 and onwards, are requested to make their claims without any delay to the Company. Members' attention is particularly drawn to the "Corporate Governance" section of the annual report in respect of unclaimed dividend.
10. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. A recent amendment to the listing agreement with the stock exchanges permits companies to send soft copies of the annual report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this 'Green Initiative' by registering/updating their e-mail addresses for receiving electronic communications.
11. Members can avail nomination facility in respect of their shareholdings by applying in Form 2 B of Companies (Central Government's) General Rules & Forms, 1956. The said forms can be obtained from the Company's Registrar and Transfer Agent.

for **Orient Abrasives Limited**

New Delhi
May 17, 2013

R K Rajgarhia
Chairman

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 42nd ANNUAL GENERAL MEETING

Particulars	Mr S K S Narayan	Mr P P Khanna
Date of Birth	July 07, 1943	April 3, 1939
Date of Appointment	June 09, 2007	August 07, 2006
Qualifications	B.E.	B.Sc., BE, AMIE
Expertise in specific functional areas	Wide experience of about 43 years in various steel plants.	Wide experience in setting up manufacturing plants of the Company.
Directorships held in other public companies (excluding foreign companies and section 25 companies)	Cauvery Iron & Steel (India) Ltd.	Nil
Memberships/ Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders/Investors Grievance Committee)	Nil	Nil
Number of shares held in the Company	Nil	518,949

DIRECTORS' REPORT

Dear Members

Your directors have pleasure in presenting the Forty Second Annual Report of the Company along with the audited financial statements for the financial year ended March 31, 2013.

FINANCIAL RESULTS

(` in Lacs)

PARTICULARS	2012-2013	2011-2012
Gross Sales & Income	18,456.69	16,835.61
Profit before depreciation, interest and tax	3,825.81	2,978.10
Less : Depreciation	1,273.98	1,231.30
Interest	489.81	489.18
Profit before Income Tax	2,062.02	1,257.62
Less : Income Tax	467.18	343.57
Net Profit for the year	1,594.84	914.05
Add : Balance brought forward from the previous year	4,469.70	4,133.75
Amount available for appropriation	6,064.54	5,047.80
Appropriation		
General Reserve	600.00	300.00
Dividend on Equity Shares	418.74	239.28
Corporate dividend tax	71.16	38.82
Balance carried forward to balance sheet	4,974.64	4,469.70

DIVIDEND

Based on the Company's performance, your directors are pleased to recommend a final dividend of ` 0.35 per share (i.e. 35%) for the financial year 2012-13 on the capital of 11,96,39,200 equity shares of ` 1.00 each. The final dividend on the equity shares, if approved by the members would involve a cash outflow including dividend distribution tax of ` 489.90 Lacs (Previous year ` 278.10 Lacs).

OPERATIONS REVIEW AND FUTURE OUTLOOK

During the year under review, the performance of your Company was satisfactory. The gross turnover of the Company increased to ` 20,025.39 Lacs during the year under review from ` 18,360.79 Lacs in the previous year. Accordingly gross profit and net profit were ` 2,062.02 Lacs and ` 1,594.84 Lacs respectively as compared to ` 1,257.62 Lacs and ` 914.05 Lacs respectively in the previous year. The turnover of the abrasives grains decreased to ` 11,456.91 Lacs during the year under review from ` 12,632.44 Lacs in the previous year.

During the year under review, the Company has sold non-plant grade bauxite amounting to ` 2,488.39 Lacs which includes export sale of ` 804.42 Lacs. The management expects that the Company will sale/export non-plant grade bauxite at various mines in Jamnagar district, Gujarat, subject to approval from the state government.

As you aware that your Company has also wind generation power plants having capacity of 11.1 MW, located at Jodhpur & Jaisalmer in Rajasthan and Kalmangi & Gajendragarh in Karnataka. These plants are operating satisfactorily, the power generated by these plants are sold to the respective state power distribution companies. During the year under review gross revenue for sale of power (wind energy) increased to ` 895.57 Lacs from ` 824.13 Lacs.

Your Company has a total thermal power plant capacity of 18 Mega Watt (MW) out of which 9 MW is based on coal and 9 MW on furnace oil. Due to unaffordable price of furnace oil, the furnace oil based power plant is used as and when required and found viable.

Your directors are hopeful that the performance of the Company in the current year will remain satisfactory.

FIXED DEPOSIT

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

AUDITORS

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

AUDITORS' REPORT

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

COST AUDITORS

M/s K G Goyal & Associates was appointed as Cost Auditors u/s 233(1B) of Companies Act, 1956 for the year 2011-12 for conducting Cost audit of business segment related to power division of the Company. The Cost Audit Report was duly filed with the MCA in requisite form on December 28, 2012 well within the extended due date of filing i.e. February 28, 2013.

M/s K G Goyal & Associates, Cost Accountants have further been appointed as Cost Auditor of the Company for the financial year 2013-14 for the products manufactured by the Company.

DIRECTORS

Mr P P Khanna and Mr S K S Narayan, directors retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment. Mr P P Khanna has also been appointed as an executive director of the Company. A brief resume of the appointees is given in the notice to the annual general meeting. Your directors recommend their re-appointment at the ensuing annual general meeting in the overall interest of the Company.

During the period Mr T N Chaturvedi resigned from the board of the Company. The board places on record its gratitude for the services rendered by Mr Chaturvedi during his tenure as member of the Board.

DIRECTORS RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the year 2012-13, the applicable accounting standards have been followed and there are no material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- (iv) they have prepared the annual accounts on a going concern basis.

CREDIT RATING OF BANK BORROWINGS

For Long Term Bank Facilities A (Single A) rating have been assigned by Credit Analysis & Research Ltd. (CARE) and Credit Rating Information Services of India Limited (CRISIL). This ratings indicates adequate safety and carries low credit risk.

For Short Term Borrowings A1+ (A One Plus) have been assigned by CARE and A1 (A one) by CRISIL. These ratings indicates very strong degree of safety and carries lowest credit risk.

CODE OF CONDUCT

The Company has laid down a code of conduct for the directors and senior management personnel as specified. The code was adopted in the board meeting held on December 13, 2005. It is available on the website of the Company www.orientabrasives.com. A certificate from the managing director that all board members and senior management personnels have affirmed compliance with the code of conduct for the year ended March 31, 2013 is attached as Annexure F.

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

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

PARTICULARS OF EMPLOYEES

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

A separate section on corporate governance for the year ended March 31, 2013 is attached to this report as Annexure-D. A certificate from the Practicing Company Secretary regarding compliance of the conditions of corporate governance as stipulated under clause 49 of the listing agreements with stock exchanges is enclosed as Annexure-E. CEO/CFO certificate is enclosed as Annexure-G.

CORPORATE SOCIAL RESPONSIBILITY

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

New Delhi
May 17, 2013

R K Rajgarhia
Chairman

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE-A

DISCLOSURE UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

CONSERVATION OF ENERGY

The Company has made all efforts to optimize the use of energy and to minimise its wastage. To ensure minimum consumption of energy for a given level of production, operating parameters of production have been standardized. Insulation materials are also being used to avoid energy loss. Form A is not applicable to the Company.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

(` in Lacs)

PARTICULARS	2012-2013	2011-2012
Earned	824.08	72.56
Outgo	572.80	561.78

ANNEXURE-B

STATEMENT OF THE EMPLOYEES PURSUANT TO SECTION 217 (2 A) OF THE COMPANIES ACT, 1956

Name/Age (Yrs.)	Remuneration Received (in `)	Designation/ Nature of duties	Qualification & Experience (Yrs.)	Date of Commencement of employment	Last employment
Mr S G Rajgarhia (65 Years)	7,336,467.00	Managing Director, Overall Management	B Tech. (Hons.), S.M. (MIT) 42 years	August 01, 1973	-
Mr P P Khanna (74 Years)	6,163,987.00	Executive Director, Overall Management	B Sc., B E, AMIE 51 years	July 01, 1973	Hindustan Motors Ltd (Works Manager)

- Above details are of those employee who was employed throughout the accounting year and was in receipt of remuneration of not less than ` 60.00 Lacs per annum.
- Remuneration as above includes salary, contribution to provident fund, leave travel allowance, medical expenses, leave encashment, bonus, actual amount spent on perquisites valued as per income tax rules and in the case of Mr S G Rajgarhia, commission on sales at the limits approved by the members.
- Mr S G Rajgarhia is a relative of Mr R K Rajgarhia, director of the Company and Mr P P Khanna is a relative of Mr R K Khanna, executive director of the Company.
- Employment is non-contractual in nature subject to three months' notice on either side except of Mr S G Rajgarhia.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GENERAL REVIEW

The Company was incorporated in the year 1971 in New Delhi. The Company has two business divisions namely the Abrasives Grains, Refractory Monolithich Division at Porbandar, Gujarat that manufactures fused alumina grains. calcined products, refractory castables and monolithics and the Power division comprising of thermal power plants and wind turbine generators.

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

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

BUSINESS DIVISIONS/SEGMENTS

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

Abrasive Grains and Refractory Monolithics

The Abrasives Grains Division at Porbander is the first manufacturing unit set up by the Company. The Division manufactures calcined bauxite and fused aluminium oxide abrasive grains. Raw bauxite and calcined alumina are the basic raw materials used for the manufacture of abrasive grains. Raw bauxite is procured from mines owned by the Company and others and calcined alumina is purchased from aluminium companies, Hindalco Industries Limited being prominent amongst them. These products are used in the manufacture of refractories and grinding wheels & coated abrasives.

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

Power Generation

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

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

Financials of Segments

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

FINANCIALS AND INTERNAL CONTROL

During the year under review the gross turnover of the Company was ` 20,025.39 Lacs and gross profit & net profit were ` 2,062.02 Lacs & ` 1,594.84 Lacs respectively. The turnover of the abrasives grains was ` 11,456.91 Lacs. During the year, the Company has sold/ export non plant grade bauxite amounting to ` 2,488.39 Lacs. The management expects that the Company will sale/export non-plant grade bauxite at various mines in Jamnagar district, Gujarat, subject to approval from the state government. During the year under review gross revenue for sale of power (wind energy) was ` 895.57 Lacs.

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

HUMAN RESOURCES

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

There are cordial relations between the management and the employees.

CONCERNS AND FUTURE OUTLOOK

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

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

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

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

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

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

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

Name of the Director	Category	Number of Board Meetings during the year 2012-13		Whether attended last AGM held on September 24, 2012	Number of Directorships in other Public Companies		Number of Committee position held in other Public Companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr R K Rajgarhia (Chairman)	Non- Executive, Promoter	5	5	Yes	1	3	0	0
Mr S G Rajgarhia (Managing Director)	Executive, Promoter	5	4	Yes	0	5	0	0
Mr P P Khanna	Executive	5	5	Yes	0	0	0	0
Mr R S Bajoria	Non-Executive, Independent	5	4	No	0	3	0	0
Mr U K Khaitan	Non-Executive, Independent	5	5	No	0	9	0	0
Mr T N Chaturvedi ¹	Non-Executive, Independent	5	4	Yes	0	5	2	2
Mr S K S Narayan	Non-Executive, Independent	5	0	No	0	1	0	0
Mr R K Khanna	Executive	5	1	No	0	0	0	0

¹Mr T N Chaturvedi has resigned from the board w.e.f. May 15, 2013

Five board meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows: May 29, 2012; August 11, 2012; November 10, 2012; January 15, 2013 and February 05, 2013. The necessary quorum was present for all the meetings. The information as required under Annexure 1 of clause 49 of the listing agreement is regularly placed before the board meetings.

