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CS	☒		DPY	☒
RO	☒		DIV	☒
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26th

ANNUAL REPORT

1996-97

ORIENT ABRASIVES LIMITED

ORIENT ABRASIVES LIMITED**MANAGEMENT****BOARD OF DIRECTORS**

(As on 4th August, 1997)

Shri R. L. Rajgarhia, Chairman

Shri V. B. Chaturvedi

Shri Umesh Khaitan

Shri Narsingh Awatar
(Nominee : Industrial Credit
and Investment Corporation of India Ltd.)

Shri R. K. Rajgarhia

Shri P. K. Rajgarhia

Shri S. G. Rajgarhia, Managing Director

Shri P. P. Khanna, Executive Director

BANKERS

UCO Bank

AUDITORS

S. R. Batliboi & Co.

REGISTERED OFFICE

1212, Chiranjiv Tower,
43, Nehru Place,
New Delhi - 110 019

WORKS

Abrasive Grains Division:
GIDC Industrial Area,
Porbandar (Gujarat)

Bonded Abrasive Division:
SP-148A, RIICO Industrial Area,
Bhiwadi, Distt. Alwar (Rajasthan)

Refractories Division :
SP-148B, RIICO Industrial Area,
Bhiwadi, Distt. Alwar (Rajasthan)

ORIENT ABRASIVES LIMITED**NOTICE**

To the Shareholders

Notice is hereby given that the 26th Annual General Meeting of the members of ORIENT ABRASIVES LIMITED will be held at Gandhi Memorial Hall, Bahadur Shah Zafar Marg, New Delhi - 110 002 on Friday, the 26th September, 1997 at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 1997 and the report of the Directors and Auditors thereon.
2. To declare a dividend on Preference shares.
3. To declare a dividend on Equity Shares.
4. To appoint a Director in place of Shri P.K. Rajgarhia who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Shri V.B. Chaturvedi who retires by rotation and being eligible offers himself for reappointment.
6. To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass the following resolution with or without modifications, as an ordinary resolution.
 "RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956, Shri P.P. Khanna be and is hereby appointed as a Director of the Company liable to retire by rotation."
8. To consider and if thought fit, to pass the following resolution with or without modifications, as an ordinary resolution.
 "RESOLVED that subject to the provisions of Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII appended to the Companies Act, 1956, the Company hereby approves the appointment of Shri P.P. Khanna as a whole time Director of the Company by the Board of Directors, designated as Executive Director, for a period of five years w.e.f. 4th August, 1997, upon the terms and conditions set out in the agreement, submitted to this meeting and initialled by the Chairman for the purposes of identification.
 Further resolved that the Board of Directors be and is hereby authorised to affect such modifications in the terms and conditions set out in the said agreement as may be agreed to by the Board and Shri P.P. Khanna.
9. To consider and if thought fit, to pass the following resolution with or without modifications, as an ordinary resolution.
 "RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956, Shri Umesh Khaitan be and is hereby appointed as a Director of the Company liable to retire by rotation."

By order of the Board

Place : New Delhi
 Dated : 4th August, 1997

R. L. Rajgarhia
 Chairman

Registered Office :
 1212, Chjranjiv Tower,
 43 Nehru Place,
 New Delhi - 110 019

ORIENT ABRASIVES LIMITED**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM FRIDAY THE 19TH DAY OF SEPTEMBER, 1997 TO FRIDAY THE 26TH DAY OF SEPTEMBER, 1997 (BOTH DAYS INCLUSIVE).
3. DIVIDEND AS RECOMMENDED BY THE BOARD OF DIRECTORS, IF DECLARED AT THE MEETING, WILL BE PAID TO THOSE SHAREHOLDERS WHOSE NAMES APPEAR ON THE COMPANY'S REGISTER OF MEMBERS AS ON 26TH DAY OF SEPTEMBER, 1997.
4. AN EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NOS. 7, 8 & 9 OF THE NOTICE IS ANNEXED HERETO.
5. TO AVOID ANY PILFERAGE, FORGERY OR THE POSSIBILITY OF THE DIVIDEND WARRANT REACHING THE WRONG HANDS, THE MEMBERS ARE REQUESTED TO NOTIFY THE NAME AND ADDRESS OF THEIR BANKERS ALONGWITH THE ACCOUNT NO. TO THE COMPANY, BY 4TH OCTOBER, 1997, FOR INCORPORATION OF THE SAME IN THE DIVIDEND WARRANT.
6. MEMBERS ARE ALSO REQUESTED TO NOTIFY THE CHANGE IN THEIR ADDRESSES IF ANY, TO THE COMPANY.
7. MEMBERS/PROXIES SHOULD BRING THEIR ATTENDANCE SLIP DULY FILLED IN FOR ATTENDING THE MEETING.
8. ANY QUERIES RELATING TO THE ACCOUNTS OF THE COMPANY MUST BE SENT TO THE REGISTERED OFFICE OF THE COMPANY AT 1212, CHIRANJIV TOWER, 43 NEHRU PLACE, NEW DELHI - 110 019 AT LEAST 7 DAYS BEFORE THE MEETING.
9. THE AMOUNT OF DIVIDEND REMAINING UNPAID FOR THE YEAR 1993-94, AND TRANSFERRED TO THE COMPANY'S UNPAID DIVIDEND ACCOUNT, FALLS DUE FOR TRANSFER TO THE GENERAL REVENUE ACCOUNT OF THE CENTRAL GOVERNMENT ON 9.1.98, IN TERMS OF THE PROVISIONS OF SECTION 205A OF THE COMPANIES ACT, 1956.

