
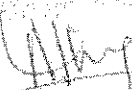
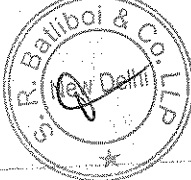

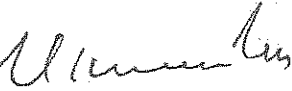


Form - A

Covering letter of Annual Audit Report

1	Name of Company:	Orient Abrasives Limited
2	Annual Financial Statements for the year ended:	31 March 2014
3	Type of Audit Observation:	Un-qualified / Matter of Emphasis
4	Frequency of observation:	Whether appeared first time/repetitive/Since how long period
5	To be signed by:	
	• CEO/ Managing Director	<p>For ORIENT ABRASIVES LTD</p>  <p>Managing Director</p>
	• CFO	<p></p> <p>CFO</p>
	• Auditor of the Company	 
	• Audit Committee Chairman	

*43rd*  
*Annual Report*  
*2013-14*



ORIENT ABRASIVES LIMITED

## MANAGEMENT

### BOARD OF DIRECTORS

(As on 6 August 2014)

Mr. S G Rajgarhia, Managing Director  
Mr. R S Bajoria, Chairman, Non Executive Independent Director  
Mr. U K Khaitan, Non Executive Independent Director  
Mr. P P Khanna, Executive Director  
Mr. R K Khanna, Executive Director  
Mr. Manoj C Ganatra, Non Executive Independent Director

### CHIEF FINANCIAL OFFICER

Mr. Amarsingh Sihag

### COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Kamlesh Kumar Mundra

### BANKERS

HDFC Bank  
State Bank of India  
Standard Chartered

### AUDITORS

S.R. Batliboi & Co. LLP

### REGISTERED OFFICE

1307, Chiranjiv Tower  
43, Nehru Place  
New Delhi-110 019  
e-mail: ho@oalindia.com  
web site: www.orientabrasives.com  
CIN-L24299DL1971PLC005854

### REGISTRAR & TRANSFER AGENT

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

### WORKS

#### Abrasives Grains & Power Division

GIDC Industrial Area,  
Porbandar  
Gujarat-360 577

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## DIRECTORS' REPORT

*Dear Members*

Your directors have pleasure in presenting the FORTY THIRD annual report of the Company along with the audited financial statements for the financial year ended March 31, 2014.

### FINANCIAL RESULTS

PARTICULARS	2013-2014	2012-2013
Revenue from Operations (Gross)	19,316.79	20,025.39
Less: Excise Duty	1,938.61	1,828.90
<b>Revenue from Operations (Net)</b>	<b>17,378.18</b>	<b>18,196.49</b>
Add:- Other Income	128.02	260.20
<b>Total Revenue</b>	<b>17,506.20</b>	<b>18,456.69</b>
Profit before depreciation, interest and tax	2,551.47	3,825.81
<b>Less:</b> Depreciation	<b>1,270.06</b>	<b>1,273.98</b>
Interest	223.56	489.81
Profit before Income Tax	1,057.85	2,062.02
<b>Less :</b> Income Tax	<b>351.75</b>	<b>467.18</b>
Net Profit for the year	706.10	1,594.84
<b>Add:</b> Balance brought forward from the previous year	<b>4,974.64</b>	<b>4,469.70</b>
Amount available for appropriation	5,680.74	6,064.54
<b>Appropriation:</b>		
General Reserve	100.00	600.00
Dividend on Equity Shares	239.28	418.74
Corporate dividend tax	40.67	71.16
Balance carried forward to balance sheet	5,300.79	4,974.64

### DIVIDEND

Based on the Company's performance, your directors are pleased to recommend a final dividend of ₹ 0.20 per share (i.e. 20%) for the financial year 2013-14 on the capital of 11,96,39,200 equity shares of ₹1.00 each, in previous year it was ₹ 0.35 per share (i.e. 35%). The final dividend on the equity shares, if approved by the members would involve a cash outflow including dividend distribution tax of ₹ 279.95 Lacs (Previous Year ₹ 489.90 Lacs).

### OPERATIONS REVIEW AND FUTURE OUTLOOK

The gross turnover of the company decreased to ₹ 19,316.79 Lacs during the year under review from ₹ 20,025.39 Lacs in the previous year. Accordingly Profit Before Tax (PBT) and net profit were ₹ 1057.85 Lacs and ₹ 706.10 Lacs respectively as compared to ₹ 2,062.02 Lacs and ₹ 1,594.84 Lacs respectively in the previous year.

During the year under review the company could sell non-plant grade bauxite amounting to ₹ 840.18 Lacs, as compared to ₹ 2488.39 Lacs, in the previous year, due to non receipt of permission from the Gujarat Government. The company expects to sell a larger quantity in the current year after the receipt of permission from the Government.

The Market for abrasive grains is showing improvement in the current year. In order to meet the increased demand the company has got the connected load from Paschim Gujarat Vij Company Ltd. (PGVCL) increased to 4 M.W. from 2.4 M.W. This will enable the company to operate one additional furnace.

The Company is also installing an additional tilting furnace which will increase the productivity and reduce the cost of production of white fused grains.

The Company has installed wind power plants of 11.1 M.W. in Rajasthan & Karnataka. The plants in Karnataka are operating satisfactorily but the plants in Rajasthan faced several local problem like theft of cables etc. Therefore the generation of power was lower compared to pervious year. During the year the gross revenue from sale of power to respective state power distribution companies was ₹ 698.77 lacs as compared to ₹ 895.57 Lacs in the previous year.

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 company's performance will improve significantly in the current year.

**FIXED DEPOSIT**

The Company has repaid all the fixed deposit with interest thereon. As on date the company has no fixed deposits.

**AUDITORS**

The Existing Auditors M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, retire at the ensuing annual general meeting and being eligible, offer themselves for re appointment. Your company has received a certificate from the auditors to the effect that they are eligible for re-appointment under the applicable provisions of the Companies Act, 2013.

Members are requested to appoint auditors in ensuing AGM from conclusion of this 43rd AGM to the 44th AGM for a period of one year.

**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. There is no adverse remark in the audit report for the year.

**COST AUDITORS**

M/s K G Goyal & Associates were appointed as Cost Auditors u/s 233(1B) of Companies Act 1956 for the financial year 2012-13. The Cost Audit Report had been filed in XBRL format in requisite form on 26 September 2013 for the FY 2012-13. The Cost audit report for the Financial Year ended March 31, 2014 will be filed on or before due date.

Cost Auditors have confirmed that their re-appointment, if made, shall be within the limits laid down in Section 139 and 141 of the Companies Act, 2013.

M/s. K G Goyal & Associates, Cost Accountants have been appointed as Cost Auditor u/s 148 of Companies Act 2013 and rule 3 & 4 of Companies (Cost Records and Audit) Rules, 2014 of the Company for the financial year 2014-15 for the products manufactured by the Company at a fee of ₹ 50,000/- plus Service Tax and reimbursement of out of pocket expenses. The Fees is subject to confirmation of the members in AGM.

**DIRECTORS**

Mr. R K Khanna having been longer in the office, retires by rotation at the ensuing annual general meeting and being eligible offer himself for re-appointment. Mr. R. K. Khanna is an executive director of the Company. A brief resume of the appointee is given in the notice to the annual general meeting. Your directors recommend his re-appointment at the ensuing annual general meeting in the overall interest of the Company.

During the period Mr. R K Rajgarhia and Mr. S K S Narayan were resigned from the Board of the Company. During the year Mr. Dilip Gandhi was appointed as director and subsequently he resigned from the Board.

The Board places on record its gratitude for the services rendered by all the directors during their tenure as member of the Board.

During the current year Mr. Manoj C Ganatra was appointed as additional director w.e.f. 2 May 2014.

**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 2013-14, 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 has been assigned by Credit Analysis & Research Ltd. (CARE). This rating indicates adequate safety and carries low credit risk.

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

**CODE OF CONDUCT**

The Company has laid down a code of conduct for the directors and senior management personnel as specified for Insider Trading. The amended code was adopted in the board meeting held on 6 August 2014. It is available on the website of the Company [www.orientabrasives.com](http://www.orientabrasives.com). A declaration by the managing director regarding annual affirmation of compliance of the code by all concerned is annexed to the report on corporate governance.

**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 ( now section 134 of the Companies Act 2013) read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, (now Companies (Accounts) Rules, 2014) is given in **Annexure-A** and forms part of this report.

**PARTICULARS OF EMPLOYEES**

None of the Directors/Employees have drawn remuneration more than ₹ 60 Lacs P.A. Accordingly it does not attracts disclosure requirements as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) rules, 1975 as amended in 2011.

**MANAGEMENT DISCUSSION AND ANALYSIS**

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

**CORPORATE SOCIAL RESPONSIBILITY**

During the year, your directors have constituted the Corporate Social Responsibility Committee (CSR Committee) comprising Mr. R S Bajoria, Chairman and Mr. S G Rajgarhia and Mr. P P Khanna as other members

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) and deciding the activities to be undertaken by the Company.

**CORPORATE GOVERNANCE**

A separate section on corporate governance is attached to this report as **Annexure-C**. A certificate from the Practicing Company Secretary regarding compliance of the conditions of corporate governance as stipulated under clause 49 of the listing agreements with stock exchanges is enclosed as **Annexure-D**. A certificate from the managing director that all board members and senior management personnel have affirmed compliance with the code of conduct for the year ended March 31, 2014 is attached as **Annexure-E**. CEO/General Manager certificate is enclosed as **Annexure-F**.

**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  
6 August 2014

Sd/-  
R S Bajoria  
Chairman  
(DIN-00033727)

**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 (NOW SECTION 134 OF THE COMPANIES ACT 2013) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, (NOW COMPANIES (ACCOUNTS) RULES, 2014)**

**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 now not applicable to the Company.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

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

**FOREIGN EXCHANGE EARNINGS AND OUTGO**
**( ₹ In Lacs)**

Particulars	2013-2014	2012-2013
Earned	130.65	824.08
Outgo	557.57	572.80

**ANNEXURE-B**
**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**
**GENERAL REVIEW**

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

The Abrasives Grains Division, the first of Company's all divisions, was established in the year 1974.

The Company 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 M.W. 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 & Refractory Monolithics**

The Abrasives Grains Division at Porbandar is the first manufacturing unit set up by the Company. The Division manufactures calcined bauxite and fused aluminium oxide abrasive grains. Raw bauxite and calcined alumina are the basic raw materials used for the manufacture of abrasive grains. Raw bauxite is procured from mines owned by the Company and others and calcined alumina is purchased from aluminium companies, Hindalco Industries Limited being prominent amongst them. These products are used in the 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 M.W. 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 25 (Segment Information) of the Annual Report.