The non-executive directors, except Mr R K Rajgarhia, do not have any material pecuniary relationship with the Company. Mr R K Rajgarhia's pecuniary relationship to the Company includes his shareholding in the Company, the sitting fees received by him as a director and the transactions of sale and purchase of materials with the Companies in which interested as a director and/or promoter, brief details of which are disclosed in the notes to the financial statements under the head 'related party disclosures' under note no. 28 to the financial statement.

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

Name of the Director	No. of Shares	%'age of share capital
Mr R K Rajgarhia	650,666	0.54

The Company has not issued any convertible instruments.

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

3. AUDIT COMMITTEE

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

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

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

Mr T N Chaturvedi is the Chairman, who is a chartered accountant having good financial and accounting knowledge. He was duly present at the previous annual general meeting of the Company held on September 24, 2012. The other members of the audit committee also have adequate financial and accounting knowledge. The Company secretary acts as the secretary to the audit committee.

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

Name	Category	Number of Meeting during the year 2012-2013	
		Held	Attended
Mr T N Chaturvedi ¹ (Chairman)	Independent, Non-Executive	4	4
Mr U K Khaitan	Independent, Non-Executive	4	4
Mr R S Bajoria	Independent, Non-Executive	4	4

¹Mr T N Chaturvedi has resigned from the board w.e.f. May 15, 2013

Four audit committee meetings were held during the year and not more than 4 months did elapse between successive meetings. The dates on which the said meetings were held are as follows: May 29, 2012; August 11, 2012; November 10, 2011 and February 05, 2013. The necessary quorum was present for all the meetings. The meetings were also attended by the representatives of statutory auditors and internal auditors.

2. REMUNERATION COMMITTEE

The remuneration committee was constituted in the year 2002 comprising of Mr T N Chaturvedi (Chairman), Mr U K Khaitan and Mr R S Bajoria, all being independent and non-executive directors. One meeting of the remuneration committee was held during the year on August 11, 2012.

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

Name	Category	Number of Meeting during the year 2012-2013	
		Held	Attended
Mr T N Chaturvedi ¹ (Chairman)	Independent, Non-Executive	1	1
Mr U K Khaitan	Independent, Non-Executive	1	1
Mr R S Bajoria	Independent, Non-Executive	1	1

¹Mr T N Chaturvedi has resigned from the board w.e.f. May 15, 2013

The non-executive directors are paid sitting fees for the board and committee meetings attended by them, except for the share transfer committee meeting. The non-executive directors are not paid remuneration in any other form. The sitting fees being paid is ` 10,000.00 per board meeting and ` 5,000.00 per committee meeting.

The members have at the 41st Annual General Meeting of the Company on September 24, 2012 approved remuneration being paid to:

Mr P P Khanna (Whole Time Director) w.e.f. May 2, 2012

Basic Salary : In the range of ` 234,000.00 to ` 350,000.00 per month subject to increments as decided by the board of directors every year;

Perquisites : like HRA, medical reimbursement, LTA and others subject to a ceiling of 100% of basic salary per month

Bonus/Ex-gratia : 20% of basic salary

Lump-Sum Payment : A lump-sum payment not exceeding ` 1,500,000.00 per every financial year.

Mr R K Khanna (Executive Director) w.e.f. August 11, 2012

Basic Salary : In the range of ` 170,000.00 to ` 250,000.00 per month subject to increments as decided by the board of directors every year

Perquisites : like HRA, medical reimbursement, LTA and others subject to a ceiling of 100% of basic salary per month

Bonus/Ex-gratia : 20% of basic salary

Lump-Sum Payment : A lump-sum payment not exceeding ` 1,000,000.00 per every financial year.

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

The Company has not issued any stock option scheme to its employees or directors.

Details of the remuneration/sitting fees to directors for the year ended March 31, 2013

(a) Non-Executive Directors

(Amount in `)

Name	Sitting Fees
Mr R K Rajgarhia	55,000.00
Mr R S Bajoria	70,000.00
Mr U K Khaitan	60,000.00
Mr T N Chaturvedi	65,000.00
Mr S K S Narayan	0.00

(b) Managing Director and Executive Directors

Name	Salary	Benefits Perquisites and Allowances	Commission	Contribution to PF
Mr S G Rajgarhia (Managing Director)	2,250,000.00	441,149.00	4,465,318.00	180,000.00
Mr P P Khanna (Executive Director)	4,212,000.00	1,615,027.00	0.00	336,960.00
Mr R K Khanna (Executive Director)	1,522,721.00	1,263,060.00	0.00	182,727.00

5. SHAREHOLDERS /INVESTORS GRIEVANCE COMMITTEE

A shareholders/Investors grievances committee was constituted on March 11, 2002 to specifically look into the redressal of investor complaints regarding transfer of shares, non-receipt of annual reports, bonus, dividend etc. During the year 2012-2013, one meeting of the grievances committee was held on February 05, 2013.

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

Name	Category	Number of Meeting during the year 2012-2013	
		Held	Attended
Mr R K Rajgarhia (Chairman)	Promoter, Non-Executive	1	1
Mr R S Bajoria	Independent, Non-Executive	1	1
Mr S G Rajgarhia	Promoter, Executive	1	1

Details of investor complaints received and redressed during the year 2012-13 are as follows

Opening Balance	Received during the year	Resolved during the year	Closing Balance
1	19	19	1

Name, designation and address of Compliance Officer

Mr Vinod Kumar Goyal Company Secretary	Orient Abrasives Limited 1307, Chiranjiv Tower 43, Nehru Place, New Delhi-110019	Telephone: +91 11 26449480, 26425446 Fax: +91 11 26443859 E-mail: investor@oalindia.com
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The Company welcomes the members to make more effective use of the electronic means to communicate with their Company for quicker redressal of their grievances. The Company has appointed a share transfer agent, whose particulars are given elsewhere in this report. The members may address their queries/complaints to the above address/phone/fax/e-mail id or to those of the registrar.

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

6. GENERAL BODY MEETING

(i) Annual General Meetings

Details	Date	Time	Venue	Special Resolution
39th Annual General Meeting	August 05, 2010	11.00 A.M.	Hindi Bhawan, 11, Vishnu Digambar Marg (Near Bal Bhawan), New Delhi-110 002	None
40th Annual General Meeting	September 26, 2011			Reappointment and increase in remuneration of Mr S G Rajgarhia, Managing Director for further term of 5 years w.e.f. October 1, 2011
41st Annual General Meeting	September 24, 2012			1. Appointment of Mr P P Khanna as a whole time director for a period of 3 years w.e.f. May 2, 2012 2. Appointment of Mr R K Khanna as a whole time director for a period of 3 years w.e.f. August 11, 2012

(ii) Postal Ballot

No postal ballot was conducted during the year 2012-13.

(iii) At the ensuing 42nd annual general meeting to be held on July 18, 2013 no resolution is proposed to be passed by postal ballot.

7. DISCLOSURES

- Disclosure on related party transactions i.e. transactions of the Company with its promoters, directors or the management, relatives, bodies corporate in which the directors are interested etc. is appearing under note no. 28 (Notes to the Financial Statements) of the annual accounts. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- Details of non-compliance by the Company, penalties, restrictions/strictures imposed by the stock exchanges and the SEBI and any other statutory authority on any matter related to the capital markets, during the last three years is **NIL**.
- The Company at present does not have a whistle blower mechanism in place. However it may implement such a mechanism in future.

- The Company has at present not adopted the non mandatory requirements of corporate governance except for certain clauses regarding remuneration committee. However in line with its policy to ever improve the good corporate governance practices it is proposed to adopt all such practices in due course of time.

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

- Quarterly Financial statements are normally published in the Business Standard and Rastriya Sahara.
- The results are made available to the individual members through e-mail/courier/fax on specific requests.
- The results are also sent to the institutional investors/financial analysts on request.
- The financial results from the quarter ended December 31, 2004 onwards are also available on the Company's website – www.orientabrasives.com
- The Company does not send half year financial reports to the members individually.
- Management Discussion and Analysis Report forms an integral part of the Directors' Report.

9. CEO/CFO CERTIFICATION

Mr S G Rajgarhia, Managing Director and Mr B L Gupta, Sr. Vice President (Finance) have given the certificate pertaining to financial year 2012-13 to the board of directors which was taken note of at the board meeting held on May 17, 2013.

10. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date	: July 18, 2013
Time	: 11:00 A.M.
Venue	: Hindi Bhawan, 11, Vishnu Digambar Marg (Near Bal Bhawan), New Delhi – 110 002

Financial Calendar

Financial Year	: March 31
AGM in	: Last week of September

Quarterly Results

1st quarter ended on June 30, 2013	: on or before August 15, 2013
2nd quarter ended on September 30, 2013	: on or before November 15, 2013
3rd quarter ended on December 31, 2013	: on or before February 15, 2014
4th quarter ended on March 31, 2014	: on or before May 15, 2014

Date of Book Closure/Record Date	: From Thursday, July 11, 2013 to Thursday, July 18, 2013 (both days inclusive)
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Dividend Payment Date	: The final dividend, if declared, shall be paid/ credited by August 17, 2013.
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Listing on Stock Exchanges	: National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (East), Mumbai 400 051
	: Bombay Stock Exchange Limited (BSE) 25th Floor, P. J. Towers, Dalal Street Mumbai 400 001

Stock Codes/Symbol

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

Listing Fees as applicable have been paid.

Corporate Identification Number (CIN) of the Company	: L24299DL1971PLC005854
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Market Price Data

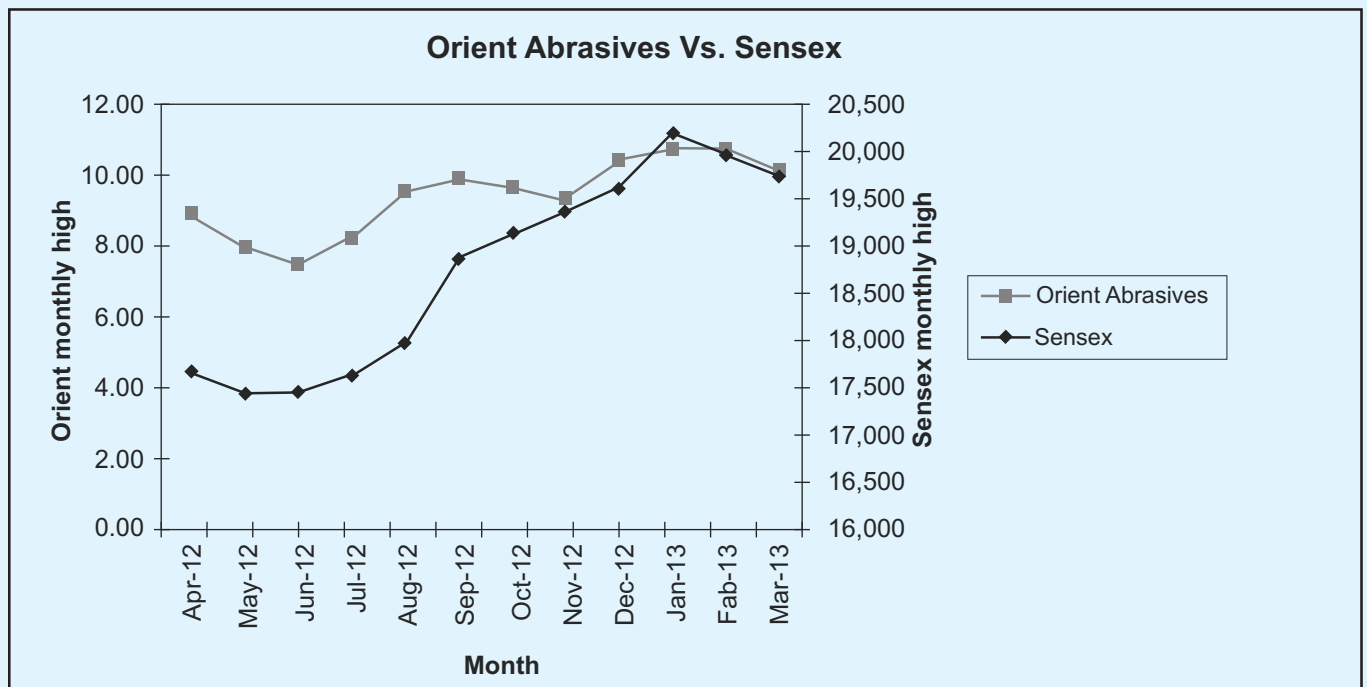
Monthly High, Low, volume and value of total shares traded during each month of the last financial year 2012-13