EXPLANATORY STATEMENT

pursuant to Section 173(2) of the Companies Act., 1956.

Item No. 7 & 8

Shri P. P. Khanna who had been working with the Company as Executive Director (not however being a Board member), was co-opted as an additional director on the Board and was subsequently appointed as a whole time Director of the Company by the Board of Directors in its meeting held on 4th August, 1997, for a period of 5 years, on the terms and conditions decided thereat. It was also decided that his designation shall continue to be that of Executive Director.

Shri Khanna being an additional director, his appointment comes to an end at the ensuing Annual General Meeting and he would therefore also cease to hold office as a whole time director.

The Company has received a notice in writing from a member of the company u/s 257 of the Companies Act, 1956 regarding his intention to propose Shri P. P. Khanna as a Director liable to retire by rotation.

Shri Khanna is a highly qualified engineer and has been associated with the company since 1973. Presently he is looking after the technical and administrative areas of the company.

He has been highly instrumental in the progress made by the company over the years, and the Board is of the opinion that his appointment as a whole time Director will be in the interests of the Company.

The following are the principal terms and conditions of the appointment of Shri P.P. Khanna as a whole time director of the company,

- i) Salary Rs. 35000/- p.m. in the scale of 35000 - 5000 - 55000. The Annual increments will be effective from 1st April each year.
- ii) Bonus/Exgratia : As may be payable to the senior executives of the company but not exceeding 20% of the Basic Salary.

ORIENT ABRASIVES LIMITED

iii) Perquisites

a) Housing:

The expenditure by the Company on hiring furnished accommodation, for Shri P.P. Khanna, will be subject to the ceiling of 60% of the basic salary over and above 10% payable by him.

In case no accommodation is provided by the Company, Shri Khanna shall be entitled to House Rent Allowance @ 50% of the Basic salary.

b) Supply of Water, Gas and Electricity free of charge. Expenditure incurred by the company on water, gas, electricity and furnishing will be valued as per the Rule 3 of the Income Tax Rules, 1962. These shall, however, be subject to a ceiling of 10% of the basic salary.

c) Medical Reimbursement :

Medical expenses incurred for self and family, subject to a ceiling of one month salary in a year or three months salary over a period of three years.

d) Leave travel concession :

Reimbursement of travelling expenses of self, wife and dependent children once in a year incurred in accordance with the rules of the company.

e) Personal accident insurance :

Premium not to exceed Rs. 4000/- per annum.

f) Car with Driver and Telephone :

Provision for use of the Company's Car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites.

g) Company's contribution to Provident Fund to the extent not taxable under the Income-tax Act, Gratuity according to the Company's Rules and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites.

h) Minimum remuneration:

In the event of absence or inadequacy of profits of the Company in any year, the above referred remuneration or such remuneration as would be permissible under Schedule XIII, having regard to the effective paid up capital of the Company, shall be paid as minimum remuneration.

The Directors consider the remuneration and perquisites payable to Shri P. P. Khanna to be reasonable and request you to appoint him as a Director on the Board, liable to retire by rotation, in terms of the resolution at item no. 7 and thereupon pass a resolution in terms of item no. 8 appointing him as a whole time director w.e.f. 4th August, 1997.

No director of the company except Shri P.P. Khanna is concerned or interested in the said resolutions.

This is also to be regarded as an abstract of the terms of agreement with the whole time Director as aforesaid and the memorandum of interest u/s 302 of the Companies Act, 1956.

Item No. 9

Shri Umesh Khaitan was appointed as an additional director on the Board of the Company on 11th February, 1997. Pursuant to the provisions of Section 260 of the Companies Act, 1956, his appointment will come to an end at the ensuing Annual General Meeting. The company has received a notice in writing from a member, u/s 257 of the Companies Act, 1956 regarding his intention to propose Shri Umesh Khaitan as a Director on the Board of the Company, liable to retire by rotation. Shri Umesh Khaitan has already filed with the Company, a consent in terms of Section 264 of the Companies Act, 1956, to act as a Director of the Company, if appointed as such.