### **FINANCIALS AND INTERNAL CONTROL**

During the year under review the gross turnover of the company was ₹ 19316.79 Lacs and gross profit & net profit were ₹ 1057.85 Lacs & ₹ 706.10 Lacs respectively. The turnover of the abrasives grains was ₹ 12709.88 Lacs. During the year, the Company has sold/ export non plant grade bauxite amounting to ₹ 840.18 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 ₹ 698.77 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 half of the total board strength. The total board strength is Six out of which three are independent directors. The chairman is non executive and not related to the promoter. As required, independent directors constitute 1/2 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 2013-14		Whether attended last AGM held on July 18, 2013	Number of Directorships in other Public Companies		Number of Committee positions held in other public Companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. R K Rajgarhia <sup>1</sup> (Chairman)	Non-Executive, Promoter	4	3	No	Mr. R K Rajgarhia was resigned from the board w.e.f 18 November 2013.			
Mr. S G Rajgarhia (Managing Director)	Executive, Promoter	4	4	Yes	0	4	0	0
Mr. P P Khanna	Executive	4	2	No	0	0	0	0
Mr. R S Bajoria (Chairman) <sup>2</sup>	Non-Executive, Independent	4	3	No	0	3	0	0
Mr. U K Khaitan	Non-Executive, Independent	4	4	Yes	0	8	2	4
Mr. S K S Narayan <sup>3</sup>	Non-Executive, Independent	4	0	No	Mr. S K S Narayan was resigned from the board w.e.f 10 February 2014.			
Mr. R K Khanna	Executive	4	0	No	0	0	0	0
Mr. Dilip Gandhi <sup>4</sup>	Non-Executive, Independent	4	0	N.A.	Mr. Dilip Gandhi was appointed on 10 February 2014 and subsequently he resigned from the board w.e.f 25 March 2014.			
Mr. Manoj C Ganatra <sup>5</sup>	Non-Executive, Independent	4	N.A.	N.A.	1	1	0	2

1. Mr. R K Rajgarhia was resigned from the board w.e.f 18 November 2013.

2. Mr. R S Bajoria was nominated as Chairman of the Company w.e.f 6 August 2014.

3. Mr. S K S Narayan was resigned from the board w.e.f 10 February 2014.

4. Mr. Dilip Gandhi was appointed on 10 February 2014 and subsequently he resigned from the board w.e.f 25 March 2014.

5. Mr. Manoj C Ganatra was appointed as an additional director w.e.f. 02 May 2014.

Four 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 17, 2013; August 12, 2013; November 14, 2013; and February 10, 2014. 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.

As on this report none of the non-executive directors have any material pecuniary relationship with the Company except sitting fees.

The Company has not issued any convertible instruments.

The code of conduct adopted w.e.f. 6 August 2014 is being followed by all concerned. The code has been put on the Company's website.

### 3. AUDIT COMMITTEE

The Company had re-constituted an audit committee pursuant to Section 177 of the Companies Act, 2013 on May 27, 2014 which comprises of three non-executive independent directors. The broad terms of reference of audit committee are

- a. the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- b. review and monitor the auditor's independence and performance, and effectiveness of audit process;
- c. examination of the financial statement and the auditors' report thereon;
- d. approval or any subsequent modification of transactions of the company with related parties;
- e. scrutiny of inter-corporate loans and investments;
- f. valuation of undertakings or assets of the company, wherever it is necessary;
- g. evaluation of internal financial controls and risk management systems;
- h. monitoring the end use of funds raised through public offers and related matters
- i. oversee the vigil mechanism
- j. other matters as provided in the clause 49 of the listing agreement.
- k. Any other matter specifically prescribed by the Act, Rules and Board of Directors.

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 U K Khaitan is the Chairman, who is an advocate having good financial and legal knowledge. The previous annual general meeting of the Company was held on July 18, 2013 and was attended by him. The other members also have adequate financial and accounting knowledge. The company secretary acts as the secretary to the audit committee.

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

Name	Category	Number of Meeting during the year 2013-2014	
		Held	Attended
Mr. U K Khaitan (Chairman)	Independent, Non-Executive	4	4
Mr. R S Bajoria	Independent, Non-Executive	4	4
Mr. S K S Narayan <sup>1</sup>	Independent, Non-Executive	4	0
Mr. Dilip Gandhi <sup>2</sup>	Independent, Non-Executive	4	0
Mr. Manoj C Ganatra <sup>3</sup>	Independent, Non-Executive	N.A	N.A.

1. Mr. S K S Narayan was appointed as committee member w.e.f. 17 May 2013 and subsequently he resigned from the board w.e.f 10 February 2014.
2. Mr. Dilip Gandhi was appointed as committee member on 10 February 2014 and subsequently he resigned from the board w.e.f 25 March 2014.
3. Mr. Manoj C Ganatra was appointed as Audit Committee member w.e.f. 27 May 2014.

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 15, 2013; August 12, 2013; November 14, 2013; and February 10, 2014. The necessary quorum was present for all the meetings. The meetings were also attended by the representatives of statutory auditors and internal auditors.

#### Vigil Mechanism

Pursuant to the Section 177 (9) of the Companies Act 2013, every listed company shall establish a vigil mechanism for their directors and employees to report their genuine concerns. Apart from the Vigil Mechanism listed company has to establish / update its whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.

Accordingly company has established VIGIL MECHANISM / WHISTLE BLOWER POLICY that has approved by the Board of Directors wide their meeting held on 6 August 2014.

A vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and also make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

The mechanism provides for adequate safeguards against victimization of Directors and employees to avail of the mechanism via Vigilance Office and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The detailed process has described in the policy it self that has hosted at the company website as well as at the registered office of the company.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

Pursuant to the provisions of the Companies Act, 2013 company has renamed it's remuneration Committee vide meeting of the Board of Directors of the company held on 27 May 2014. The name has changed to **Nomination and Remuneration Committee from Remuneration Committee.**

The remuneration committee was re-constituted in the year 2014 comprising of Mr U K Khaitan, Mr R S Bajoria and Mr. Manoj C Ganatra all being independent and non-executive directors. One meeting of the remuneration committee was held during the year on February 10, 2014.

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

Name	Category	Number of Meeting during the year 2013-2014	
		Held	Attended
Mr. U K Khaitan	Independent, Non-Executive	1	1
Mr. R S Bajoria	Independent, Non-Executive	1	1
Mr. S K S Narayan <sup>1</sup>	Independent, Non-Executive	1	0
Mr. Dilip Gandhi <sup>2</sup>	Independent, Non-Executive	1	0
Mr. Manoj C Ganatra <sup>3</sup>	Independent, Non-Executive	1	N.A.

1. Mr. S K S Narayan was appointed as committee member w.e.f. 17 May 2013 and subsequently he resigned from the board w.e.f 10 February 2014.
2. Mr. Dilip Gandhi was appointed as committee member on 10 February 2014 and subsequently he resigned from the board w.e.f 25 March 2014.
3. Mr. Manoj C Ganatra was appointed as Committee member w.e.f. 27 May 2014.

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

The 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, 2014:

##### (a) Non-Executive Directors

(Amount in ₹)

Name	Sitting Fees
Mr. R K Rajgarhia	30,000
Mr. R S Bajoria	55,000
Mr. U K Khaitan	65,000
Mr. T N Chaturvedi	5,000
Mr. S K S Narayan	0

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

(Amount in ₹)

Name	Salary	Benefits Perquisites and Allowances	Contribution to PF
Mr. S G Rajgarhia (Managing Director)	15,00,000	8,76,354	1,80,000
Mr. P P Khanna (Executive Director)	31,20,000	24,23,117	3,74,400
Mr. R K Khanna (Executive Director)	26,68,400	7,65,277	3,19,392

##### NOTE

1. Remuneration by way of commission of ₹ 25,11,727/- and ex-gratia bonus of ₹ 3,00,000/- were not paid to Mr. S G Rajgarhia, due to remuneration limit defined u/s 309 and other applicable provisions of the Companies Act, 1956.
2. Remuneration by way of ex-gratia bonus of ₹ 6,24,000/- to Mr. P P Khanna and ₹ 4,65,600/- to Mr. R K Khanna were not paid, due to remuneration limit defined u/s 309 and other applicable provisions of the Companies Act, 1956.

**5. SHAREHOLDERS /INVESTORS GRIEVANCE COMMITTEE**

Pursuant to the provisions of the companies Act, 2013 company has renamed it's **SHAREHOLDERS /INVESTORS GRIEVANCE COMMITTEE** vide meeting of the Board of Directors of the company held on 27 May 2014. The name has changed to **Stakeholders Relationship Committee**.

The Committee will look into the redressal of investor complaints regarding transfer of shares, non-receipt of annual reports, bonus, dividend etc. During the year 2013-2014, 12 meeting of the grievances committee was held.

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 2013-14	
		Held	Attended
Mr. R K Rajgarhia <sup>1</sup> (Chairman)	Promoter, Non-Executive	12	10
Mr. R S Bajoria	Independent, Non-Executive	12	12
Mr. S G Rajgarhia	Promoter, Executive	12	12
Mr. P P Khanna <sup>2</sup>	Executive	N.A.	N.A.

1. Mr. R K Rajgarhia was resigned from the board w.e.f. November 18, 2013.

2. Mr. P P Khanna was appointed as Committee member w.e.f. 27 May 2014.

Details of investor complaints received and redressed during the year 2013-14 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
1	7	7	1

**Name, designation and address of the Compliance Officer :**

Mr. Kamlesh Kumar Mundra  
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

The Company welcomes the members to make more effective use of the electronic means to communicate with their Company for quicker redressal of their grievances. The Company has appointed a share transfer agent, whose particulars are given elsewhere in this report. The members may address their queries/complaints to the above address/phone/fax/e-mail id or to those of the registrar.

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

**6. GENERAL BODY MEETING**

## (i) Annual General Meeting

Details	Date	Time	Venue	Special Resolution
40 <sup>th</sup> Annual General Meeting	September 26, 2011	11.00 A.M.	Hindi Bhawan 11, Vishnu Digambar Marg (Near Bal Bhawan) New Delhi - 110 002	Reappointment and increase in remuneration of Mr S G Rajgarhia, managing director for further term of 5 years w.e.f. October 1, 2011
41 <sup>st</sup> 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
42 <sup>nd</sup> Annual General Meeting	July 18, 2013			<b>None</b>

## (ii) Postal Ballot

No postal ballot was conducted during the year 2013-14.

## (iii) At the ensuing 43rd annual general meeting to be held on 24 September 2014, no resolutions are proposed to be passed by postal ballot.

 (iv) The Company is also providing e-voting facility for all items of AGM notice, to be passed in 43<sup>rd</sup> AGM.