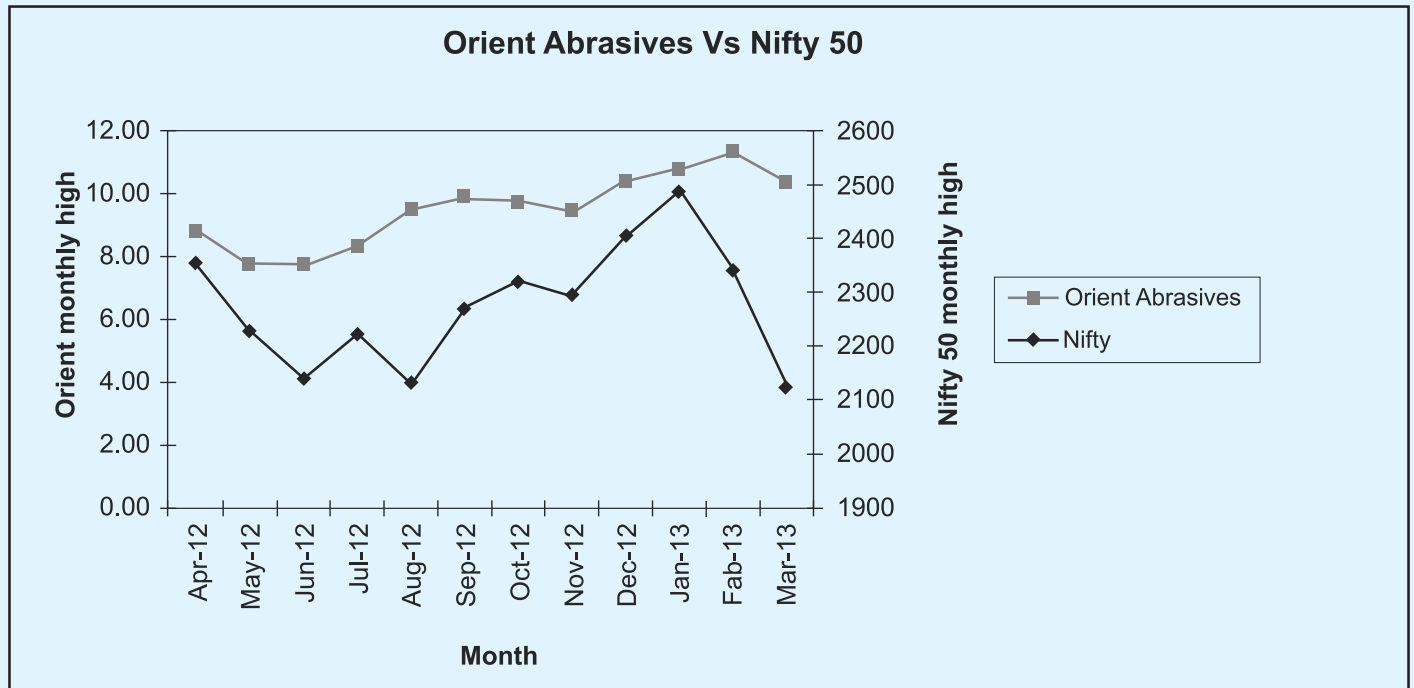
Bombay Stock Exchange (data from www.bseindia.com)

Month	High (₹)	Low (₹)	Volume	Turnover (₹ -in Lacs)
April, 2012	8.89	6.50	1,035,032	79.42
May, 2012	7.95	6.50	425,120	30.01
June, 2012	7.48	6.60	438,044	30.88
July, 2012	8.25	6.90	321,980	24.25
August, 2012	9.55	6.55	718,541	61.21
September, 2012	9.90	7.35	605,773	53.14
October, 2012	9.65	8.40	380,223	33.56
November, 2012	9.35	8.20	233,181	20.48
December, 2012	10.44	8.80	579,776	54.99
January, 2013	10.75	8.62	571,834	55.64
February, 2013	10.75	8.70	523,103	50.77
March, 2013	10.15	9.00	397,529	38.12

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

Month	High (₹)	Low (₹)	Volume	Turnover (₹ -in Lacs)
April, 2012	8.80	6.50	1,612,461	121.49
May, 2012	7.75	6.65	1,032,552	73.02
June, 2012	7.50	6.70	923,265	65.19
July, 2012	8.30	6.95	532,529	40.10
August, 2012	9.50	6.95	996,001	79.52
September, 2012	9.90	7.10	797,751	70.47
October, 2012	9.75	8.35	826,168	72.01
November, 2012	9.45	8.40	450,441	39.36
December, 2012	10.40	8.80	787,639	74.31
January, 2013	10.80	8.80	906,764	86.93
February, 2013	11.30	9.00	657,304	64.12
March, 2013	10.35	8.80	812,516	78.53

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


Performance of the share price of the Company in comparison to the NSE Nifty 50

Registrar and Transfer Agent

Name and Address	: Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020
Telephone	: 011-26812682, 83, 30857575 (10 Lines)
Fax	: 011-30857562
E-mail	: admin@skylinerta.com, grievances@skylinerta.com
Website	: www.skylinerta.com

Share Transfer System

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

Shareholding as on March 31, 2013

Distribution of equity shareholding as on March 31, 2013

Number of shares	Shareholders number	% 'age of total number	Shares			Total shares	% 'age
			Physical	NSDL	CDSL		
1-5000	11,525	91.58	2,073,526	6,568,274	2,213,473	10,855,273	9.07
5001-10000	516	4.10	514,480	2,625,505	784,526	3,924,511	3.28
10001-20000	253	2.01	308,000	2,816,846	656,819	3,781,665	3.16
20001-30000	76	0.60	48,000	1,429,215	457,343	1,934,558	1.62
30001-40000	48	0.38	68,000	1,346,754	277,250	1,692,004	1.41
40001-50000	25	0.20	0	859,506	272,632	1,132,138	0.95
50001-100000	61	0.48	108,000	3,726,595	462,921	4,297,516	3.59
100001-above	81	0.64	0	90,801,810	1,219,725	92,021,535	76.92
GRAND TOTAL	12,585	100.00	3,120,006	110,174,505	6,344,689	119,639,200	100.00

Categories of equity shareholders as on March 31, 2013

Category	Number of shares held	Percentage of holding
A. Promoter and Promoter Group		
- Individual/HUF	57,919,333	48.41
- Bodies Corporate	15,580	0.01
Total (A)	57,934,913	48.42
B. Public Shareholding		
- Mutual Funds/UTI	0	0.00
- Financial Institutions/Banks	42,000	0.04
- Bodies Corporate	14,746,016	12.33
- Individuals		
(a) Nominal share capital up to ` 1.00 Lakh	23,295,721	19.47
(b) Nominal share capital in excess of ` 1.00 Lakh	21,208,325	17.73
- Any Other		
(a) NRI	520,537	0.44
(b) HUF/AOPs	1,863,489	1.56
(c) Clearing Members	28,199	0.02
Total(B)	61,704,287	51.58
GRAND TOTAL (A+B)	119,639,200	100.00

Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 97.39% of the Company's equity share capital are dematerialised as on March 31, 2013.

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

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

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

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence as on March 31, 2013, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

Transfer of Unpaid/Unclaimed amounts to Investor Education and Protection Fund

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

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

Financial Year	Date of Declaration	Due Date of Transfer to IEPF
2005-06	August 02, 2006	September 08, 2013
2006-07	September 20, 2007	October 27, 2014
2007-08	September 05, 2008	October 12, 2015
2008-09	August 03, 2009	September 09, 2016
2009-10	August 05, 2010	September 10, 2017
2010-11	March 09, 2011	April 14, 2018
2011-12	September 24, 2012	October 31, 2019

Unclaimed Suspense Demat Account

In accordance with Clause 5A of the Listing Agreement, 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 Public/Rights/Bonus issued 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 during the Financial Year	1,580	3,325,100
Number of Shareholders who approached issuer for transfer of Shares from Suspense Account during the financial year	36	100,750
Number of Shareholders to whom Shares were transferred from Suspense Account during the financial year	36	100,750
Aggregate number of Shareholders and the outstanding Shares in the Suspense Account lying at the end of the financial year	1,544	3,224,350

Plant Location:

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

Address for correspondence:

Orient Abrasives Limited
1307, Chiranjiv Tower
43, Nehru Place, New Delhi-110019
Telephone : +91 11 26449480, 26425446
Fax : +91 11 26443859
e-mail : investor@oalindia.com
website : www.orientabrasives.com

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

TO THE MEMBERS
ORIENT ABRASIVES LIMITED

We have examined the compliance of conditions of corporate governance by ORIENT ABRASIVES LIMITED ("the Company"), for the year ended March 31, 2013, as stipulated in Clause 49 of the listing agreements of the Company with the stock exchanges.