The Directors therefore request you to pass the necessary resolution as set out at item No. 9 of the notice, appointing Shri Umesh Khaitan as a Director liable to retire by rotation.

No Director of the Company except Shri Umesh Khaitan, is concerned or interested in the resolution.

By order of the Board

Place : New Delhi

R. L. Rajgarhia

Dated : 4th August, 1997

Chairman

ORIENT ABRASIVES LIMITED**DIRECTORS' REPORT**

The Members,

Orient Abrasives Limited

Your Directors have pleasure in presenting the 26th Annual Report, alongwith the Audited accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	1996-97	Rs. in lacs	1995-96
Gross Sales & Income	8493.47		7701.87
Profit before depreciation, Interest and Income Tax	875.69		741.68
Less : Depreciation	151.53		183.76
Interest	447.16		332.76
Profit before Income Tax	277.00		225.16
Less : Provision for Income Tax	100.72		135.00
Net profit for the year	176.28		90.16
Add : Balance brought forward from the previous year	96.65		84.21
Amount available for appropriation	272.93		174.37
Appropriation :			
General Reserve	16.00		50.00
Proposed Dividend			
on Preference Shares	0.14		—
on Equity Shares	24.62		27.72
Income-tax on Dividend	2.48		—
Balance carried forward to Balance Sheet	229.69		96.65

DIVIDEND

Your Directors are pleased to recommend a dividend @ 15% on Equity and Preference shares, for the year ended 31st March, 1997, subject to the approval of Financial Institution.

In respect of Bonus shares and Preference Shares allotted by the Company during the year, the above dividend shall be payable pro rata from the date of allotment.

FINANCE

The Company has issued 15% Cumulative Non-convertible Preference Shares for Rs. 3,56,30,000/- during the previous year and Rs. 43,70,000/- in the Current year aggregating to Rs. 4,00,00,000/- in all. ICICI has sanctioned a term loan of Rs. 900 lacs for installation of D. G. Set at Porbandar.

OPERATIONS :**ABRASIVE GRAINS DIVISION**

The operations of this division have been maintained at the same level as previous year inspite of a recessionary trend in the steel and other consuming industries. Gujarat Electricity Board affected a steep increase in power tariff during the year. In order to keep the power cost under control your company has decided to install a 4.25 MW power plant based on heavy oil which will result in substantial savings in power cost. The power plant will be commissioned by the end of current year. Your Directors are hopeful that the turnover of this division shall be maintained in the current year also.

BONDED ABRASIVE DIVISION

The turnover of this division has increased by 17% over the previous year. Efforts are being made to increase the market share and production of higher value added items. Your Directors are hopeful that the performance of this division in the current year shall be better.

REFRACTORY DIVISION

There is an overall improvement in the performance of this division during the year under review. The turnover has increased from Rs. 22.08 Crores to Rs. 26.63 Crores registering a growth of about 21% during the year. Tundish Coating material manufactured by the company has been well accepted by the consumers. Production of continuous casting refractories has also commenced in the current year. Due to severe competition however, there is a decline in the selling prices in the Current Year. Your Directors are hopeful that during the current year the production and turnover of this division shall increase further.

FIXED DEPOSITS

Deposits amounting to Rs. 4.03 lacs remained unclaimed upto 4th August, 1997.

DIRECTORS

Consequent to the repayment of its loans, Gujarat Industrial Investment Corp'n. Ltd. withdrew its nominee

ORIENT ABRASIVES LIMITED

Shri T. V. Krishnamurthy, from the Board of the Company. The Board places on records its deep gratitude and appreciation for the counsel and guidance received from Shri Krishnamurthy, during his tenure on the Board.

Shri P. P. Khanna has been appointed as a whole time Director of the Company, for a period of five years, by the Board of Directors in its meeting held on 4th August, 1997. The appointment is subject to ratification by the shareholders.

During the year, Shri Umesh Khaitan was co-opted on the Board as an Additional Director.

Further, Shri P.K. Rajgarhia and Shri V.B. Chaturvedi retire by rotation and being eligible, offer themselves for reappointment.

AUDITORS AND AUDIT REPORT

The comments of the auditors in the Auditors' Report, read with notes to the accounts in schedule 17, are self explanatory and do not call for any further explanation. M/s. S. R. Batliboi & Co. Auditors of the Company retire at ensuing Annual General Meeting, but being eligible offer themselves for reappointment.