**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. 26 (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 have a Vigil Mechanism /Whistle Blower Mechanism which have approved by the Board of Directors vide their meeting held 6 August 2014.
- 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.
- 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](http://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/GENERAL MANAGER**

Mr S G Rajgarhia, Managing Director and Mr. Amarsingh Sihag, General Manager (Finance) have given the certificate pertaining to financial year 2013-14 to the board of directors which was taken note of at the board meeting held on May 27, 2014.

**10. GENERAL SHAREHOLDER INFORMATION**
**Annual General Meeting**

Date	:	24 September 2014
Time	:	11:00 A.M.
Venue	:	Sun Village Inn, A-14, Ring Road, Lajpat Nagar-IV, New Delhi – 110 024

**Financial Calendar**

Financial Year	:	March 31
AGM in	:	September

**Quarterly Results**

1 <sup>st</sup> quarter ended on June 30, 2014	:	on or before August 15, 2014
2 <sup>nd</sup> quarter ended on September 30, 2014	:	on or before November 15, 2014
3 <sup>rd</sup> quarter ended on December 31, 2014	:	on or before February 15, 2015
4 <sup>th</sup> quarter ended on March 31, 2015	:	on or before May 15, 2015

<b>Date of Book Closure/Record Date</b>	:	from Wednesday, 17 September 2014 to Wednesday, 24 September 2014 (both days inclusive)
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<b>Dividend Payment Date</b>	:	The final dividend, if declared, shall be paid/ credited by October 23, 2014.
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<b>Listing on Stock Exchanges</b>	:	<b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, C-1, Block G, Bandra Kurla Complex Bandra (East), Mumbai 400 051
	:	<b>Bombay Stock Exchange Limited (BSE)</b> 25 <sup>th</sup> Floor, P. J. Towers, Dalal Street, Mumbai 400 001

**Stock Codes/Symbol**

National Stock Exchange of India Limited	:	ORIENTABRA
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Bombay Stock Exchange Limited	:	504879
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Listing Fees as applicable have been paid.

<b>Corporate Identification Number (CIN)</b>	:	L24299DL1971PLC005854
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**Market Price Data:**

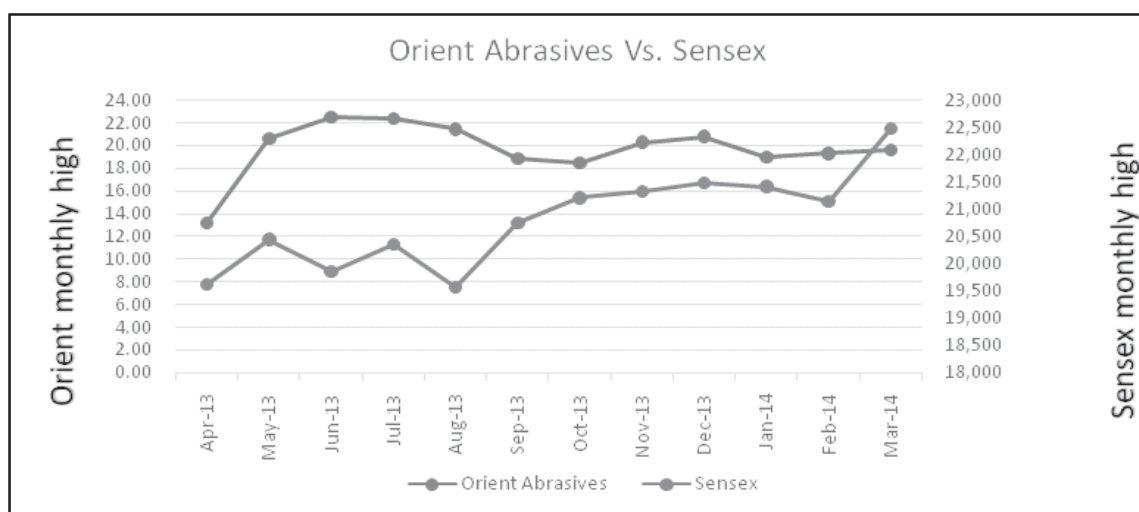
Monthly High, Low, volume and turnover during each month of the last financial year 2013-14.

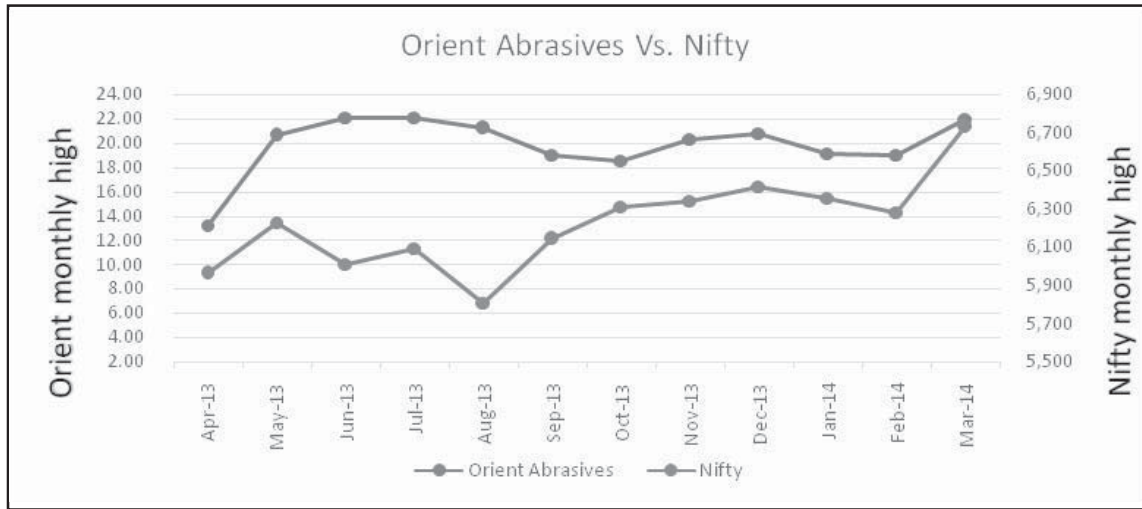
**Bombay Stock Exchange (data from www.bseindia.com)**

Month	High (₹)	Low (₹)	Volume	Turnover (₹ in Lacs)
April, 2013	13.20	9.10	999,998	107.99
May, 2013	20.65	13.02	3,164,341	524.08
June, 2013	22.50	19.80	1,929,509	409.40
July, 2013	22.40	19.75	889,137	186.13
August, 2013	21.45	12.75	1,135,067	191.34
September, 2013	18.90	15.48	1,046,718	183.20
October, 2013	18.45	15.25	345,164	58.65
November, 2013	20.30	15.65	4,334,062	780.62
December, 2013	20.80	18.00	761,083	146.13
January, 2014	19.00	17.75	340,562	63.09
February, 2014	19.30	15.80	319,682	56.46
March, 2014	19.60	17.25	455,540	85.50

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

Month	High (₹)	Low (₹)	Volume	Turnover (₹ in Lacs)
April, 2013	13.20	9.15	2,090,222	232.18
May, 2013	20.60	12.80	6,319,235	1,026.82
June, 2013	22.10	19.45	2,570,568	545.31
July, 2013	22.05	19.85	1,518,613	320.35
August, 2013	21.20	12.80	1,092,239	185.08
September, 2013	19.00	15.40	929,545	164.86
October, 2013	18.55	15.10	514,104	87.53
November, 2013	20.30	15.95	2,702,514	489.06
December, 2013	20.75	18.00	1,585,517	304.76
January, 2014	19.10	16.65	850,769	157.53
February, 2014	19.00	15.70	806,391	140.28
March, 2014	22.00	17.80	679,949	127.68

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


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

**Registrar & Share Transfer Agents**

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

Telephone : +91 11-26812682,83, 30857575 (10 Lines)

Fax : +91 11-30857562

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

Website : www.skylinerta.com

**Share Transfer System**

Transfer of shares 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, 2014:**

Distribution of equity shareholding as on March 31, 2014

Number of shares	Shareholders number	% ' age of total number	Shares			Total Shares	% ' age
			Physical	NSDL	CDSL		
1-5,000	10,026	91.26	19,81,168	55,92,673	17,33,970	93,07,811	7.78
5,001-10,000	422	3.84	4,67,480	21,40,090	5,76,670	31,84,240	2.66
10,001-20,000	241	2.19	3,09,000	27,20,199	6,45,786	36,74,985	3.07
20,001-30,000	87	0.79	48,000	16,91,246	4,23,467	21,62,713	1.81
30,001-40,000	39	0.35	68,000	10,83,964	1,75,350	13,27,314	1.11
40,001-50,000	20	0.18	0	7,83,912	1,40,760	9,24,672	0.77
50,001-100,000	74	0.67	2,03,053	40,41,203	9,54,570	51,98,826	4.35
100,001-above	77	0.70	0	8,66,58,111	72,00,528	9,38,58,639	78.45
<b>GRAND TOTAL</b>	<b>10,986</b>	<b>100.00</b>	<b>30,76,701</b>	<b>10,47,11,398</b>	<b>1,18,51,101</b>	<b>11,96,39,200</b>	<b>100.00</b>



Categories of equity shareholders as on March 31, 2014

	Category	Number of shares held	Percentage of holding
<b>A.</b>	<b>Promoter and Promoter Group</b>		
	- Individual/HUF	3,05,34,857	25.52
	- Bodies Corporate	0	0.00
	<b>Total (A)</b>	<b>3,05,34,857</b>	<b>25.52</b>
<b>B.</b>	<b>Public Shareholding</b>		
	- Mutual Funds/UTI	0	0.00
	- Financial Institutions/Banks	40,500	0.03
	- Bodies Corporate	3,83,53,170	32.06
	- Individuals		
	(a) Nominal share capital up to ₹ 1 Lakh	2,18,52,327	18.27
	(b) Nominal share capital in excess of ₹ 1 Lakh	2,31,16,046	19.32
	- Any Other		
	(a) NRI	37,01,994	3.09
	(b) HUF/AOPs	19,25,491	1.61
	(c) Clearing Members	1,14,815	0.10
	<b>Total (B)</b>	<b>8,91,04,343</b>	<b>74.48</b>
	<b>GRAND TOTAL (A + B)</b>	<b>11,96,39,200</b>	<b>100.00</b>

#### 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 97.43% of the Company's equity share capital are dematerialised as on March 31, 2014.