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

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

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

for **Naresh Verma & Associates**
Company Secretaries

New Delhi
May 17, 2013

Naresh Verma
FCS 5403, CP 4424

DECLARATION REGARDING COMPLIANCE OF CODE OF CONDUCT

This is to confirm that all the board members and the senior managerial personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2013.

for **Orient Abrasives Limited**

New Delhi
May 17, 2013

S G Rajgarhia
Managing Director

CERTIFICATION OF CEO/CFO

This is to certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year 2012-13 and that to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

for **Orient Abrasives Limited**

New Delhi
May 17, 2013

S G Rajgarhia
Managing Director

B L Gupta
Sr. Vice President (Finance)

AUDITOR'S REPORT

To the Members of
Orient Abrasives Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Orient Abrasives Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013,
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956,
 - (e) On the basis of written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S R Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

per **Vikas Mehra**

Partner

Membership Number: 94421

Place: Gurgaon

Date : May 17, 2013

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE**Re: Orient Abrasives Limited (‘the Company’)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (a) to (d) of Order are not applicable to the Company and hence not commented upon.
- (e) The Company had taken loan from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ` 824.09 Lacs and the year-end balance of loans taken from such parties was ` 440.84 Lacs.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (g) The Company has repaid the loan to the extent demanded and as informed, the lenders have not demanded repayment of the balance loans during the year and thus, there has been no default on the part of the Company. The payments of interest have been regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five Lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of aluminium oxide grains and calcined products and the generation of power and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investors education and protection fund, employee's state insurance, sales tax, custom duty, excise duty, income-tax,

service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (₹ in Lacs)	Forum where dispute is pending
West Bengal Sales Tax Act, 1994	Sales tax and Interest demand for non submission on of sales tax declaration forms for the year 1993-94	3.75	Sales Tax Commissioner (Appeal)
Sales Tax Act, 1944	Entry Tax demand for entry of goods in Rajasthan for the year 2006-07	36.06	Hon'ble High Court of Rajasthan
Service Tax Act, 1994	Service tax demand for input tax credit availed on foreign business auxiliary services and other consulting services.	85.48	Joint Commissioner Excise, Jaipur
Income Tax Act, 1961	Disallowance of various expenses/deductions (under section 80IA) claimed by the Company for the year 2001-02 to 2008-09.	1,874.95	High Court, Delhi
Income Tax Act, 1961	Disallowance of depreciation u/s 32 for the assessment year 2010-11	312.78	Commissioner of Income Tax (Appeal)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and bank. The Company did not have any debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S R Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Vikas Mehra

Partner

Membership Number: 94421

Place: Gurgaon

Date : May 17, 2013

**BALANCE SHEET
AS AT MARCH 31, 2013**

	Notes	March 31, 2013	(Amount in ` Lacs) March 31, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUND			
Share capital	3	1,196.52	1,196.52
Reserves and surplus	4	13,081.21	11,976.27
		<u>14,277.73</u>	<u>13,172.79</u>
NON-CURRENT LIABILITIES			
Long-term borrowings	5	904.58	1,300.25
Deferred tax liability (net)	6	960.26	1,023.08
Long-term provisions	7	-	35.66
Other long-term liabilities	8	40.61	42.87
		<u>1,905.45</u>	<u>2,401.86</u>
CURRENT LIABILITIES			
Short-term borrowings	9	1,027.32	3,539.19
Trade payables	10	1,681.34	1,276.68
Other current liabilities	10	1,572.96	1,067.38
Short-term provisions	7	564.63	374.06
		<u>4,846.25</u>	<u>6,257.31</u>
		<u>21,029.43</u>	<u>21,831.96</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
- Tangible assets	11	11,221.90	12,294.32
- Capital work-in-progress		64.65	63.21
Non-current investments	12	-	5.26
Long-term loans and advances	13	976.54	1,176.40
Other non current assets	14	110.09	32.05
		<u>12,373.18</u>	<u>13,571.24</u>
CURRENT ASSETS			
Inventories	15	5,030.00	4,717.02
Trade receivables	16	2,653.94	2,873.41
Cash and bank balances	17	191.52	185.21
Short-term loans and advances	13	500.67	258.47
Other current assets	14	280.12	226.61
		<u>8,656.25</u>	<u>8,260.72</u>
		<u>21,029.43</u>	<u>21,831.96</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per **Vikas Mehra**
Partner
Membership No. 94421

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

S G Rajgarhia
Managing Director

B L Gupta
Sr. Vice President - Finance

P P Khanna
Executive Director

Vinod Goyal
Company Secretary

Place : Gurgaon
Date : May 17, 2013

Place : New Delhi
Date : May 17, 2013

**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2013**

	Notes	<u>March 31, 2013</u>	<u>March 31, 2012</u>
(Amount in ` Lacs)			
INCOME			
Revenue from operations (gross)	18	20,025.39	18,360.79
Less: Excise duty		1,828.90	1,647.16
Revenue from operations (net)		18,196.49	16,713.63
Other income	19	260.20	121.98
Total (I)		18,456.69	16,835.61
EXPENSES			
Cost of raw material and components consumed	20	5,443.32	5,162.29
Increase in inventories of finished goods	21	(164.60)	(508.87)
Employee benefits expenses	22	1,460.48	1,179.08
Other expenses	23	7,858.21	7,856.38
Finance costs	24	523.28	657.81
Depreciation and amortization expense	11	1,273.98	1,231.30
Total (II)		16,394.67	15,577.99
PROFIT BEFORE TAX		2,062.02	1,257.62
TAX EXPENSE			
Current tax		530.00	251.92
Less: MAT credit entitlement		-	(57.00)
Deferred tax (credit)/charge		(62.82)	148.65
Total tax expense		467.18	343.57
PROFIT FOR THE YEAR AFTER TAX		1,594.84	914.05
EARNINGS PER EQUITY SHARE (in `)			
(nominal value of share ` 1.00) (Previous year ` 1.00)			
Basic and diluted	25	1.33	0.76

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.1
The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E
per Vikas Mehra
Partner
Membership No. 94421

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

S G Rajgarhia
Managing Director

B L Gupta
Sr. Vice President - Finance

P P Khanna
Executive Director

Vinod Goyal
Company Secretary

Place : Gurgaon
Date : May 17, 2013

Place : New Delhi
Date : May 17, 2013

**CASH FLOW STATEMENT
FOR THE YEAR ENDED ON MARCH 31, 2013**

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
(Amount in ` Lacs)		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,062.02	1,257.62
Adjustments for:		
Depreciation and amortisation	1,273.98	1,231.30
Interest income	(11.31)	(4.26)
Loss/ (profit) on sale of fixed assets	5.28	(48.61)
Interest expense	489.81	489.18
Excess liability written back	(24.01)	-
Dividend from current investments	(4.99)	-
Gain on sale of investments	(209.75)	-
Bad debt written off	0.52	-
Unrealised foreign exchange loss (net)	-	57.42
	<hr/>	<hr/>
Operating loss before working capital changes	3,581.55	2,982.65
Movements in working capital :		
Increase in loans and advances and other current assets	(288.53)	(127.45)
Increase in trade payables, other current liabilities and provisions	371.58	166.73
Increase in inventory	(312.98)	(858.43)
Decrease/ (increase) in trade receivables	218.95	(825.22)
	<hr/>	<hr/>
Cash generated from operations	3,570.57	1,338.28
Direct taxes paid (net of refunds)	(415.36)	(260.87)
	<hr/>	<hr/>
Net cash generated from operating activities	3,155.21	1,077.41
	<hr/>	<hr/>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets/ Intangibles (including capital work-in-progress)	(222.27)	(428.41)
Proceed from sale of fixed assets	13.99	61.35
Interest received	11.31	9.51
Proceeds of deposits matured (with maturity more than three months)	-	(1.20)
Proceeds from sale of investments	215.01	-
Dividends received	4.99	-
	<hr/>	<hr/>
Net cash generated from/ (used in) investing activities	23.03	(358.75)
	<hr/>	<hr/>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from term loan	730.00	-
Repayment of term loans	(633.67)	(1,108.65)
(Repayment)/ proceeds of short term borrowings	(2,511.87)	898.09
Dividends paid	(278.10)	(81.87)
Interest paid	(478.29)	(554.64)
	<hr/>	<hr/>
Net cash used in financing activities	(3,171.93)	(847.07)
	<hr/>	<hr/>
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	6.31	(128.41)
Cash and cash equivalents transferred pursuant to demerger scheme	-	(1.46)
Cash and cash equivalents at the beginning of the year	185.21	315.08
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	191.52	185.21
	<hr/>	<hr/>

	<u>March 31, 2013</u>	<u>(Amount in ` Lacs)</u> <u>March 31, 2012</u>
Components of cash and cash equivalents as at		
Cash and cheques on hand	6.74	8.63
With banks		
- In current accounts	60.74	37.72
- In fixed deposit account	-	9.23
- In unpaid dividend accounts*	<u>124.04</u>	<u>129.63</u>
Cash and cash equivalents in Cash flow statement (note 17)	<u>191.52</u>	<u>185.21</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
2.1

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

Notes:

- a) The cash flow statement has been prepared under "Indirect method" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- b) Cash outflows have been shown in brackets.
- c) Assets and liabilities (other than cash and cash equivalents) transferred to Orient Refractories Limited pursuant to scheme of demerger has not been considered. (note 27)

As per our report of even date

For S R BATLIBOI & CO. LLP

Chartered Accountants
ICAI Firm Registration No. 301003E

per Vikas Mehra

Partner

Membership No. 94421

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

S G Rajgarhia
Managing Director

P P Khanna
Executive Director

B L Gupta
Sr. Vice President - Finance

Vinod Goyal
Company Secretary

Place : Gurgaon

Date : May 17, 2013

Place : New Delhi

Date : May 17, 2013

**NOTE TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013****1. CORPORATE INFORMATION**

Orient Abrasives Limited ('The Company') is engaged in the production and selling of fused aluminum oxide grains, calcined products, and generation of power. The Company has manufacturing facilities at Porbandar (Gujarat) and Power Generation facilities at Rajasthan and Karnataka.

During the previous year, the Hon'ble High Court of Delhi approved the demerger of the refractory undertaking with effect from April 1, 2011. As per the scheme, one share of Orient Refractories Limited was issued for one share of the Company (note 27).

2. BASIS OF PREPARATION

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

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) USE OF ESTIMATES**

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

(b) TANGIBLE FIXED ASSETS

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

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

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

(c) DEPRECIATION ON TANGIBLE FIXED ASSETS

Depreciation on leasehold land is provided over the unexpired period of lease, which is 20 years and depreciation on leasehold improvements which includes temporary structures is provided over unexpired period of lease or estimated useful life whichever is lower.

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

Assets costing below ₹ 5,000.00 are depreciated at the rate of 100%.

(d) INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. These are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of software will not exceed five years from the date when the assets is available for use.

(e) IMPAIRMENT

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(f) LEASES

Where the Company is the lessee

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

(g) INVESTMENTS

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

(h) INVENTORIES

Inventories are valued as follows:

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

(i) REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

(i) SALE OF GOODS

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

(ii) POWER GENERATION INCOME

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

(iii) INTEREST

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

(j) BORROWING COST

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

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

(k) FOREIGN CURRENCY TRANSACTIONS
(i) INITIAL RECOGNITION

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

(ii) CONVERSION

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

(iii) EXCHANGE DIFFERENCES

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

(iv) FORWARD EXCHANGE CONTRACTS ENTERED INTO TO HEDGE FOREIGN CURRENCY RISK OF AN ASSET / LIABILITY

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

(l) DERIVATIVE INSTRUMENTS

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

(m) RETIREMENT AND OTHER BENEFITS

(i) Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

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

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

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

(n) INCOME TAXES

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, entire deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

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

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

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

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

(o) SEGMENT REPORTING POLICIES

Identification of segments

Business Segment

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

Intersegment Transfers

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

Allocation of common costs

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

Allocation of other income

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

Unallocated items

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

Segment Policies

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

(p) 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.