PARTICULARS OF EMPLOYEES

The statutory statement of particulars of employees falling within the purview of section 217(2A) of the Companies Act, 1956 is annexed to and forms an integral part of this report.

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

As required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed.

ACKNOWLEDGEMENT

Your Directors acknowledge with thanks the co-operation and assistance received by the Company from its Customers, Financial Institutions, Bankers and various Government Authorities and also the Employees of the Company.

For and on behalf of the Board

Place : New Delhi

Date : 4th August, 1997

R. L. Rajgarhia
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

CONSERVATION OF ENERGY

Energy conservation is a continuous process. Operating parameters for the manufacture of products already established are being standardised to optimise energy conservation. Use of insulation material to avoid energy loss is also being introduced.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company's efforts to develop new products with the co-operation of users is continuing. Priority is being given to maximise the use of indigenously available materials. Efforts are being made to develop new generation refractory raw materials and products.

	1996-97	1995-96
A) Power & Fuel Consumption for Refractories		
1. ELECTRICITY		
a) Purchased :		
Units (in lacs)	19.16	20.94
Total amount (Rs. in lacs)	56.04	51.78
Rate/Unit (Rs.)	2.92	2.47
b) Own generation through D.G. Set :		
Units (in lacs)	6.08	3.76
Units per ltr. of Diesel oil	3.26	3.24
Cost/Unit (Rs.)	2.40	2.08
2. LDO		
Qty. (Kilo. ltr.)	8.64	8.58
Total cost (Rs. in lacs)	65.45	53.30
Average/ Kilo ltr. (Rs.)	7578	6215
B) Consumption per Unit of Production for Refractories		
Electricity (Units)	800	1180
LDO/(Ltr.)	361	400
FOREIGN EXCHANGE EARNINGS AND OUTGO		
Earned (Rs. in lacs)	21.74	3.55
Used (Rs. in lacs)	142.88	99.45

ORIENT ABRASIVES LIMITED

Statement pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975 and forming part of Directors' Report for the year ended March 31, 1997

S.No.	Name	Age (Year)	Qualification	Experience	Date of Commencement	Designation	Nature of Duties	Remuneration	Last Employment held/ Designation
1.	S.G. Rajgarhia	51	B.Tech. (Hons.) S.M. (MIT)	27	01.08.1973	Managing Director	Overall Management	10,50,000	—
2.	P.P. Khanna	58	B.Sc., B.E. AMIE	35	01.07.1973	Executive Director	Overall Management	7,54,063	Hindustan Motors Ltd. Works Manager (Heavy Engg. Division)
3.	S.C. Sarin	51	B.Tech. (Hons)	29	15.06.1991	President (Refractory Division)	Technical	4,89,366	Steel Strips Ltd. General Manager
4.	S.K. Nanda	53	B.Sc. (Hons) B.Sc. (Chem. Tech)	29	29.07.1978	Vice-President (Bonded Abrasive Division)	Technical	3,75,000	Grindwell Norton Ltd. Research Engineer
5.	B.L. Gupta	40	B. Com., F.C.A	16	02.04.1993	G. M. (Commercial)	Commercial	3,67,501	Orient Cerwool Ltd. Finance Manager
6.	J.R. Panda	54	B.Sc., F.I.I.C.E.R.	33	15.10.1995	Advisor (Refractory Division)	Technical	3,70,084	Indo Fogates Ltd., Vice President Works
7.	R.S. Dahiya	51	B.Tech. (Hons.) MET, ENGG.	29	02.01.1995	Vice-President (Refractory Division)	Technical	3,52,588	Vishvishal Engg. Ltd., Chief Executive
8.	R.K. Khanna	45	B.E. (Mech.)	24	10.07.1973	President (Abrasive Grains Division)	Technical	3,34,400	—
9.	R.K. Shah	49	B.E. (MET.)	25	01.05.1994	Gen. Mgr. (Works) (Refractory Division)	Technical	3,09,300	Bhilai Steel Plant Sr. Manager Melting Shop

Notes :

- Above Details are of those employees who were employed throughout the accounting year and were in receipt of remuneration of not less than three lac rupees per annum.
- Remuneration as above includes salary, Company's contribution to provident fund, leave travel concession, medical expenses, leave encashment, gratuity paid and actual amount spent by the company on perquisites.
- Except Shri S.G. Rajgarhia, who is a relative of Shri R.L. Rajgarhia, Shri R.K. Rajgarhia and Shri P.K. Rajgarhia, Directors of the Company, none of the employees mentioned above is a relative of any Director of the Company.
- Employment is non-contractual in all cases subject to one month/three months notice on either side, depending upon the office held by the employees, except Shri S.G. Rajgarhia and Shri P.P. Khanna.