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, 2014, 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 2006-07 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
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
2012-13	July 18, 2013	August 22, 2020

**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	1,544	3,224,350
Number of Shareholders who approached issuer for transfer of Shares from Suspense Account during the financial year	22	1,42,940
Number of Shareholders to whom Shares were transferred from Suspense Account during the financial year	22	1,42,940
Aggregate number of Shareholders and the outstanding Shares in the Suspense Account lying at the end of the financial year	1522	30,81,410

**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, 2014, 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 **Jatin Gupta & Associates**  
 Company Secretaries

**New Delhi**  
**May 27,2014**

Sd/-  
 Jatin Gupta  
 FCS 5651, CP 5236

**ANNEXURE-E**

**DECLARATION REGARDING COMPLIANCE OF CODE OF CONDUCT**

This is to confirm that all the Board members and the senior managerial personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2014.

for **Orient Abrasives Limited**

**New Delhi**  
**May 27, 2014**

Sd/-  
S G Rajgarhia  
**Managing Director**

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**ANNEXURE-F**

**CERTIFICATION OF CEO/GENERAL MANAGER**

This is to certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year 2013-14 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 27, 2014**

Sd/-  
S G Rajgarhia  
**Managing Director**

Sd/-  
Amarsingh Sihag  
**General Manager (Finance)**

## INDEPENDENT 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, 2014, the statement of profit and loss and cash flow statement for the year then 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 notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 Companies Act, 1956 ("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, 2014,
- (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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs.
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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

Sd/-

**per Vikas Mehra**

Partner

Membership No.: 94421

Place : New Delhi

Date : May 27, 2014

**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.  
(b) The Company had taken loan from four parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 479.82 lacs and the year-end balance of loans taken from such parties was ₹ 479.82 lacs.  
(c) 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.  
(d) 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. The activities of the Company do not involve the sale of 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 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 banks. The Company did not have any outstanding dues in respect of a financial institution or 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

Sd/-

**per Vikas Mehra**

Partner

Membership No.: 94421

Place : New Delhi

Date : May 27, 2014

**BALANCE SHEET  
AS AT MARCH 31, 2014**
**(Amount in ₹ Lacs)**

	Notes	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	3	1,196.52	1,196.52
Reserves and Surplus	4	13,507.36	13,081.21
		<u>14,703.88</u>	<u>14,277.73</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	5	302.45	904.58
Deferred tax liability (net)	6	972.23	960.26
Other long-term liabilities	7	20.87	20.51
		<u>1,295.55</u>	<u>1,885.35</u>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	8	1,755.45	1,027.32
Trade payables	9	1,444.48	1,681.33
Other current liabilities	9	881.58	1,593.07
Short-term provisions	10	372.44	564.63
		<u>4,453.95</u>	<u>4,866.35</u>
<b>Total</b>		<u><b>20,453.38</b></u>	<u><b>21,029.43</b></u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Tangible assets	11	10,202.39	11,221.90
Capital work-in-progress		121.70	64.65
Long-term loans and advances	12	1,084.91	976.54
Other non current assets	13	61.78	110.09
		<u>11,470.78</u>	<u>12,373.18</u>
<b>CURRENT ASSETS</b>			
Inventories	14	5,081.06	5,030.00
Trade receivables	15	2,815.41	2,653.94
Cash and bank balances	16	166.90	191.52
Short-term loans and advances	12	673.59	500.67
Other current assets	13	245.64	280.12
		<u>8,982.60</u>	<u>8,656.25</u>
<b>Total</b>		<u><b>20,453.38</b></u>	<u><b>21,029.43</b></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

Sd/-  
**per Vikas Mehra**  
**Partner**  
Membership No.94421

Place : New Delhi  
Date : May 27, 2014

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

Sd/-  
S G Rajgarhia  
(MANAGING DIRECTOR)

Sd/-  
SMRITI SHARMA  
(COMPANY SECRETARY)

Sd/-  
P P Khanna  
(EXECUTIVE DIRECTOR)

Sd/-  
AMARSINGH SIHAG  
(GENERAL MANAGER) FINANCE

**STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED MARCH 31, 2014**

	Notes	For the year ended March 31, 2014	(Amount in ₹ Lacs) For the year ended March 31, 2013
<b>INCOME</b>			
Revenue from operations (gross)	17	<b>19,316.79</b>	20,025.39
Less : Excise duty		<b>1,938.61</b>	1,828.90
Revenue from operations (net)		<b>17,378.18</b>	18,196.49
Other Income	18	<b>128.02</b>	260.20
<b>Total (I)</b>		<b>17,506.20</b>	<b>18,456.69</b>
<b>EXPENSES</b>			
Cost of raw material and components consumed	19	<b>5,048.73</b>	5,443.32
Increase in inventories of finished goods	20	<b>(91.21)</b>	(164.60)
Employee benefits expenses	21	<b>1,588.45</b>	1,460.48
Other expenses	22	<b>8,365.61</b>	7,858.21
Finance costs	23	<b>266.71</b>	523.28
Depreciation and amortization expense	11	<b>1,270.06</b>	1,273.98
<b>Total (II)</b>		<b>16,448.35</b>	<b>16,394.67</b>
<b>PROFIT BEFORE TAX</b>		<b>1,057.85</b>	<b>2,062.02</b>
<b>TAX EXPENSE</b>			
Current tax			
Pertaining to profit for the current year		<b>313.00</b>	530.00
Adjustment of tax relating to earlier years		<b>26.78</b>	–
Deferred tax charge/ (credit)		<b>11.97</b>	(62.82)
Total tax expense		<b>351.75</b>	467.18
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>706.10</b>	<b>1,594.84</b>
<b>EARNINGS PER EQUITY SHARE</b> (nominal value of share ₹ 1)			
Previous year ₹ 1)			
Basic and diluted (₹)	24	<b>0.59</b>	1.33
<b>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>	2.1		

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

As per our report of even date

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

Sd/-  
**per Vikas Mehra**  
**Partner**  
Membership No.94421

Place : New Delhi  
Date : May 27, 2014

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

Sd/-  
S G Rajgarhia  
(MANAGING DIRECTOR)

Sd/-  
SMRITI SHARMA  
(COMPANY SECRETARY)

Sd/-  
P P Khanna  
(EXECUTIVE DIRECTOR)

Sd/-  
AMARSINGH SIHAG  
(GENERAL MANAGER) FINANCE



**CASH FLOW STATEMENT  
FOR THE YEAR ENDED ON MARCH 31, 2014**
**(Amount in ₹ Lacs)**

	<b>For the year ended March 31, 2014</b>	<b>For the year ended March 31, 2013</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>1,057.85</b>	2,062.02
Adjustments for:		
Depreciation and amortisation	<b>1,270.06</b>	1,273.98
Interest income	<b>(5.16)</b>	(11.31)
Loss on sale of fixed assets	<b>18.41</b>	5.28
Interest expense	<b>223.56</b>	489.81
Liabilities no longer required written back	<b>(18.13)</b>	(24.01)
Dividend from current investments	–	(4.99)
Gain on sale of investments	–	(209.75)
Bad debt written off	<b>29.13</b>	0.52
Unrealised foreign exchange loss (net)	<b>0.33</b>	–
<b>Operating profit before working capital changes</b>	<b>2,576.05</b>	3,581.55
Movements in working capital :		
Increase in loans and advances and other current assets	<b>(77.82)</b>	(288.53)
Increase in trade payables, other current liabilities and provisions	<b>(238.14)</b>	371.58
Increase in inventory	<b>(51.06)</b>	(312.98)
Decrease/ (increase) in trade receivables	<b>(190.60)</b>	218.95
<b>Cash generated from operations</b>	<b>2,018.43</b>	3,570.57
Direct taxes paid (net of refunds)	<b>(476.62)</b>	(415.36)
<b>Net cash generated from operating activities</b>	<b>1,541.81</b>	3,155.21
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work-in-progress and capital advances)	<b>(275.75)</b>	(222.27)
Proceed from sale of fixed assets	<b>28.01</b>	13.99
Interest received	<b>10.96</b>	11.31
Proceeds of deposits matured (with maturity more than three months)	<b>(42.51)</b>	–
Proceeds from sale of investments	–	215.01
Dividends received	–	4.99
<b>Net cash (used in)/ generated from investing activities</b>	<b>(279.29)</b>	23.03
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from term loan	–	730.00
Repayment of term loans	<b>(1,211.53)</b>	(633.67)
Proceeds from/ repayment of short term borrowings (net)	<b>728.13</b>	(2,511.87)
Proceeds from issue/ renew of deposits	<b>3.00</b>	–
Repayment of deposits	<b>(79.50)</b>	–
Dividends paid (including dividend tax)	<b>(489.90)</b>	(278.10)
Interest paid	<b>(237.34)</b>	(478.29)
<b>Net cash used in financing activities</b>	<b>(1,287.14)</b>	(3,171.93)
<b>Net (decrease)/ increase in cash and cash equivalents (A + B + C)</b>	<b>(24.62)</b>	6.31
Cash and cash equivalents at the beginning of the year	<b>191.52</b>	185.21
<b>Cash and cash equivalents at the end of the year</b>	<b>166.90</b>	191.52

(Amount in ₹ Lacs)

	As at March 31, 2014	As at March 31, 2013
<b>Component of cash and cash equivalent</b>		
Cash in hand	4.99	6.74
With banks		
- In current accounts	39.10	60.74
- In unpaid dividend accounts*	122.81	124.04
<b>Cash and cash equivalents in Cash flow statement: (Note 17)</b>	<b>166.90</b>	<b>191.52</b>

#### 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:

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

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As per our report of even date

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

Sd/-  
**per Vikas Mehra**  
**Partner**  
Membership No.94421

Place : New Delhi  
Date : May 27, 2014

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

Sd/-  
S G Rajgarhia  
(MANAGING DIRECTOR)

Sd/-  
SMRITI SHARMA  
(COMPANY SECRETARY)

Sd/-  
P P Khanna  
(EXECUTIVE DIRECTOR)

Sd/-  
AMARSINGH SIHAG  
(GENERAL MANAGER) FINANCE

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## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

**Significant accounting policies and notes to accounts to the financial statements for the year ended March 31, 2014**

### **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.

### **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 Act, 1956 read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. 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 are adopted in the preparation of financial statement 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, except power generating equipments, are 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. Depreciation in respect of power generating equipments are provided on straight line method as per rates which are higher of rates prescribed by Central Electricity Regulatory Commission (CERC) vide notification dated January 19, 2009 and rates prescribed by Schedule XIV to the Companies Act, 1956.

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

#### **(d) 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.

#### **(e) LEASES**

Where the Company is 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.

**(f) 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.

**(g) 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

**(h) 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. Interest income is included under the head 'other income' in the statement of profit and loss.

**(i) 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.

**(j) 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 retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was 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 and recognised 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.

(k) **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.

(l) **RETIREMENT AND OTHER EMPLOYEE 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) The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

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

(m) **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.