(q) PROVISIONS

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

(r) CASH AND CASH EQUIVALENT

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

(s) CONTINGENT LIABILITY

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

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
(Amount in ` Lacs)		
3. SHARE CAPITAL		
Authorised shares (no. in Lacs)		
1,200.00 (Previous year 1,200.00) equity shares of ` 1.00 each	1,200.00	1,200.00
4.00 (Previous year 4.00) - 6% redeemable cumulative preference shares of ` 100.00 each	400.00	400.00
	<u>1,600.00</u>	<u>1,600.00</u>
Issued and subscribed shares		
1,196.59 (Previous year 1,196.59) equity shares of ` 1.00 each	1,196.59	1,196.59
	<u>1,196.59</u>	<u>1,196.59</u>
Paid up shares		
1,196.39 (Previous year 1,196.39) equity shares of ` 1.00 each	1,196.39	1,196.39
Add : Shares forfeited (amount paid up)	0.13	0.13
Total issued, subscribed and paid-up share capital	<u>1,196.52</u>	<u>1,196.52</u>
a. Reconciliation of the equity shares outstanding at the beginning and at the end of reporting period		
At the beginning of the year		
1,196.39 (Previous year 1,196.39) equity shares of ` 1.00 each	1,196.39	1,196.39
	<u>1,196.39</u>	<u>1,196.39</u>
Outstanding at the year end		
1,196.39 (Previous year 1,196.39) equity shares of ` 1.00 each	1,196.39	1,196.39
	<u>1,196.39</u>	<u>1,196.39</u>

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ` 1.00 per share. The holder of each fully paid equity share is entitled to one vote. The Company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended March 31, 2013 the amount of per equity share dividend recognized as distributions to equity shareholders is ` 0.35 (Previous year ` 0.20)

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

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

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
Equity shares issued as fully paid bonus shares by capitalisation of capital redemption reserve, securities premium and general reserve	598.20	598.20

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

Name	March 31, 2013		March 31, 2012	
	No. Lacs	% holding	No. Lacs	% holding
Equity Shares of ` 1.00 each fully paid up				
Mr S G Rajgarhia	177.86	14.87%	177.86	14.87%
Ms Anisha Mittal	148.26	12.39%	132.31	11.06%
S G Rajgarhia (HUF)	-	-	80.15	6.70%
Ms Bhavna Rajgarhia	147.62	12.34%	82.62	6.91%
Mrs Usha Rajgarhia	65.82	5.50%	65.82	5.50%

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
(Amount in ` Lacs)		
4. RESERVES AND SURPLUS		
General Reserve		
Balance as per the last financial statements	7,506.57	13,040.52
Add: Amount transferred from surplus balance in the statement of profit and loss	600.00	300.00
	<u>8,106.57</u>	<u>13,340.52</u>
Less: Transferred pursuant to scheme of demerger	-	5,833.95
	<u>8,106.57</u>	<u>7,506.57</u>
Closing Balance		
Surplus Balance in Statement of Profit and Loss		
Balance as per the last financial statements	4,469.70	4,133.75
Profit for the year	1,594.84	914.05
	<u>6,064.54</u>	<u>5,047.80</u>
Less: Appropriations		
Proposed dividend on equity shares ` 0.35 (Previous year ` 0.20)	418.74	239.28
Tax on dividend	71.16	38.82
Transferred to general reserve	600.00	300.00
	<u>1,089.90</u>	<u>578.10</u>
Surplus in the statement of profit and loss	<u>4,974.64</u>	<u>4,469.70</u>
Total reserves and surplus	<u><u>13,081.21</u></u>	<u><u>11,976.27</u></u>
5. LONG-TERM BORROWINGS		
Term loans (secured)		
Indian rupee loan from banks*	-	240.00
Foreign currency loan from banks**	2,118.88	1,782.55
Other loans and advances		
Deposits (unsecured)		
Deposits from shareholders	71.00	71.00
Deposits from public	5.50	5.50
	<u>2,195.38</u>	<u>2,099.05</u>
Less: Current maturity of term loans disclosed under other current liabilities (note 10)		
Indian rupee loan from banks	-	240.00
Foreign currency loan from banks	1,278.80	509.30
Less: Current maturities of deposits disclosed under other current liabilities (note 10)	12.00	49.50
	<u>1,290.80</u>	<u>798.80</u>
	<u>904.58</u>	<u>1,300.25</u>
The above amount includes		
Secured Borrowings	2,118.88	2,022.55
Unsecured Borrowings	76.50	76.50
Amount disclosed under the head "other current liabilities" (note 10)	(1,290.80)	(798.80)
	<u>904.58</u>	<u>1,300.25</u>

*Indian rupee loan from bank of ` Nil (Previous year ` 240.00 Lacs) carries interest @ 9.50% p.a. is repayable in 20 quarterly installments of ` 60.00 Lacs each from the date of the loan, viz. February 08, 2008. The loan is secured by a first pari passu charge on the movable fixed assets of the Company and mortgage of immovable properties of the Company. The managing director has also given a personal guarantee to the bank for this facility.

**Foreign currency loan

- a) of ` 746.88 (Previous year ` Nil) carries interest @ LIBOR plus 450 is secured by first pari passu charge by way of hypothecation on entire current assets and Plant and Machinery and Other movable assets of the Company both present and future and for securing the cash credit limit of ` 1500.00 Lacs.
- b) of ` 1,372.00 Lacs (Previous year ` 1,782.55) carries interest @ LIBOR plus 3% p.a., is repayable in 16 quarterly installments of USD 250,000 each from the date of October, 2011. It is exclusively secured on all the wind mills of the Company.

The managing director has also given personal guarantee to the banks for these facilities.

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
(Amount in ` Lacs)		
6. DEFERRED TAX LIABILITY (NET)		
DEFERRED TAX LIABILITY		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	994.53	1,076.52
Others	-	3.71
Gross deferred tax liability	<u>994.53</u>	<u>1,080.23</u>
Deferred tax assets		
Provision for doubtful debts, advances and recoverables	5.04	12.64
Effect of expenditure debited to profit and loss account in the current year / earlier years but allowable for tax purposes in following years	29.23	44.51
Gross deferred tax asset	<u>34.27</u>	<u>57.15</u>
	<u>960.26</u>	<u>1,023.08</u>
7. PROVISIONS		
NON-CURRENT		
Provision for gratuity (note 32)	-	35.66
	-	35.66
Current		
Provision for leave benefits	74.73	66.98
Provision for gratuity (note 32)	-	14.24
Provision for derivative contract	-	14.74
Proposed equity dividend	418.74	239.28
Provision for tax on proposed equity dividend	71.16	38.82
	<u>564.63</u>	<u>374.06</u>
8. OTHER LONG-TERM LIABILITIES		
Interest free deposits		
From customers	20.10	20.10
From staff	20.51	22.77
	<u>40.61</u>	<u>42.87</u>

	<u>March 31, 2013</u>	<u>(Amount in ` Lacs)</u> <u>March 31, 2012</u>
9. SHORT-TERMS BORROWINGS		
Working capital loan from bank (secured)*	586.48	3,305.04
Other loans and advances		
Loan from body corporates (unsecured)	186.82	133.54
Loan from director (unsecured)	254.02	100.61
	<u>1,027.32</u>	<u>3,539.19</u>

*Working capital loan from banks are secured by first pari passu charge on all current assets of Company, both present & future, including stocks of raw materials, stores, spares, stocks in process & finished goods etc. lying in their premises, godowns, elsewhere including those in transit and all present and future book-debts/receivables of the Company. These facilities are further secured by second pari passu charge on the entire fixed assets of the Company. The managing director has also given a personnel guarantee to the bank for this facility. The working capital loan is repayable on demand and carries interest @ 10% - 12% p.a.

10. OTHER CURRENT LIABILITIES

Trade payables (note 31 for details of dues to micro and small enterprises)	1,681.34	1,276.68
Other liabilities		
Current maturities of long-term borrowings (note 5)	1,278.80	749.30
Payable for fixed assets	2.92	-
Current maturities of deposits from public (note 5)	12.00	49.50
Interest accrued but not due on borrowings	24.72	13.20
Advance from customers	19.46	13.80
Investor education and protection fund will be credited by following amounts (as and when due)		
Unpaid dividend	124.04	129.63
Others		
Interest free deposits from staff	6.69	4.19
PF and ESI payable	11.12	14.62
Professional tax	0.66	-
CST/VAT and other payable	68.86	78.23
TDS payable	23.70	14.91
	<u>1,572.96</u>	<u>1,067.38</u>

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

11. TANGIBLE FIXED ASSETS

	(Amount in ` Lacs)									
	Freehold Land	Leasehold Land	Leasehold Improvement	Building	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	Total	
COST										
At April 1, 2011	13.76	69.28	19.49	1,843.71	18,473.59	43.33	199.42	581.68	21,244.26	
Additions	-	-	-	32.67	1,274.18	0.96	28.88	51.03	1,387.72	
Disposals	-	-	-	8.23	-	-	-	18.02	26.25	
Transfer pursuant to demerger scheme	-	22.11	0.38	321.07	2,615.74	26.98	120.48	275.30	3,382.06	
At March 31, 2012	13.76	47.17	19.11	1,547.08	17,132.03	17.31	107.82	339.39	19,223.67	
Additions	-	-	-	29.20	107.40	-	8.52	75.71	220.83	
Disposals	-	-	-	0.80	14.58	4.63	1.19	47.75	68.95	
At March 31, 2013	13.76	47.17	19.11	1,575.48	17,224.85	12.68	115.15	367.35	19,375.55	
DEPRECIATION										
At April 1, 2011	-	11.68	19.49	464.82	6,470.50	22.69	88.47	156.13	7,233.78	
Charge for the year	-	1.93	-	49.08	1,137.31	0.72	12.29	29.97	1,231.30	
Disposals	-	-	-	2.38	-	-	-	11.13	13.51	
Transfer pursuant to demerger scheme	-	6.47	0.38	177.58	1,213.96	13.60	50.31	59.92	1,522.22	
At March 31, 2012	-	7.14	19.11	333.94	6,393.85	9.81	50.45	115.05	6,929.35	
Charge for the year	-	1.93	-	49.61	1,174.99	0.71	13.36	33.38	1,273.98	
Disposals	-	-	-	0.76	13.85	4.30	1.13	29.64	49.68	
At March 31, 2013	-	9.07	19.11	382.79	7,554.99	6.22	62.68	118.79	8,153.65	
NET BLOCK										
At March 31, 2012	13.76	40.03	-	1,213.14	10,738.18	7.50	57.37	224.34	12,294.32	
At March 31, 2013	13.76	38.10	-	1,192.69	9,669.86	6.46	52.47	248.56	11,221.90	

(Amount in ` Lacs)
March 31, 2013 March 31, 2012

12. NON-CURRENT INVESTMENTS
Trade investments (Valued at cost unless stated otherwise)
Equity instruments (quoted)

Nil (Previous year 4.99) equity shares of ` 1.00 each in
 Orient Refractories Limited*

- 4.99

[Market value ` Nil (Previous year ` 129.24 Lacs)]

Non-trade investments (Valued at cost unless stated otherwise)
Government securities (unquoted)

7 years National Savings Certificates**

- 0.27

- 5.26

*With effect from November 16, 2011, Orient Refractories Limited has ceased to be the subsidiary of the Company (note 27).

**Certificates pledged with Sales Tax Authorities ` Nil (Previous year ` 0.27 Lacs)

13. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)
Non Current

Capital Advances

50.65 -

Advances recoverable in cash or kind

105.28 233.11

Other loans and advances

MAT credit entitlement

205.00 322.00

Prepaid expenses

63.29 65.56

Security Deposits (interest free)

10.65 16.42

Advance Income-tax (net of provision for tax)

537.60 535.24

Advance Fringe Benefit Tax (net of provision for FBT)

4.07 4.07

976.54 1,176.40

Current

Advances recoverable in cash or kind

248.61 99.33

Loans and advances to related parties

- 54.74

Other loans and advances

Gratuity fund (net of provision)

13.20 -

Prepaid expenses

66.46 22.35

Balance with statutory/government authorities

172.40 82.05

500.67 258.47

Loans & advances due by directors or other officer, etc.
Loans and advances to related party include

Due from Orient Refractories Limited (ORL) in which the
 Company's managing director is a member

- 54.74

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
(Amount in ` Lacs)		
14. OTHER ASSETS		
Non current		
Unsecured, considered good unless stated otherwise		
Non current bank balances (refer note 17)	102.07	16.60
Interest accrued on non current bank balances and security deposits	8.02	4.02
Surrender value of Keyman Insurance Policies	-	11.43
	<u>110.09</u>	<u>32.05</u>
Current		
Unsecured, considered good unless stated otherwise		
Export benefits recoverable	5.54	6.58
Export benefits recoverable (Considered Doubtful)	1.84	1.84
Unbilled revenue	40.70	54.48
Mark to market value of derivative instrument	233.88	165.55
	<u>281.96</u>	<u>228.45</u>
Less: Provision for doubtful export benefits recoverable	1.84	1.84
	<u>280.12</u>	<u>226.61</u>
15. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)		
Raw materials (Including goods in transit ` 41.92 Lacs, Previous year ` 64.91 Lacs) (note 20)	1,657.98	1,365.61
Work-in-progress (note 21)	1,051.40	729.84
Finished goods (note 21)	1,189.56	1,351.52
Waste	128.11	123.11
Stores and spares (Including goods in transit ` 1.59 Lacs, Previous year ` 37.34)	1,002.95	1,146.94
	<u>5,030.00</u>	<u>4,717.02</u>
16 TRADE RECEIVABLES (UNSECURED UNLESS OTHERWISE STATED)		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	18.78
Unsecured, considered good	44.32	4.45
Considered doubtful	15.52	37.13
	<u>59.84</u>	<u>60.36</u>
Provision for doubtful receivables	15.52	37.13
	<u>44.32</u>	<u>23.23</u>
Others receivables		
Considered good	2,609.62	2,850.18
	<u>2,609.62</u>	<u>2,850.18</u>
	<u>2,653.94</u>	<u>2,873.41</u>

	<u>March 31, 2013</u>	<u>(Amount in ` Lacs)</u> <u>March 31, 2012</u>
17. CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with banks		
- Current accounts	60.74	37.72
- Unpaid dividend accounts	124.04	129.63
Cash on hand	6.74	5.72
Cheque in hand	-	2.91
	<u>191.52</u>	<u>175.98</u>
Other bank balances		
Margin money deposits*	-	16.60
Deposits with original maturity for more than 12 months	102.07	9.23
	<u>102.07</u>	<u>25.83</u>
Amount disclosed under non-current asset (refer note 14)	<u>(102.07)</u>	<u>(16.60)</u>
	<u>-</u>	<u>9.23</u>
	<u>191.52</u>	<u>185.21</u>
	<u>191.52</u>	<u>185.21</u>
*Margin money deposits are given against the bank guarantees given to various customers and government authorities.		
18. REVENUE FROM OPERATIONS		
Sales of products		
Finished goods	18,444.30	16,838.85
Sale of Power	895.57	824.13
Other operating revenue		
Sale of waste	681.03	697.81
Others	4.49	-
Revenue from operations (gross)	<u>20,025.39</u>	<u>18,360.79</u>
Less: Excise duty*	<u>1,828.90</u>	<u>1,647.16</u>
Revenue from operations (net)	<u>18,196.49</u>	<u>16,713.63</u>
*Excise duty on sales amounting to ` 1,828.90 Lacs (Previous year ` 1,647.16 Lacs) has been reduced from sales in statement of profit and loss and excise duty on decrease in stock amounting to ` 28.55 Lacs (Previous year increase of ` 55.87 Lacs) has been considered as (income)/ expense in note 23 of financial statements.		
Details of finished goods sold		
Grains	11,456.91	12,632.44
Monolithics	2,032.47	1,525.81
Calcined products	2,461.25	2,674.05
Non plant grade bauxite (note 39)	2,488.39	-
Others	5.28	6.55
	<u>18,444.30</u>	<u>16,838.85</u>
	<u>18,444.30</u>	<u>16,838.85</u>

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
(Amount in ` Lacs)		
19. OTHER INCOME		
Interest income		
From banks	11.31	2.13
From others	-	2.13
Exchange difference (net)	4.69	-
Dividend from Current Investment (other than trade)	4.99	-
Bad debts recovered (earlier written off)	-	0.36
Liabilities no longer required written back	24.01	-
Profit on sale of Investment	209.75	-
Increase in surrender value of keyman insurance policies	-	4.76
Profit on sale of assets	-	48.61
Export incentive	-	2.30
Miscellaneous income	5.45	61.69
	<u>260.20</u>	<u>121.98</u>
20. COST OF RAW MATERIAL AND COMPONENTS CONSUMED		
Inventory at the beginning of the year	1,365.61	2,972.49
Purchases	5,735.69	5,399.87
	<u>7,101.30</u>	<u>8,372.36</u>
Less: Transferred pursuant to demerger scheme (refer note 27)	-	(1,844.46)
Less: Inventory at the end of the year	<u>(1,657.98)</u>	<u>(1,365.61)</u>
Cost of raw materials and components consumed	<u>5,443.32</u>	<u>5,162.29</u>
Details of raw material and components		
Raw materials and components consumed		
Bauxite	2,734.83	1,755.62
Alumina	2,018.31	2,759.56
Zirconia	251.08	377.55
Others	439.10	269.56
	<u>5,443.32</u>	<u>5,162.29</u>
Details of closing inventory of raw material and components		
Bauxite	1,249.00	999.45
Alumina	357.60	357.82
Zirconia	16.39	-
Others	34.99	8.34
	<u>1,657.98</u>	<u>1,365.61</u>

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
(Amount in ` Lacs)		
21. (INCREASE)/ DECREASE IN INVENTORIES		
Inventories at the end of the year		
Work-in-progress	1,051.40	729.84
Finished goods	1,189.56	1,351.52
Waste	128.11	123.11
	<u>2,369.07</u>	<u>2,204.47</u>
Inventories at the beginning of the year		
Work-in-progress	729.84	1,230.09
Finished goods	1,351.52	2,631.85
Traded goods	-	157.93
Waste	123.11	40.59
	<u>2,204.47</u>	<u>4,060.46</u>
Less: Transferred pursuant to scheme of demerger		
Work-in-progress	-	722.70
Finished goods	-	1,484.23
Traded goods	-	157.93
	<u>-</u>	<u>2,364.86</u>
	<u>2,204.47</u>	<u>1,695.60</u>
Increase in inventories	<u>164.60</u>	<u>508.87</u>
Details of Inventory		
Finished Goods		
Grains	646.46	864.32
Monolithics	27.33	16.18
Calcined products	515.77	471.02
	<u>1,189.56</u>	<u>1,351.52</u>
22. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	1,176.18	1,009.59
Contribution to provident and other fund	136.73	92.38
Gratuity expense (note 32)	71.11	20.89
Staff welfare expenses	76.46	56.22
	<u>1,460.48</u>	<u>1,179.08</u>

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
		(Amount in ` Lacs)
23. OTHER EXPENSES		
Consumption of stores and spare parts	1,958.70	1,850.74
Power and fuel	4,507.36	4,977.86
Freight and forwarding expenses	442.85	49.49
Rent	19.61	16.37
Repairs and maintenance		
- Plant and Machinery	276.83	228.34
- Buildings	62.25	80.61
- Others	8.08	8.25
Insurance	27.85	24.47
Packing expenses	170.22	166.96
Rates and Taxes, excluding taxes on income	20.40	96.10
Commission on sales (other than sole selling agents)	17.61	14.89
Cash discount on sales	0.21	4.21
Other selling expenses	12.31	5.18
Travelling and conveyance	37.11	32.67
Vehicle running and maintenance	41.28	39.71
Communication expenses	10.93	9.00
Donation expenses	2.06	2.00
Printing and stationery	10.79	10.14
Legal and professional fees	96.82	82.51
Auditor's remuneration (refer details below)	12.43	11.94
Royalty	64.21	-
Directors fees	2.50	1.15
Bad Debts written off	0.52	-
Exchange difference (net)	-	14.24
Loss on sale of fixed assets	5.28	-
(Decrease)/increase in excise duty on closing stock	(28.55)	55.87
Miscellaneous expenses	78.55	73.68
	<u>7,858.21</u>	<u>7,856.38</u>
Payment to auditor		
As auditor		
- Audit fee	5.75	5.25
- Limited review	6.25	5.75
In other capacity		
- Out of pocket expenses	0.43	0.94
	<u>12.43</u>	<u>11.94</u>
24. FINANCE COSTS		
Interest	489.81	489.18
Charges on derivative instruments	-	122.36
Bank Charges	33.47	46.27
	<u>523.28</u>	<u>657.81</u>
25. EARNINGS PER SHARE (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net profit for calculation of basic and diluted EPS	1,594.84	914.05
Weighted average number of equity shares in calculating basic and diluted EPS (no. in Lacs)	1,196.39	1,196.39
Basic and diluted earning per share (in `)	1.33	0.76

26. SEGMENT INFORMATION

Business Segments

The Company operates in primarily two segments i.e. (a) Fused aluminum oxide grains including calcined products, refractories & monolithics and (b) generation of power.

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

Fused Aluminium Oxide Grains manufactures calcined bauxite and fused aluminium oxide abrasive grains. Raw bauxite and calcined alumina are the basic raw materials used for the manufacture of abrasive grains. Raw bauxite is procured from mines owned by the Company and others and Calcined alumina is purchased from aluminium companies. A portion of these products is captively consumed for manufacturing of monolithics low cement castables which are mainly consumed in steel plants.

Power generation segment – The Company has a thermal power plant and a furnace oil based power plant with capacity of 9MW each. The electricity from these power plants is meant for captive consumption by the manufacturing division at Porbandar (Fused aluminium oxide grain). The Company has also set up windmills of total power generation capacity of 11.1 MW. The power generated by these windmills is sold to the respective state power distribution companies.

Geographical Segments

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

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

Segment Information

The following table presents revenue and profit information regarding business segments for the years ended March 31, 2013 and March 31, 2012 and certain assets and liabilities information regarding business segments at March 31, 2013 and March 31, 2012.