**(n) 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.

**(o) 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.

**(p) 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.

**(q) 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.

**(r) CONTINGENT LIABILITY**

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014**
**(Amount in ₹ Lacs)**

	<b>As At March 31, 2014</b>	<b>As At March 31, 2013</b>
<b>3. SHARE CAPITAL</b>		
<b>Authorised shares (no. in lacs)</b>		
1,200.00 (Previous year 1,200.00) Equity Shares of ₹ 1.00 each	<b>1,200.00</b>	1,200.00
4.00 (Previous year 4.00) - 6% Redeemable Cumulative Preference Shares of ₹ 100.00 each	<b>400.00</b>	400.00
	<b><u>1,600.00</u></b>	<b><u>1,600.00</u></b>
<b>Issued and subscribed shares</b>		
1,196.59 (Previous period 1,196.59) Equity Shares of ₹ 1.00 each	<b><u>1,196.59</u></b>	<b><u>1,196.59</u></b>
<b>Paid up shares</b>		
1,196.39 (Previous period 1,196.39) Equity Shares of ₹ 1.00 each	<b>1,196.39</b>	1,196.39
<b>Add:</b> Shares forfeited (amount paid up)	<b>0.13</b>	0.13
<b>Total issued, subscribed and paid-up share capital</b>	<b><u>1,196.52</u></b>	<b><u>1,196.52</u></b>

**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

**Outstanding at the year end**

1,196.39 (previous year 1,196.39) equity shares of ₹ 1.00 each

**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, 2014, the amount of per equity share dividend recognized as distributions to equity shareholders is ₹ 0.20 (Previous year ₹ 0.35)

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:**

	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
Equity shares issued as fully paid bonus shares by capitalisation of capital redemption reserve, securities premium and general reserve	<b>598.20</b>	598.20

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

Name	<b>As at March 31, 2014</b>		<b>As At March 31, 2013</b>	
	No. Lacs	% age holding	No. Lacs	% age holding
Mr. S G Rajgarhia	235.80	19.71	177.86	14.87
Bombay Minerals Limited	215.35	18.00	-	-
Ms. Anisha Mittal	-	-	148.26	12.39
Ms. Bhavna Rajgarhia	-	-	147.62	12.34
Mrs. Usha Rajgarhia	-	-	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.

		(Amount in ₹ Lacs)	
		As at March 31, 2014	As at March 31, 2013
<b>4. RESERVES AND SURPLUS</b>			
<b>General Reserve</b>			
Balance as per the last financial statements		8,106.57	7,506.57
Add: amount transferred from surplus balance in the statement of profit and loss		<u>100.00</u>	<u>600.00</u>
	<b>A</b>	<u><b>8,206.57</b></u>	<u><b>8,106.57</b></u>
<b>Surplus Balance in Statement of Profit and Loss</b>			
Balance as per the last financial statements		4,974.64	4,469.70
Profit for the year		<u>706.10</u>	<u>1,594.84</u>
		<u><b>5,680.74</b></u>	<u><b>6,064.54</b></u>
Less: Appropriations			
Proposed dividend on equity shares ₹ 0.20 (previous year ₹ 0.35)		239.28	418.74
Tax on dividend		40.67	71.16
Transferred to general reserve		<u>100.00</u>	<u>600.00</u>
Total appropriations		<u><b>379.95</b></u>	<u><b>1,089.90</b></u>
<b>Surplus in the statement of profit and loss</b>	<b>B</b>	<u><b>5,300.79</b></u>	<u><b>4,974.64</b></u>
<b>Total reserves and surplus</b>	<b>A+B</b>	<u><u><b>13,507.36</b></u></u>	<u><u><b>13,081.21</b></u></u>
<b>5. LONG-TERM BORROWINGS</b>			
<b>Term loans (secured)</b>			
Foreign currency loan from banks*		907.35	2,118.88
Deposits (unsecured)			
Deposits from shareholders		-	71.00
Deposits from public		-	5.50
		<u><b>907.35</b></u>	<u><b>2,195.38</b></u>
Less: Current maturity of term loans disclosed under other current liabilities (note 9)			
Foreign currency loan from banks		604.90	1,278.80
Less: Current maturities of deposits disclosed under other current liabilities (note 9)			
		-	12.00
		<u><b>604.90</b></u>	<u><b>1,290.80</b></u>
		<u><u><b>302.45</b></u></u>	<u><u><b>904.58</b></u></u>
<b>The above amount includes:</b>			
Secured Borrowings		907.35	2,118.88
Unsecured Borrowings		-	76.50
Amount disclosed under the head "other current liabilities" (note 9)		<u><b>(604.90)</b></u>	<u><b>(1,290.80)</b></u>
		<u><u><b>302.45</b></u></u>	<u><u><b>904.58</b></u></u>

\*Foreign currency loan

- a) of ₹ 907.35 lacs (Previous year ₹ 1,372.00) 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.
- b) of ₹ NIL (Previous year ₹ 746.88) carries interest @ LIBOR plus 450 was 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 lacs. The said charge was satisfied on December 13, 2013.

The Managing Director has also given personal guarantee to the banks for these facilities.



	(Amount in ₹ Lacs)	
	As at March 31, 2014	As at March 31, 2013
<b>6. DEFERRED TAX LIABILITY (NET)</b>		
<b>DEFERRED TAX LIABILITY</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	1,012.22	994.53
<b>Gross deferred tax liability</b> <b>A</b>	<u>1,012.22</u>	<u>994.53</u>
<b>DEFERRED TAX ASSETS</b>		
Provision for doubtful debts, advances and recoverables	6.26	5.04
Effect of expenditure debited to the statement of profit and loss in the current year / earlier years but allowable for tax purposes in following years	33.73	29.23
<b>Gross deferred tax asset</b> <b>B</b>	<u>39.99</u>	<u>34.27</u>
<b>A-B</b>	<u><u>972.23</u></u>	<u><u>960.26</u></u>
<b>7. OTHER LONG-TERM LIABILITIES</b>		
Interest free deposits		
From staff	20.87	20.51
	<u>20.87</u>	<u>20.51</u>
<b>8. SHORT-TERMS BORROWINGS</b>		
Working capital loan from bank (secured)*	1,275.63	586.48
<b>Other borrowings</b>		
10% Loan from body corporates (unsecured) repayable on demand	225.42	186.82
10% Loan from directors (unsecured) repayable on demand	254.40	254.02
	<u>1,755.45</u>	<u>1,027.32</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% - 14% p.a.		
<b>9. OTHER CURRENT LIABILITIES</b>		
<b>Trade payables</b> (note 28 for details of dues to micro and small enterprises)	1,444.48	1,681.33
<b>Other liabilities</b>		
Current maturities of long-term borrowings (note 5)	604.90	1,278.80
Current maturities of deposits from public (note 5)	-	12.00
Payable for fixed assets	28.32	2.92
Interest accrued but not due on borrowings	10.94	24.72
Advance from customers	12.96	19.46
Investor education and protection fund will be credited by following amounts (as and when due)		
Unpaid dividend	122.81	124.04
Others		
Interest free deposits from customers	20.00	20.10
Interest free deposits from staff	1.81	6.69
PF and ESI payable	12.02	11.12
Professional tax	0.73	0.66
CST/VAT and other payable	48.14	68.86
TDS payable	18.95	23.70
	<u>881.58</u>	<u>1,593.07</u>
<b>10. PROVISIONS</b>		
<b>CURRENT</b>		
Provision for leave benefits	92.49	74.73
Proposed equity dividend	239.28	418.74
Provision for tax on proposed equity dividend	40.67	71.16
	<u>372.44</u>	<u>564.63</u>

(Amount in ₹ Lacs)

### 11. TANGIBLE AND INTANGIBLE FIXED ASSETS

#### TANGIBLE FIXED ASSETS

	Freehold Land	Leasehold Land	Leasehold Improvement	Building	Plant & Machinery	Furniture & Fixtures	Office Equipment	Vehicles	Total
<b>COST</b>									
<b>At April 1, 2012</b>	13.76	47.17	19.11	1,547.08	17,193.11	17.31	107.82	278.31	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
<b>At March 31, 2013</b>	<b>13.76</b>	<b>47.17</b>	<b>19.11</b>	<b>1,575.48</b>	<b>17,285.93</b>	<b>12.68</b>	<b>115.15</b>	<b>306.27</b>	<b>19,375.55</b>
Additions	15.40	-	-	25.23	213.39	-	3.79	39.18	296.97
Disposals	-	-	-	-	19.06	-	-	85.87	104.93
<b>At March 31, 2014</b>	<b>29.16</b>	<b>47.17</b>	<b>19.11</b>	<b>1,600.71</b>	<b>17,480.26</b>	<b>12.68</b>	<b>118.94</b>	<b>259.58</b>	<b>19,567.59</b>

#### DEPRECIATION

<b>At April 1, 2012</b>	-	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/ adjustments	-	-	-	0.76	13.85	4.30	1.13	29.64	49.68
<b>At March 31, 2013</b>	<b>-</b>	<b>9.07</b>	<b>19.11</b>	<b>382.79</b>	<b>7,554.99</b>	<b>6.22</b>	<b>62.68</b>	<b>118.79</b>	<b>8,153.65</b>
Charge for the year	-	1.93	-	51.08	1,176.43	0.75	12.82	27.05	1,270.06
Disposals/ adjustments	-	-	-	-	17.56	-	-	40.95	58.51
<b>At March 31, 2014</b>	<b>-</b>	<b>11.00</b>	<b>19.11</b>	<b>433.87</b>	<b>8,713.86</b>	<b>6.97</b>	<b>75.50</b>	<b>104.89</b>	<b>9,365.20</b>

#### NET BLOCK

At March 31, 2013	13.76	38.10	-	1,192.69	9,730.94	6.46	52.47	187.48	11,221.90
<b>At March 31, 2014</b>	<b>29.16</b>	<b>36.17</b>	<b>-</b>	<b>1,166.84</b>	<b>8,766.40</b>	<b>5.71</b>	<b>43.44</b>	<b>154.69</b>	<b>10,202.39</b>

(Amount in ₹ Lacs)

As at  
March 31, 2014

As at  
March 31, 2013

## 12. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

### Non Current

Capital advances	103.52	50.65
Advances recoverable in cash or kind	30.46	105.28
Other loans and advances		
MAT credit entitlement	104.01	205.00
Prepaid expenses	58.24	63.29
Security deposits (interest free)	9.18	10.65
Advance income-tax (net of provision for tax)	779.50	541.67
	<u>1,084.91</u>	<u>976.54</u>

### Current

Advances recoverable in cash or kind		
Unsecured, considered good	250.51	248.61
Unsecured, considered doubtful	11.07	–
	<u>261.58</u>	<u>248.61</u>
Provision for doubtful advances	11.07	–
	<b>A</b>	<b>250.51</b>
		248.61
Other loans and advances		
Gratuity fund/ trust (net of provision)	78.82	13.20
Prepaid expenses	50.87	66.46
Balance with statutory/government authorities	293.39	172.40
	<b>B</b>	<b>423.08</b>
		<u>252.06</u>
	<b>A+B</b>	<b>673.59</b>
		<u>500.67</u>

## 13. OTHER ASSETS

### Non current

#### Unsecured, considered good unless stated otherwise

Non current bank balances (refer note 16)	59.56	102.07
Interest accrued on non current bank balances and security deposits	2.22	8.02
	<u>61.78</u>	<u>110.09</u>

### Current

#### Unsecured, considered good unless stated otherwise

Export benefits recoverable	–	5.54
Export benefits recoverable (Considered Doubtful)	7.36	1.84
Unbilled revenue	31.29	40.70
Mark to market value of derivative instrument	214.35	233.88
	<u>253.00</u>	<u>281.96</u>
Less: Provision for doubtful export benefits recoverable	7.36	1.84
	<u>245.64</u>	<u>280.12</u>

(Amount in ₹ Lacs)

	As at March 31, 2014	As at March 31, 2013
<b>14. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)</b>		
Raw materials [including goods in transit ₹ 22.73 lacs, (Previous year ₹ 41.92 lacs)] (refer note 19)	1,601.90	1,657.98
Work-in-progress (refer note 20)	794.18	1,051.40
Finished goods (refer note 20)	1,607.82	1,189.56
Waste	58.28	128.11
Stores and spares [including goods in transit ₹ 13.30 lacs, (Previous year ₹ 1.59 lacs)]	1,018.88	1,002.95
	<u>5,081.06</u>	<u>5,030.00</u>
<b>15. TRADE RECEIVABLES (UNSECURED UNLESS OTHERWISE STATED)</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	173.95	44.32
Considered doubtful	-	15.52
	<u>173.95</u>	<u>59.84</u>
Provision for doubtful receivables	-	15.52
	<b>A</b> <u>173.95</u>	<u>44.32</u>
<b>Others receivables</b>		
Considered good	2,641.46	2,609.62
	<b>B</b> <u>2,641.46</u>	<u>2,609.62</u>
	<b>A+B</b> <u>2,815.41</u>	<u>2,653.94</u>
<b>16. CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
<b>Balances with banks</b>		
- Current accounts	39.10	60.74
- Unpaid dividend accounts	122.81	124.04
Cash in hand	4.99	6.74
	<u>166.90</u>	<u>191.52</u>
<b>Other bank balances</b>		
Deposits with original maturity for more than 12 months *	59.56	102.07
	<u>59.56</u>	<u>102.07</u>
Amount disclosed under non-current asset (refer note 13)	(59.56)	(102.07)
	<u>-</u>	<u>-</u>
	<u>166.90</u>	<u>191.52</u>

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

	(Amount in ₹ Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>17. REVENUE FROM OPERATIONS</b>		
<b>Sales of products</b>		
Finished goods	17,990.27	18,444.30
Sale of power	698.77	895.57
<b>Other operating revenue</b>		
Sale of waste	622.18	681.03
Others	5.57	4.49
<b>Revenue from operations (gross)</b>	<b>19,316.79</b>	<b>20,025.39</b>
Less: Excise duty*	1,938.61	1,828.90
<b>Revenue from operations (net)</b>	<b>17,378.18</b>	<b>18,196.49</b>
* Excise duty on sales amounting to ₹ 1,938.61 lacs (Previous year ₹ 1,828.90) has been reduced from sales in statement of profit and loss and excise duty on increase in stock amounting to ₹ 42.92 lacs (Previous year decrease of ₹ 28.55 lacs) has been considered as expense/ (income) in note 22 of financial statements.		
<b>Details of finished goods sold</b>		
Grains	12,709.88	11,456.91
Monolithics	2,187.12	2,032.47
Calcined products	2,247.89	2,461.25
Non plant grade bauxite (Note 36)	840.18	2,488.39
Others	5.20	5.28
	<b>17,990.27</b>	<b>18,444.30</b>
<b>18. OTHER INCOME</b>		
Interest income		
From banks	5.16	11.31
From others	38.61	-
Exchange difference (net)	-	4.69
Dividend from Current Investment (other than trade)	-	4.99
Liabilities no longer required written back	18.13	24.01
Profit on sale of non current investments	-	209.75
Miscellaneous income	66.12	5.45
	<b>128.02</b>	<b>260.20</b>
<b>19. COST OF RAW MATERIAL AND COMPONENTS CONSUMED</b>		
Inventory at the beginning of the year	1,657.98	1,365.61
Purchases	4,992.65	5,735.69
	<b>6,650.63</b>	<b>7,101.30</b>
Less: Inventory at the end of the year	(1,601.90)	(1,657.98)
<b>Cost of Raw materials and components consumed</b>	<b>5,048.73</b>	<b>5,443.32</b>
<b>Details of raw material and components</b>		
<b>Raw materials and components consumed</b>		
Bauxite	2,271.60	2,734.83
Alumina	2,359.79	2,018.31
Zirconia	119.47	251.08
Others	297.85	439.10
	<b>5,048.71</b>	<b>5,443.32</b>
<b>Details of closing inventory of raw material and components</b>		
Bauxite	1,132.86	1,249.00
Alumina	404.21	357.60
Zirconia	34.73	16.39
Others	30.10	34.99
	<b>1,601.90</b>	<b>1,657.98</b>

	<b>For the year ended March 31, 2014</b>	<b>(Amount in ₹ Lacs) For the year ended March 31, 2013</b>
<b>20. INCREASE/(DECREASE) IN INVENTORIES</b>		
Inventories at the end of the year		
Finished goods	<b>1,607.82</b>	1,189.56
Work-in-progress	<b>794.18</b>	1,051.40
Waste	<b>58.28</b>	128.11
	<b><u>2,460.28</u></b>	<u>2,369.07</u>
Inventories at the beginning of the year		
Finished goods	<b>1,189.56</b>	1,351.52
Work-in-progress	<b>1,051.40</b>	729.84
Waste	<b>128.11</b>	123.11
	<b><u>2,369.07</u></b>	<u>2,204.47</u>
<b>Increase in inventories</b>	<b><u>(91.21)</u></b>	<u>(164.60)</u>
<b>Finished Goods</b>		
Grains	<b>644.39</b>	646.46
Monolithics	<b>23.79</b>	27.33
Calcined products	<b>939.64</b>	515.77
	<b><u>1,607.82</u></b>	<u>1,189.56</u>
<b>Work in progress</b>		
Grains	<b>334.72</b>	564.98
Monolithics	<b>92.05</b>	116.94
Calcined products	<b>367.41</b>	369.48
	<b><u>794.18</u></b>	<u>1,051.40</u>
<b>Waste</b>		
Grains	<b>2.67</b>	44.15
Calcined products	<b>55.61</b>	83.96
	<b><u>58.28</u></b>	<u>128.11</u>
<b>21. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	<b>1,346.69</b>	1,176.18
Contribution to provident and other fund	<b>148.96</b>	136.73
Gratuity expense (Note 29)	<b>14.38</b>	71.11
Staff welfare expenses	<b>78.42</b>	76.46
	<b><u>1,588.45</u></b>	<u>1,460.48</u>

	<b>For the year ended March 31, 2014</b>	<b>(Amount in ₹ Lacs) For the year ended March 31, 2013</b>
<b>22. OTHER EXPENSES</b>		
Consumption of stores and spare parts	2,007.64	1,958.70
Power and fuel	4,914.32	4,507.36
Freight and forwarding expenses	307.36	442.85
Rent	57.08	19.61
Repairs and maintenance		
Plant and machinery	274.74	276.83
Buildings	46.39	62.25
Others	54.41	49.36
Insurance	37.07	27.85
Packing expenses	199.97	170.22
Rates and taxes	20.99	20.40
Commission on sales (other than sole selling agents)	26.13	17.61
Travelling and conveyance	48.95	37.11
Communication expenses	13.89	10.93
Donation expenses	8.60	2.06
Printing and stationery	9.89	10.79
Legal and professional fees	33.97	96.82
Auditor's remuneration (refer details below)	14.56	12.43
Royalty	-	64.21
Provision for doubtful debts and other advances	32.11	
Less : Bad debts written off	<u>(15.52)</u>	-
Bad Debts written off	29.13	0.52
Exchange difference (net)	74.57	-
Loss on sale of fixed assets	18.41	5.28
(Decrease)/increase in excise duty on closing stock	42.92	(28.55)
Miscellaneous expenses	108.03	93.57
	<u>8,365.61</u>	<u>7,858.21</u>
<b>Payment to auditor</b>		
<b>As auditor:</b>		
- Audit fee	8.50	7.50
- Limited review	4.50	4.50
<b>In other capacity</b>		
Out of pocket expenses	1.56	0.43
	<u>14.56</u>	<u>12.43</u>
<b>23. FINANCE COSTS</b>		
Interest	223.56	489.81
Bank charges	43.15	33.47
	<u>266.71</u>	<u>523.28</u>
<b>24. EARNINGS PER SHARE (EPS)</b>		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net profit for calculation of basic and diluted EPS	706.10	1,594.84
Weighted average number of equity shares in calculating basic and diluted EPS (no. in lacs)	1,196.39	1,196.39
Basic and diluted earning per share (₹)	0.59	1.33

## 25. SEGMENT INFORMATION

### **Business Segments :**

The Company operates in primarily two segments i.e. (a) Fused aluminum oxide grains including calcined products, 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 and 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, 2014 and March 31, 2013 and certain assets and liability information regarding business segments at March 31, 2014 and March 31, 2013.