(Amounts in ` Lacs)

Primary Segments Reporting (by Business Segments)

Segment Revenues, Results and Other Information

Particulars	Fused Aluminium Oxide Grains including Calcined Products and Monolithics		Power Generation		Total	
	2013	2012	2013	2012	2013	2012
REVENUE						
External Sales (net of excise duty)	17,300.92	15,889.50	895.57	824.13	18,196.49	16,713.63
Other Income (net, where applicable)	32.73	4.24	-	60.00	32.73	64.24
Inter Segment Sales	-	-	3,617.01	3,950.93	3,617.01	3,950.93
Total	17,333.65	15,893.74	4,512.58	4,835.06	21,846.23	20,728.80
Less: Inter Segment Sale	-	-	(3,617.01)	(3,950.93)	(3,617.01)	(3,950.93)
Add: Unallocated Corporate Income (net, where applicable)	-	-	-	-	1.42	57.74
Net Sales / Income from Operations	17,333.65	15,893.74	895.57	884.13	18,230.64	16,835.61
SEGMENT RESULTS	2,069.98	1,311.13	530.83	673.17	2,600.81	1,984.30
Less: Corporate Expenses - (Unallocated)					(60.29)	(119.40)
Operating Profit					2,540.52	1,864.90
Less: Interest Expenses					(489.81)	(611.54)
Add: Interest Income					11.31	4.26
Profit before tax					2,062.02	1,257.62
Less: Taxes					(467.18)	(343.57)
Net profit after tax					1,594.84	914.05

Primary Segments Reporting (by Business Segments) (Amounts in ` Lacs)
Segment Revenues, Results and Other Information

Particulars	Fused Aluminium Oxide Grains including Calcined Products		Power Generation		Total	
	2013	2012	2013	2012	2013	2012
SEGMENT ASSETS	11,342.12	11,159.46	8,527.31	9,260.82	19,869.43	20,420.28
Unallocated corporate assets					1,160.00	1,411.68
Total assets	11,342.12	11,159.46	8,527.31	9,260.82	21,029.43	21,831.96
Segment liabilities	1,573.99	1,249.76	345.29	196.92	1,919.28	1,446.68
Unallocated corporate liabilities					4,829.20	7,212.49
Total liabilities	1,573.99	1,249.76	345.29	196.92	6,748.48	8,659.17
Capital expenditure	136.59	188.63	4.73	201.95	141.32	390.58
Unallocated corporate capital expenditure					79.51	37.83
Total capital expenditure					220.83	428.41
Depreciation/amortisation	559.96	489.93	700.68	729.67	1,260.65	1,219.60
Unallocated corporate depreciation					13.33	11.70
Total depreciation/ amortisation	559.96	489.93	700.68	729.67	1,273.98	1,231.30
Other non-cash expenses	0.46	-	-	37.10	0.46	37.10

SECONDARY SEGMENT REPORTING (BY GEOGRAPHICAL SEGMENTS)

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

Particulars	March 31, 2013	March 31, 2012
Domestic Market	17,372.41	16,641.07
Overseas Markets	824.08	72.56
Total	18,196.49	16,713.63

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

Particulars	March 31, 2013	March 31, 2012
Domestic Market	2,661.63	2,899.36
Overseas Markets	7.83	11.18
Total	2,669.46	2,910.54

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

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

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

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

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

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

- (ii) Loans as identified for the demerged undertaking and transferred to ORL were recorded in the books of the transferee company.
- (iii) Aggregate face value of the new equity shares (1,196.39 Lacs shares of ₹ 1.00 each amounting to ₹ 1,196.39 Lacs) issued by the transferee company to the members of the Company was credited to the share capital account on the Appointed Date by the transferee company. The transferee company in its board meeting dated November 15, 2011 had allotted these shares. In view of the allotment of shares, the Company ceased to be the holding company of the transferee company.
- (iv) The employees of the demerged undertaking were transferred to ORL on their existing terms of employment with the company.
- (v) All contingent liabilities relating to demerged undertaking were transferred to the transferee company on the Appointed Date.
- (vi) Deferred Tax Liability (net) pertaining to the demerged undertaking and as agreed by the board of directors was transferred to the transferee company.

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

28. RELATED PARTY DISCLOSURES

Names of Related Parties

A. Individuals holding 20% or more voting rights

- Mr S G Rajgarhia (Managing Director) upto November 28, 2012
- S G Rajgarhia (HUF) upto November 28, 2012

B. Key Managerial personnel and their relatives

Name	Relationship
1. Mr S G Rajgarhia	Managing Director
2. Mrs Usha Rajgarhia	Wife of Managing Director
3. Mr R K Rajgarhia	Brother of Managing Director
4. Ms Anisha Mittal	Daughter of Managing Director
5. Ms Bhavna Rajgarhia	Daughter of Managing Director
6. S G Rajgarhia (HUF)	HUF
7. Mr P P Khanna	Director
8. Mr R K Khanna	Director (w.e.f. September 24, 2012)

C. The Enterprises controlled, owned or significantly influenced by key managerial personnel or their relatives.

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

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

TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR
(Amounts in ` Lacs)

Particulars	A. Key managerial personnel and their relatives		B. Enterprises owned or significantly influenced by key managerial personnel or their relatives		Total	
	2013	2012	2013	2012	2013	2012
SALES						
Pyramid Abrasives Pvt. Ltd.	-	-	60.47	65.29	60.47	65.29
Unifrax India Ltd.	-	-	-	12.65	-	12.65
Orient Coated Pvt. Ltd.	-	-	17.20	27.94	17.20	27.94
Orient Refractories Ltd.	-	-	4,592.32	3,752.14	4,592.32	3,752.14
Total	-	-	4,669.99	3,858.02	4,669.99	3,858.02
PURCHASE						
Pyramid Abrasives Pvt. Ltd.	-	-	0.81	0.54	0.81	0.54
Orient Coated Pvt. Ltd.	-	-	-	0.12	-	0.12
Orient Refractories Ltd.	-	-	21.86	97.48	21.86	97.48
Total	-	-	22.67	98.14	22.67	98.14
COMMISSION ON SALES						
Hindustan General Industries Ltd.	-	-	-	0.04	-	0.04
RENT PAID						
Ms Bhavna Rajgarhia	17.33	17.01	-	-	17.33	17.01
Mrs Usha Rajgarhia	6.91	6.91	-	-	6.91	6.91
Madhushree Properties Pvt. Ltd.	-	-	1.80	1.80	1.80	1.80
Total	24.24	23.92	1.80	1.80	26.04	25.72
Guarantee given By Mr S G Rajgarhia*	3,400.00	8,065.00	-	-	3,400.00	8,065.00
FINANCIAL EXPENSES						
Rovo Marketing Pvt. Ltd.	-	-	39.96	24.65	39.96	24.65
Zipper Trading Enterprises Ltd.	-	-	1.05	-	1.05	-
Mr P P Khanna	13.47	0.77	-	-	13.47	0.77
Total	13.47	0.77	41.01	24.65	54.48	25.42
DIVIDEND PAID TO						
Mr S G Rajgarhia*	35.57	-	-	-	35.57	-
S G Rajgarhia (HUF) *	16.03	-	-	-	16.03	-
Mrs Usha Rajgarhia	13.16	-	-	-	13.16	-
Ms Anisha Mittal	26.46	-	-	-	26.46	-
Ms Bhavna Rajgarhia	16.52	-	-	-	16.52	-
Rovo Marketing Pvt. Ltd.	0.03	-	-	-	0.03	-
HGI Finance & Leasing Ltd.	0.22	-	-	-	0.22	-
Mr R K Rajgarhia	1.30	-	-	-	1.30	-
Total	109.29	-	-	-	109.29	-

TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR
(Amounts in ` Lacs)

Particulars	A. Key managerial personnel and their relatives		B. Enterprises owned or significantly influenced by key managerial personnel or their relatives		Total	
	2013	2012	2013	2012	2013	2012
MANAGERIAL REMUNERATION**						
Mr S G Rajgarhia*	73.36	54.28	-	-	73.36	54.28
Mr P P Khanna	61.64	54.63	-	-	61.64	54.63
Mr R K Khanna	29.69	-	-	-	29.69	-
Total	164.69	108.91	-	-	164.69	108.91
SALARIES, WAGES AND BONUS						
Mrs Usha Rajgarhia	3.79	1.32	-	-	3.79	1.32
Ms Anisha Mittal	15.16	16.33	-	-	15.16	16.33
Total	18.95	17.65	-	-	18.95	17.65
DIRECTOR FEES						
Mr R K Rajgarhia	0.55	0.60	-	-	0.55	0.60
UNSECURED LOAN TAKEN						
Rovo Marketing Pvt. Ltd.	-	-	2,486.87	1,545.19	2,486.87	1,545.19
Zipper Trading Enterprises Ltd.	-	-	40.00	-	40.00	-
Mr P P Khanna	150.00	100.61	-	-	150.00	100.61
Total	150.00	100.61	2,526.87	1,545.19	2,676.87	1,645.80
SHORT TERM BORROWINGS REPAID						
Rovo Marketing Pvt. Ltd.	-	-	2,513.45	1,411.65	2,513.45	1,411.65
Mr P P Khanna	10.06	-	-	-	10.06	-
Total	10.06	-	2,513.45	1,411.65	2,523.51	1,411.65
TRADE RECEIVABLES						
Pyramid Abrasives Pvt. Ltd.	-	-	10.84	26.35	10.84	26.35
Orient Coated Pvt. Ltd.	-	-	3.93	6.28	3.93	6.28
Orient Refractories Ltd.	-	-	521.23	42.81	521.23	42.81
Total	-	-	536.00	75.44	536.00	75.44
TRADE PAYABLES						
Mr S G Rajgarhia*	48.73	20.56	-	-	48.73	20.56
Mrs Usha Rajgarhia	0.66	0.26	-	-	0.66	0.26
Ms Anisha Mittal	2.54	2.82	-	-	2.54	2.82
Mr P P Khanna	7.75	5.86	-	-	7.75	5.86
Mr R K Khanna	2.59	-	-	-	2.59	-
Hindustan General Industries Ltd.	-	-	-	0.04	-	0.04
Total	62.27	29.50	-	0.04	62.27	29.54
SHORT TERM BORROWINGS						
Rovo Marketing Pvt. Ltd.	-	-	146.92	133.54	146.92	133.54
Zipper Trading Enterprises Ltd.	-	-	39.90	-	39.90	-
Mr P P Khanna	254.02	100.61	-	-	254.02	100.61
Total	254.02	100.61	186.82	133.54	440.84	234.15
OTHER ADVANCES (Gratuity recoverable)						
	-	-	-	54.74	-	54.74
Other recoverable						
	-	-	-	181.54	-	181.54

Notes:

1. No amount has been provided as doubtful debts or advances/written off or written back in the year in respect of debts due from above related parties.
2. * Was having substantial interest till November 28, 2012.
3. **As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

29. The assets of ₹ 205.00 Lacs (Previous year ₹ 322.00 Lacs) recognized by the Company as 'MAT Credit Entitlement Account' under 'Loans and Advances' represents that portion of MAT liability, which can be recovered and set off in subsequent years based on provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize MAT credit assets. The management is confident that no losses are expected in this regard.

	(Amount in ₹ Lacs)	
	<u>March 31, 2013</u>	<u>March 31, 2012</u>
30. CONTINGENT LIABILITIES (NOT PROVIDED FOR) IN RESPECT OF		
i) Power claim matters decided in favour of the Company by the District Court (Civil Court, Senior Division, Porbandar) but Paschim Gujarat Vidyut Company Limited has gone into further appeal before Hon'ble High Court of Gujarat.*	338.02	338.02
ii) Sales tax and interest demand raised by Kolkata Sales tax authorities for non-submission of declarations forms for the year 1993-94	3.75	3.75
iii) Demand raised by the Income Tax Authorities, being disputed by the Company (refer note A below)	2,187.73	2,175.97
iv) Demand for payment of royalty (refer note B below)	3,809.46	3,809.46
v) Cases pending with Labour Courts#		(Amount unascertainable)

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

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

(A) Demand raised by the Income tax authorities relate to the following matters

- i. The Company has a thermal power plant at Porbandar to meet the energy needs of its abrasives grains division (AGD) at Porbandar. Under Section 80IA of the Income Tax Act, 1961, the profit of the power plant is not liable to income tax and therefore a deduction of an amount equal to hundred percent of the profit derived from such business is allowable from the total income of the Company for a period of 10 consecutive assessment years. The Department allowed the benefit to Company with respect to financial years 2001-02 and 2002-03. However in respect of financial years 2003-04, 2004-05, 2005-06 and 2006-07, department denied the benefit by taking a different view. The Company appealed against the same and Commissioner of Income Tax (Appeals) ['CIT(A)'] decided appeal in favour of the Company by reversing the department's order. Against this, the department has gone into appeal before the Income Tax Appellate Tribunal ('ITAT'). Subsequently, the department reopened the case for the year 2001-02 and disallowed the benefit to the Company. The Company has appealed against this, and CIT (A) and ITAT has passed orders in favour of the Company. During the year 2009-10, ITAT has decided the cases in respect of financial years 2001-02, 2003-04, 2004-05, 2005-06 and 2006-07 in favour of the Company. Again, regarding above orders of ITAT, the department has filed an appeal with the Hon'ble High Court. Further during the year 2010-11, the Company has also received demand in respect of the financial year 2007-08 against which the Company filed an appeal with CIT(A). In the current year, CIT(A) has allowed the deduction under section 80IA of the Income tax Act for the financial year 2002-03 in respect of power generated by it for captive consumption. The Company had also received order in the previous year from CIT(A) in relation to financial year 2007-08 allowing the deduction. The department has appealed against this order with ITAT. Also assessment order in relation to financial year 2008-09 was received in the previous year, again denying the benefit. The Company had preferred an appeal against this order.