(Amount in ₹ Lacs)

### PRIMARY SEGMENTS REPORTING (BY BUSINESS SEGMENTS)

#### Segment Revenues, Results and Other Information

Particulars	Fused Aluminum Oxide Grains Including Calcined Products and Monolithics		Power Generation		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>REVENUE</b>						
External Sales (net of Excise duty)	<b>16,679.41</b>	17,300.92	<b>698.77</b>	895.57	<b>17,378.18</b>	18,196.49
Other Income (net, where applicable)	-	32.73	<b>50.38</b>	-	<b>50.38</b>	32.73
Inter Segment Sales	-	-	<b>4,011.75</b>	3,617.01	<b>4,011.75</b>	3,617.01
<b>Total</b>	<b>16,679.41</b>	17,333.65	<b>4,760.90</b>	4,512.58	<b>21,440.31</b>	21,846.23
Less: Inter Segment Sale	-	-	<b>(4,011.75)</b>	(3,617.01)	<b>(4,011.75)</b>	(3,617.01)
Add: Unallocated Corporate Income (net, where applicable)	-	-	-	-	-	1.42
<b>Net Sales / Income from Operations</b>	<b>16,679.41</b>	17,333.65	<b>749.15</b>	895.57	<b>17,428.56</b>	18,230.64



(Amount in ₹ Lacs)

**PRIMARY SEGMENTS REPORTING (BY BUSINESS SEGMENTS)**
**Segment Revenues, Results and Other Information**

Particulars	Fused Aluminum Oxide Grains Including Calcined Products and Monolithics		Power Generation		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>SEGMENT RESULTS</b>	<b>1,213.90</b>	2,069.98	<b>384.48</b>	530.83	<b>1,598.38</b>	2,600.81
Less: Corporate Expenses - (Unallocated)					<b>(360.74)</b>	(60.29)
<b>Operating Profit</b>					<b>1,237.64</b>	2,540.52
Less: Interest Expenses					<b>(223.56)</b>	(489.81)
Add: Interest Income					<b>43.77</b>	11.31
<b>Profit from Operating Activity</b>					<b>1,057.85</b>	2,062.02
Less: Taxes					<b>(351.75)</b>	(467.18)
<b>Net Profit after tax</b>					<b>706.10</b>	1,594.84

Particulars	Fused Aluminum Oxide Grains Including Calcined Products		Power Generation		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Segment Assets</b>	<b>11,252.13</b>	11,342.12	<b>7,879.41</b>	8,527.31	<b>19,131.54</b>	19,869.43
<b>Unallocated Corporate Assets</b>					<b>1,321.84</b>	1,160.00
<b>Total Assets</b>	<b>11,252.13</b>	11,342.12	<b>7,879.41</b>	8,527.31	<b>20,453.38</b>	21,029.43
<b>Segment Liabilities</b>	<b>1,473.49</b>	1,573.99	<b>271.88</b>	345.29	<b>1,745.37</b>	1,919.28
<b>Unallocated Corporate Liabilities</b>					<b>4,004.13</b>	4,832.42
<b>Total Liabilities</b>	<b>1,473.49</b>	1,573.99	<b>271.88</b>	345.29	<b>5,749.50</b>	6,751.70
<b>Capital Expenditure</b>	<b>291.45</b>	136.59	<b>9.79</b>	4.73	<b>301.24</b>	141.32
<b>Unallocated Corporate Capital Expenditure</b>					<b>117.09</b>	79.51
<b>Total Capital Expenditure</b>					<b>418.33</b>	220.83
<b>Depreciation/Amortisation</b>	<b>512.23</b>	559.96	<b>700.80</b>	700.68	<b>1,213.03</b>	1,260.65
<b>Unallocated Corporate Depreciation</b>					<b>57.03</b>	13.33
<b>Total Depreciation/Amortisation</b>	<b>512.23</b>	559.96	<b>700.80</b>	700.68	<b>1,270.06</b>	1,273.98
<b>Other non-cash expenses</b>	-	0.46	-	-	-	0.46

**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:

(Amount in ₹ Lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Domestic Market	<b>17,247.53</b>	17,372.41
Overseas Markets	<b>130.65</b>	824.08
<b>Total</b>	<b>17,378.18</b>	18,196.49

The following table shows the carrying amount of segment assets by geographical markets: **(Amount in ₹ Lacs)**

Particulars	As at March 31, 2014	As at March 31, 2013
Domestic Market	<b>2,803.32</b>	2,661.63
Overseas Markets	<b>12.09</b>	7.83
<b>Total</b>	<b>2,815.41</b>	2,669.46

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.

## 26. RELATED PARTY DISCLOSURES

### (a) Names of related parties and related party relationship

**Names of related parties where control exists irrespective of whether transaction have occurred or not:**

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

**Related parties with whom transactions have taken place during the year**

#### A. Key management 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. Bhawna Rajgarhia	Daughter of Managing Director
6.	Mr. P. P. Khanna	Director
7.	Mr. R. K. Khanna	Director

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

1. Unifrax India Limited.
2. Pyramid Abrasives Private Limited.
3. Hindustan General Industries Limited.
4. HGI Finance and Leasing Limited.
5. Rovo Marketing Private Limited.
6. Madhushree Properties Private Limited.
7. Orient Coated Private Limited.
8. Zipper Trading Enterprises Limited.
9. Orient Refractories Limited (till 15 March 2013)

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

**Transaction with related parties during the year ended March 31, 2014**
**(Amount in ₹ Lacs)**

Particulars	A. Key Management Personnel and Their Relatives		B. Enterprises Owned or Significantly Influenced by Key Management Personnel or Their Relatives		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Sales</b>						
Pyramid Abrasives Private Limited	-	-	<b>138.03</b>	60.47	<b>138.03</b>	60.47
Orient Coated Private Limited	-	-	<b>12.90</b>	17.20	<b>12.90</b>	17.20
Orient Refractories Limited	-	-	-	4,592.32	-	4,592.32
Total	-	-	<b>150.93</b>	4,669.99	<b>150.93</b>	4,669.99
<b>Purchase</b>						
Pyramid Abrasives Private Limited	-	-	-	0.81	-	0.81
Orient Refractories Limited	-	-	-	21.86	-	21.86
Total	-	-	-	22.67	-	22.67
<b>Rent Paid</b>						
Bhavna Rajgarhia	<b>17.33</b>	17.33	-	-	<b>17.33</b>	17.33
Usha Rajgarhia	<b>6.91</b>	6.91	-	-	<b>6.91</b>	6.91
Madhushree Properties Private Limited	-	-	<b>1.80</b>	1.80	<b>1.80</b>	1.80
Total	<b>24.24</b>	24.24	<b>1.80</b>	1.80	<b>26.04</b>	26.04
<b>Gurantee given</b>						
S.G.Rajgarhia	<b>3,400.00</b>	3,400.00	-	-	<b>3,400.00</b>	3,400.00
Total	<b>3,400.00</b>	3,400.00	-	-	<b>3,400.00</b>	3,400.00
<b>Financial Expenses</b>						
Rovo Marketing Private Limited	-	-	<b>4.52</b>	39.96	<b>4.52</b>	39.96
Zipper Trading Enterprises Limited	-	-	<b>2.31</b>	1.05	<b>2.31</b>	1.05
P.P.Khanna	<b>18.66</b>	13.47	-	-	<b>18.66</b>	13.47
S.G.Rajgarhia	<b>2.68</b>	-	-	-	<b>2.68</b>	-
Total	<b>21.34</b>	13.47	<b>6.83</b>	41.01	<b>28.17</b>	54.48
<b>Dividend</b>						
S.G.Rajgarhia	<b>82.53</b>	35.57	-	-	<b>82.53</b>	35.57
S.G.Rajgarhia(HUF)	-	16.03	-	-	-	16.03
Usha Rajgarhia	<b>2.74</b>	13.16	-	-	<b>2.74</b>	13.16
Anisha Mittal	<b>10.94</b>	26.46	-	-	<b>10.94</b>	26.46
Bhavna Rajgarhia	<b>10.66</b>	16.52	-	-	<b>10.66</b>	16.52
Rovo Marketing Private Limited	-	0.03	-	-	-	0.03
HGI Finance and Leasing Limited	<b>0.05</b>	0.22	-	-	<b>0.05</b>	0.22
R.K. Rajgarhia	-	1.30	-	-	-	1.30
Total	<b>106.92</b>	109.29	-	-	<b>106.92</b>	109.29
<b>Managerial Remuneration</b>						
S.G.Rajgarhia	<b>53.68</b>	73.36	-	-	<b>53.68</b>	73.36
P.P.Khanna	<b>65.42</b>	61.64	-	-	<b>65.42</b>	61.64
R.K. Khanna	<b>42.19</b>	29.69	-	-	<b>42.19</b>	29.69
Total	<b>161.29</b>	164.69	-	-	<b>161.29</b>	164.69
<b>Salaries, Wages And Bonus</b>						
Usha Rajgarhia	<b>4.02</b>	3.79	-	-	<b>4.02</b>	3.79
Anisha Mittal	<b>17.32</b>	15.16	-	-	<b>17.32</b>	15.16
Total	<b>21.34</b>	18.95	-	-	<b>21.34</b>	18.95

**Transaction with related parties during the year ended March 31, 2014**
**(Amount in ₹ Lacs)**

Particulars	A. Key Management Personnel and Their Relatives		B. Enterprises Owned or Significantly Influenced by Key Management Personnel or Their Relatives		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Director Fees</b>						
R.K.Rajgarhia	0.30	0.55	-	-	0.30	0.55
Total	0.30	0.55	-	-	0.30	0.55
<b>Unsecured Loan Taken</b>						
Rovo Marketing Private Limited	-	-	1,442.00	2,486.87	1,442.00	2,486.87
Zipper Trading Enterprises Limited	-	-	10.00	40.00	10.00	40.00
P.P.Khanna	75.00	150.00	-	-	75.00	150.00
S.G.Rajgarhia	250.00	-	-	-	250.00	-
Total	325.00	150.00	1,452.00	2,526.87	1,777.00	2,676.87
<b>Unsecured Loan Repaid</b>						
Rovo Marketing Private Limited	-	-	1,368.02	2,513.45	1,368.02	2,513.45
Zipper Trading Enterprises Limited	-	-	49.89	-	49.89	-
P.P.Khanna	129.02	10.06	-	-	129.02	10.06
S.G.Rajgarhia	200.00	-	-	-	200.00	-
Total	329.02	10.06	1,417.91	2,513.45	1,746.93	2,523.51
<b>Closing balance of related parties as at March 31, 2014</b>						
<b>Tarde receivables:</b>						
Pyramid Abrasives Private Limited	-	-	27.37	10.84	27.37	10.84
Orient Coated Private Limited	-	-	9.31	3.93	9.31	3.93
Orient Refractories Limited	-	-	-	521.23	-	521.23
Total	-	-	36.68	536.00	36.68	536.00
<b>Trade Payables:</b>						
S.G.Rajgarhia	29.49	48.73	-	-	29.49	48.73
Usha Rajgarhia	1.02	0.66	-	-	1.02	0.66
Anisha Mittal	2.54	2.54	-	-	2.54	2.54
R.K. Khanna	6.83	2.59	-	-	6.83	2.59
P.P.Khanna	8.38	7.75	-	-	8.38	7.75
Total	48.26	62.27	-	-	48.26	62.27
<b>Short term borrowings:</b>						
Rovo Marketing Private Limited	-	-	225.42	146.93	225.42	146.93
Zipper Trading Enterprises Ltd.	-	-	-	39.89	-	39.89
P.P. Khanna	203.66	254.02	-	-	203.66	254.02
S.G.Rajgarhia	50.74	-	-	-	50.74	-
Total	254.40	254.02	225.42	186.82	479.82	440.84

(Amount in ₹ Lacs)

March 31, 2014      March 31, 2013

## 27. Contingent liabilities

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,.*	<b>338.02</b>	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.	<b>3.75</b>	3.75
iii) Demand raised by the Income Tax Authorities, being disputed by the Company (Refer Note A below)	<b>2,187.73</b>	2,187.73
iv) Demand for payment of royalty (Refer Note B below)	–	3,809.46
v) Cases pending with Labour Courts #	<b>(Amount unascertainable)</b>	

\* 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 earlier 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 earlier 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 earlier 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 previous 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. 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).
- iii. 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 ₹ 312.78 lacs).

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) In earlier years, the Company has received various demands for payment of differential royalty on raw bauxite dispatched from the Company owned mines. During the current year, the Company has received orders from the Department wherein the demand of royalty raised in earlier years are set aside by the Department. The amount involved was ₹ 1,289.07 lacs.
- (ii) In earlier years, Geology and Mining Department ("the Department") has raised demands of royalty on account of difference between quantity of raw bauxite dispatched from the Company owned mines as per records of the Company and as per computation made by the Department. During the current year, the Company has received orders from the Department wherein the demand of royalty raised in earlier years are set aside by the Department. The amount involved was ₹ 2,520.39 lacs.

## 28. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(Amount in ₹ lacs)

	March 31, 2014	March 31, 2013
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	–	–
Interest due on above	–	–
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting year	–	–
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	–	–

## 29. 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 recognized in the employee cost

(Amount in ₹ lacs)

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Current service cost	29.60	30.13
Interest cost on benefit obligation	34.16	29.15
Expected return on plan assets	(28.02)	(26.87)
Net actuarial (gains) / loss recognised in the year	(21.36)	38.70
<b>Net benefit expense</b>	<b>14.38</b>	<b>71.11</b>

**Balance sheet**
**(Amount in ₹ lacs)**
**Details of provision for Gratuity**

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Present value of defined benefit obligation	<b>386.80</b>	401.97
Fair value of plan assets	<b>465.62</b>	415.17
Surplus/ (deficit)	<b>78.82</b>	13.20

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

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Opening defined benefit obligation	<b>401.97</b>	342.99
Current service cost	<b>29.60</b>	30.13
Interest cost	<b>34.16</b>	29.15
Benefits paid	<b>(57.13)</b>	(41.48)
Actuarial (gains)/losses on obligation	<b>(21.80)</b>	41.18
<b>Closing defined benefit obligation</b>	<b>386.80</b>	401.97

**Changes in the fair value of plan assets for gratuity are as follows:**

Particulars	Gratuity	
	March 31, 2014	March 31, 2013
Fair value of plan assets at beginning of the year	<b>415.17</b>	290.58
Expected return on plan assets	<b>28.02</b>	26.88
Contributions by employer	<b>80.00</b>	136.71
Benefits paid	<b>(57.13)</b>	(41.48)
Actuarial (gains)/losses	<b>(0.44)</b>	2.48
Fair value of plan assets at end of the year	<b>465.62</b>	415.17

The Company expects to contribute ₹ 34.79 lacs to gratuity in the next year (previous year ₹ 14.55 lacs).

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

Particulars	March 31, 2014	March 31, 2013
Investments with insurer - Insurance policy with Life Insurance Corporation of India	<b>100%</b>	100%

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

Particulars	March 31, 2014	March 31, 2013
Discount rate	<b>8.50%</b>	8.50%
Expected rate of return on assets	<b>6.75%</b>	9.25%
Increase in compensation cost	<b>7.60%</b>	7.60%
Employee turnover: Age group		
upto 30 years	<b>3</b>	3
31-44 years	<b>2</b>	2
Above 44 years	<b>1</b>	1

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

**Amounts for the current and previous years are as follows:**

Particulars	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
<b>Gratuity</b>					
Defined benefit obligation	<b>386.80</b>	401.97	342.99	591.81	504.06
Plan assets	<b>465.62</b>	415.17	293.09	516.38	425.78
Surplus / (Deficit)	<b>78.82</b>	13.20	(49.90)	(75.43)	(78.28)
Experience adjustments on plan liabilities (loss)/gain	<b>21.81</b>	(41.18)	(0.14)	(46.01)	(24.68)
Experience adjustments on plan assets (loss)/gain	<b>(10.82)</b>	2.33	–	3.39	1.65

**Contribution to Defined Contribution Plans**
**(Amount in ₹ lacs)**

Particulars	March 31, 2014	March 31, 2013
Provident Fund	92.57	190.57

30. Provision for Income tax Act has been made after taking into consideration the benefits available under Section 80I A of the Income Tax Act, 1961 in respect of Power Plant installed at Porbandar for captive consumption.

31. 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 and loss for the year is Rs. 57.08 lacs (Previous year Rs. 19.61 lacs).

**32. DERIVATIVE INSTRUMENT AND UNHEDGED FOREIGN CURRENCY EXPOSURE**
**a) Forward and Derivative Contract Outstanding as at Balance Sheet date**

Particulars		March 31, 2014	March 31, 2013	Purpose
Cross Currency Coupon only swap with call	USD	1,500,000	2,500,000	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	18,079	38,795	This amount represent interest accrued but not due on above foreign currency loans.
Cross Currency Coupon only swap with options	USD	-	38,795	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.

**b) Particulars of Unhedged Foreign Currency Exposure at the Balance Sheet Date**

Particulars	Currency	March 31, 2014		March 31, 2013	
		Foreign currency	Amount ₹ lacs	Foreign currency	Amount ₹ lacs
Trade receivables	USD	20,003	12.09	14,445	7.83

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

Particulars	March 31, 2014	March 31, 2013
<b>Personnel Expenses</b>		
Salaries, Wages and Bonus	125.17	127.37
Contribution to Provident and other funds	7.81	3.50
Manpower expenses	1,509.40	1130.17
<b>Operating and Other Expenses</b>		
Consumption of Stores and Spares	1.29	1.31
Rates & Taxes	11.30	32.88
Royalty on Raw Bauxite (On dispatch to factory)	-	80.06
Insurance	0.42	0.18
Legal and Professional Fees	74.85	65.17
Vehicle Running & Maintenance	6.58	5.28
Repairs and Maintenance :		
- Plant & Machinery (excluding Stores and Spares Consumed)	0.86	0.02
- Buildings	0.26	0.51
- Others	2.40	1.62
Travelling & Conveyance	6.07	8.06
Printing and Stationery	-	2.14
Communication cost	6.16	2.21
Miscellaneous Expenses	21.56	9.49
<b>Total</b>	<b>1,774.13</b>	<b>1,469.97</b>



**34. SUPPLEMENTARY STATUTORY INFORMATION**

(Amount in ₹ lacs)

**34.1 EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Exports at F.O.B. Value	130.65	824.08

**34.2 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Travelling	4.67	2.41
Interest	106.82	131.75
	111.49	134.16

**34.3 VALUE OF IMPORTS CALCULATED ON CIF BASIS (ON ACCRUAL BASIS)**

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Raw Materials	28.00	28.70
Stores and Spares	418.08	409.94
	446.08	438.64

**35. IMPORTED AND INDIGENOUS RAW MATERIALS, STORES AND SPARES CONSUMED**

Particulars	% of total consumption For the year ended		Value For the year ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Raw Materials</b>				
Indigenous*	99	98.86	5,020.94	5,381.26
Imported	1	1.14	27.29	62.06
<b>Total</b>	<b>100.00</b>	100.00	<b>5,048.23</b>	5,443.32
<b>Stores and Spares</b>				
Indigenous	80	81.55	1,608.46	1,597.26
Imported	20	18.45	399.18	361.44
<b>Total</b>	<b>100.00</b>	100.00	<b>2,007.64</b>	1,958.70

\* Includes direct expenses as stated in Note 33

**36. Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance and capital work in progress) ₹ 140.57 lacs (Previous Year Rs. Nil).

**37.** The assets of ₹ 104.01 Lacs (Previous year ₹ 205.00 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.

**38.** 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

Sd/-

**per Vikas Mehra**  
**Partner**

Membership No.94421

Place : New Delhi

Date : May 27, 2014

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

Sd/-

**S G Rajgarhia**  
 (MANAGING DIRECTOR)

Sd/-

**SMRITI SHARMA**  
 (COMPANY SECRETARY)

Sd/-

**P P Khanna**  
 (EXECUTIVE DIRECTOR)

Sd/-

**AMARSINGH SIHAG**  
 (GENERAL MANAGER) FINANCE

**FORM NO. MGT – 11  
PROXY FORM**

[Pursuant to the provisions of Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : .....

Registered Address : .....

E-mail ID : .....

Folio No./ Client ID : .....

DP ID : .....

I/We being the Member(s) of ..... equity shares of ₹ 1 each of Orient Abrasives Limited, hereby appoint:

1. Name: .....

Address: .....

E-mail Id: ..... Signature: ....., or failing him

2. Name: .....

Address: .....

E-mail Id: ..... Signature: ....., or failing him

3. Name: .....

Address: .....

E-mail Id: ..... Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 43<sup>rd</sup> Annual General Meeting of the Company, to be held on Wednesday, 24 September 2014 at 11.00 A.M. at Sun Village Inn, A-14, Ring Road, Lajpat Nagar-IV, New Delhi – 110 024 and at any adjournment(s) thereof, in respect of the resolutions, as indicated below:

Resolution Nos.:

1. Adoption of the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the financial year ended on that date and the reports of the Board of Directors and auditors thereon.
2. To appoint a director in place of Mr. R K Khanna, who retires by rotation and being eligible offers himself for re-appointment.
3. To declare a final dividend on equity shares.
4. Appointment of Messrs S.R. Batliboi & Co. LLP, Chartered Accountants, having Registration No. 301003E as the auditors of the Company for a period of one year.
5. Regularisation of Additional Director, Mr. Manoj C Ganatra.
6. Appointment of Mr. Manoj C Ganatra as an Independent Director.
7. Appointment of Mr. U K Khaitan as an Independent Director.
8. Appointment of Mr. R S Bajoria as an Independent Director.
9. Approval of Cost Audit fees for the financial year 2014-15.
10. Approval of the Borrowing Limit.
11. Approval of Mortgage of the assets of the Company.

Signed: this ..... day of ..... 2014

Signature of Member(s): .....

Signature of the Proxy holder(s): .....

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



**ATTENDANCE SLIP**

(Please hand over at the entrance of the Meeting hall)

43<sup>rd</sup> Annual General Meeting – 24 September 2014

I hereby record my presence at the Forty Third ANNUAL GENERAL MEETING of the Company held at Sun Village Inn, A-14, Ring Road, Lajpat Nagar-IV, New Delhi– 110 024 on Wednesday, 24 September 2014 at 11.00 A.M.

Full name of the Member  
(IN BLOCK LETTERS) .....

Folio No. ....

DP ID .....

Client ID .....

No. of Shares held .....

Full name of Proxy  
(IN BLOCK LETTERS) .....

Member's / Proxy's Signature .....

Note: Your entry to the Meeting will be regulated by this attendance slip.

## BOOK POST

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