However, an assessment order has been received by the Company during the year for financial year 2009-10 in which no disallowance under section 80IA has been made by AO. Aggregate tax amount involved in relation to all these years is ₹ 1715.16 Lacs (Previous year ₹ 1,988.73 Lacs). The Company on the basis of current status of the case and advice obtained from legal counsel is confident that there would not be any probable outflow of resources in this matter.

- ii. Disallowance in respect of treatment of surrender value of keyman insurance policy with respect to financial year 2002-03 and 2008-09. Tax amount involved is ₹ Nil (Previous year ₹ 27.45 Lacs).

- iii. The Company had claimed notional loss on account of derivative transaction with respect to year 2008-09, which was later on disallowed by the Company by way of revising its return. The assessing officer has accepted the Company's revised return, however, initiated penalty proceedings. Tax amount involved is ` 159.79 Lacs (Previous year ` 159.79 Lacs).
- iv. The assessing officer (AO) has made disallowances on account of depreciation on windmills by the Company in the A.Y. 2010-11 stating that the windmills were not put-to-use in the said assessment year. Further, the AO has disallowed depreciation claimed by the Company in A.Y. 2010-11 on motor vehicles stating that the non-refundable payment made by the employee for purchase of motor vehicles should be reduced from the cost of the asset. Tax amount involved is ` 312.78 Lacs (Previous year ` Nil).

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

- B. (i) The Company has also received various demands for payment of differential royalty on raw bauxite dispatched from the Company owned mines. The amount involved is ` 1,289.07 Lacs. As the Company has disputed this demand, it has also paid ` 100.00 Lacs as deposit. Further the Company based on legal advice is of view that no provision is necessary for the present demand.
- (ii) During the year, the Company has received various demands from Geology and Mining Department, for payment of royalty on difference between quantity of raw bauxite dispatched from the Company owned mines as per the its records and as computed by the department. The amount involved is ` 2,520.39 Lacs.

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

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

(Amounts in ` Lacs)

S. No.	Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	March 31, 2013	March 31, 2012
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year - Principal Amount Unpaid - Interest Due on above	- -	- -
(ii)	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year - Payment made beyond the Appointed Date - Interest Paid beyond the Appointed Date	- -	- -
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
(iv)	The amount of interest accrued and remaining unpaid at the end of the year and	-	-
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

32. GRATUITY AND OTHER POST- EMPLOYMENT BENEFIT PLANS

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

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

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

Statement of Profit and Loss
Net employee benefit expense (recognised in employee benefit expenses)
(Amounts in ` Lacs)

Particulars	March 31, 2013	March 31, 2012
Current service cost	30.13	21.12
Interest cost on benefit obligation	29.15	29.19
Expected return on plan assets	(26.87)	(28.76)
Net actuarial (gain)/ loss recognized in the year	38.70	(0.14)
Past service cost	-	-
Net benefit expense	71.11	21.41

Balance Sheet
Details of Provision for Gratuity

Particulars	March 31, 2013	March 31, 2012
Defined benefit obligation	401.97	342.99
Fair value of plan assets	415.17	293.09
Surplus/(Deficit)	13.20	(49.90)
Less: Unrecognized Past service cost	-	-
Plan asset / (liability)	13.20	(49.90)

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

Particulars	March 31, 2013	March 31, 2012
Defined benefit obligation as at the beginning of the year	342.99	591.81
Transferred pursuant to demerger scheme	-	(248.28)
Interest cost	29.15	29.19
Past service cost	-	-
Current service cost	30.13	21.12
Benefits paid	(41.48)	(50.71)
Actuarial (gains) / losses on obligation	41.18	(0.14)
Defined benefit obligation as at the end of the year	401.97	342.99

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

Particulars	March 31, 2013	March 31, 2012
Fair value of plan assets at the beginning of the year	290.58	516.38
Transferred pursuant to demerger scheme	-	(216.64)
Expected return on plan assets	26.88	28.76
Contributions by employer	136.71	70.04
Benefits paid	(41.48)	(50.71)
Other adjustments*	-	(54.74)
Actuarial gains / (losses)	2.48	-
Fair value of plan assets at the end of the year	415.17	293.09

The Company expects to contribute ` 14.55 Lacs to gratuity in the next year (previous year ` 58.67 Lacs).

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

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

Particulars	March 31, 2013	March 31, 2012
Investments with insurer - Insurance policy with Life Insurance Corporation of India	100%	100%

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

Particulars	March 31, 2013 %	March 31, 2012 %
Discount rate	8.50	8.50
Increase in Compensation cost	7.60	7.60
Expected rate of return on plan assets	9.30	9.30
Employee turnover – Age Group		
Up to 30 years	3	3
31 – 44 years	2	2
Above 44 years	1	1

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

Amounts for the current and previous four years are as follows

(Amounts in ` Lacs)

Particulars	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined benefit obligation	401.97	342.99	591.81	504.06	402.92
Plan assets	415.17	293.09	516.38	425.78	336.65
Surplus / (deficit)	13.20	(49.90)	(75.43)	(78.28)	(66.27)
Experience adjustments on plan liabilities (loss)/gain	(41.18)	(0.14)	(46.01)	(24.68)	(46.55)
Experience adjustments on plan assets (loss)/gain	2.33	-	3.39	1.65	(1.07)

Contribution to Defined Contribution plans

Particulars	March 31, 2013	March 31, 2012
Provident Fund	109.57	71.52

33. Provision for Income tax Act has been made after taking into consideration the benefits available under Section 80IA of the Income Tax Act, 1961 in respect of power plant installed at Porbandar for captive consumption.
34. The Company has taken various residential, office and warehouse premises and plant and machinery under operating lease agreements. These are cancellable and are renewable by mutual consent on mutually agreed terms. The lease payment recognized in the statement of profit & loss account for the year is ` 19.61 Lacs (Previous year ` 29.23 Lacs).

35. DERIVATIVE INSTRUMENT AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Forward and derivative contract outstanding as at Balance Sheet date

Particulars	Currency	March 31, 2013	March 31, 2012	Purpose
Cross Currency Coupon only swap with call	USD	2,500,000	3,500,000	To hedge the interest rate and currency risk by switching its floating USD interest rate liability with a fixed INR interest rate liability for a specific period of time and required notional amounts.
Interest accrued but not due	USD	38,795	21,306	This amount represent interest accrued but not due on above foreign currency loans.
Cross Currency Coupon only swap with options	USD	1,360,925	-	To hedge the currency risk by switching its floating USD rate liability with a fixed INR rate liability for a specific period of time and required notional amounts.

Particulars of unhedged foreign currency exposure at the Balance Sheet date :

(Amounts in ` Lacs)

Particulars	Currency	March 31, 2013			March 31, 2012		
		Foreign currency	Rate	Amounts	Foreign currency	Rate	Amounts
Trade receivables	USD	14,445	54.06	7.83	22,000	50.84	11.18

36. THE BREAKUP OF EXPENSES RELATING TO RAISING OF RAW BAUXITE AT COMPANY'S OWN MINES IS AS UNDER

Particulars	March 31, 2013	March 31, 2012
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	122.79	56.54
Contribution to Provident and other funds	3.50	2.81
Workmen and Staff Welfare Expenses	4.57	4.72
Manpower expenses	1130.17	1,286.94
OPERATING AND OTHER EXPENSES		
Consumption of Stores and Spares	1.31	0.62
Rent	-	0.48
Rates & Taxes	32.88	20.75
Royalty on Raw Bauxite (On dispatch to factory)	80.06	55.42
Insurance	0.18	0.22
Legal and Professional Fees	65.17	99.52
Vehicle Running & Maintenance	5.28	4.69
Repairs and Maintenance :		
- Plant & Machinery (excluding Stores & Spares Consumed)	0.02	0.03
- Buildings	0.51	0.36
- Others	1.62	0.33
Traveling & Conveyance	8.06	8.37
Printing and Stationery	2.14	4.68
Communication cost	2.21	1.23
Bank Charges	0.11	0.33
Miscellaneous Expenses	9.38	41.28
Total	1469.97	1,589.32

37. SUPPLEMENTARY STATUTORY INFORMATION

37.1 EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

Particulars	March 31, 2013	March 31, 2012
Exports at F.O.B. Value	824.08	72.56

37.2 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

Particulars	March 31, 2013	March 31, 2012
Travelling	2.41	1.67
Interest	131.75	65.67
Commission	-	1.50
Total	134.16	68.84

37.2 VALUE OF IMPORTS CALCULATED ON CIF BASIS (ON ACCRUAL BASIS)
(Amounts in ` Lacs)

Particulars	March 31, 2013	March 31, 2012
Raw Materials	28.70	57.83
Stores and Spares	409.94	334.07
Capital Goods	-	101.04
Total	438.64	492.94

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

Particulars	% of total consumption		Amount	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Raw Materials				
Indigenous*	98.86	99.43	5,381.26	5,133.19
Imported	1.14	0.57	62.06	29.10
Total	100.00	100.00	5,443.32	5,162.29
Stores and Spares				
Indigenous	81.55	77.47	1,597.26	1,433.72
Imported	18.45	22.53	361.44	417.02
Total	100.00	100.00	1,958.70	1,850.74

* Includes direct expenses as stated in note 36

39. (a) Sale of non plant grade bauxite requires specific approval from the state government. During the year, the Company has sold such stock amounting to ` 2,488.39 Lacs (Previous year ` Nil) on the basis of approval obtained.

(b) The management estimates that the Company has stocks of non plant grade bauxite at various mines in Jamnagar district, Gujarat weighing 207,658 tonnes for which it has not obtained any approval for sale (in many cases not even applied for). In view of this, no realizable value has been considered at the year end for such stocks and thus valued accordingly.

40. Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For S R BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E

per Vikas Mehra

Partner

Membership No. 94421

For and on behalf of the Board of Directors of

Orient Abrasives Limited

S G Rajgarhia

Managing Director

P P Khanna

Executive Director

B L Gupta

Sr. Vice President - Finance

Vinod Goyal

Company Secretary

Place : Gurgaon

Date : May 17, 2013

Place : New Delhi

Date : May 17, 2013