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# 36th
# Annual Report
# 2006-07

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# MANAGEMENT

**BOARD OF DIRECTORS**

Mr Rajendra Kumar Rajgarhia, Chairman
Mr Rama Shanker Bajoria
Mr Tribhuvan Nath Chaturvedi
Mr Umesh Kumar Khaitan
Mr Sudhir Kumar Samarendra Narayan
Mr Shri Gopal Rajgarhia, Managing Director
Mr Prem Prakash Khanna, Executive Director

**BANKERS**

UCO Bank
HDFC Bank
State Bank of India

**AUDITORS**

S. R. Batliboi & Co.

**REGISTERED OFFICE**

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

**REGISTRAR & TRANSFER AGENT**

Skyline Financial Services Pvt. Ltd.
246, First Floor, Sant Nagar,
East of Kailash
New Delhi – 110 065
Phone : 011-26292682, 011-26292683
Fax : 011-26292681
E mail : admin@skylinerta.com

**WORKS**

*Abrasives Grains & Power Division :*
GIDC Industrial Area,
Porbandar
Gujarat-360 577

*Refractories Division :*
SP-148A & B, RIICO Industrial Area,
Bhiwadi, Dist Alwar (Rajasthan)

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# NOTICE

To the Members of ORIENT ABRASIVES LIMITED :

Notice is hereby given that the 36th Annual General Meeting of the Members of Orient Abrasives Limited will be held at Vishwa Yuvak Kendra, Circular Road, Chanakyapuri, New Delhi – 110 021 on Thursday, September 20, 2007 at 11.00 A.M. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Annual Accounts of the Company for the year ended March 31, 2007 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr Rajendra Kumar Rajgarhia who retires by rotation and being eligible offers himself for re-appointment.
3. To declare a final dividend on equity shares.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

5. To consider, and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 and other applicable provisions, if any, Mr Prem Prakash Khanna, who was appointed as an additional director by the Board of Directors w.e.f. 07/08/2006, who holds the office till the date of this Annual General Meeting and for whose appointment as a director, a notice has been received by the Company, be and is hereby appointed as a director liable to retire by rotation."

6. To consider, and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 and other applicable provisions, if any, Mr Sudhir Kumar Samarendra Narayan, who was appointed as an additional director by the Board of Directors w.e.f. 09/06/2007, who holds the office till the date of this Annual General Meeting and for whose appointment as a director, a notice has been received by the Company, be and is hereby appointed as a director liable to retire by rotation."

7. To consider, and if thought fit, to pass the following resolution with or without modification as a Special Resolution :

   "RESOLVED THAT subject to the provisions of Section 198, 269, 309, 314 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956 the approval of the members of the Company be and is hereby accorded to the appointment of Mr Prem Prakash Khanna as a whole-time director of the Company by the Board of Directors, designated as Executive Director, for a period of three years w.e.f. August 7, 2006 upon the following terms and conditions :

   i) Salary Rs. 88500 p.m. with power to the Board of Directors to grant annual increments not exceeding Rs. 20000 in an year. The annual increments will be effective from 1st April of each year. The first increment to be given w.e.f. April 1, 2007.

   ii) Bonus/Ex-gratia : As may be payable to the senior executives of the Company but not exceeding 20% of the basic salary.

   iii) Perquisites :

      a) Housing - Rent free furnished accommodation or house rent allowance in lieu thereof, either of which shall be subject to a maximum value of 50% of the basic salary;

      b) Supply of water, gas and electricity – free of charge 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's salary in an year or three months' salary over a period of three years ;



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d) Leave travel concession/allowance – Reimbursement of travelling expenses of self and dependent family members once in an year incurred in accordance with the rules of the Company ;

e) Subscription to newspapers and other magazines at home ;

f) Car with driver and telephone – free use of Company's car(s) with driver and free telephone/internet facility at residence for official as well as personal use. The car and telephone used for official purposes shall not be included in the computation of remuneration ;

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 limits for the remuneration or perquisites.

The total of perquisites shall not exceed the amount of basic salary payable as above.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profit in any financial year of the Company during the term of office of Mr P P Khanna as Executive Director, the remuneration payable to him shall be paid to him as minimum remuneration provided that the total remuneration by way of salary, ex-gratia, perquisites and other allowances shall not exceed the limits prescribed from time to time in paragraph 1 (B) of Section II in Part II of Schedule XIII of the Companies Act, 1956."

8. To consider, and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 293(1)(d) of the Companies Act, 1956, the consent of the Company is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money from time to time, on such terms and conditions and with or without security as the Board of Directors may deem fit from banks, financial institutions or any other kind of lenders notwithstanding that the money or money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not so set aside for any specific purposes, provided however that the total amount so borrowed and remaining outstanding at any particular time shall not exceed Rs. 100 crores."

9. To consider, and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of section 293(1)(a) and other provisions, if any, of the Companies Act 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage or charge all or any part of immovable or movable properties of the company, where so ever situated, both present and future, and whole or part of the undertakings of the Company of any nature and kind whatsoever and/or creating a floating charge in all or any immovable properties of the company together with the powers to takeover the managements of the business and concern of the company, in certain events, to or in favour of banks, financial institutions any other lenders to secure the amount borrowed/to be borrowed by the Company from time to time for the due payment of the principal monies together with the interest and other charges payable by the company in respect of such borrowings.

RESOLVED FURTHER that the Board of directors of the Company be and is hereby authorised to finalise the documents for creating the aforesaid mortgages and/or charges and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

for ORIENT ABRASIVES LIMITED

Place : New Delhi
Date : July 28, 2007

Deepak C S
Company Secretary



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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 REMAINED CLOSED FROM JULY 10 2007 (TUESDAY) TO JULY 17 2007 (TUESDAY) - BOTH DAYS INCLUSIVE. DIVIDEND ON EQUITY SHARES, IF DECLARED AT THE ANNUAL GENERAL MEETING, SHALL BE PAYABLE TO ALL THOSE MEMBERS WHOSE NAMES APPEAR ON THE REGISTER OF MEMBERS AS ON JULY 17, 2007 IN THE CASE OF THOSE HOLDING IN PHYSICAL MODE AND TO ALL THOSE WHOSE NAMES APPEAR IN THE LIST TO BE FURNISHED BY THE DEPOSITORIES AS AT THE CLOSING HOURS OF JULY 9, 2007 IN THE CASE OF THOSE HOLDING IN DEMAT MODE.
3. THE AMOUNT OF DIVIDEND REMAINING UNPAID FOR THE YEARS 2002-03, 2003-04 AND 2004-05, AND 2005-06, AND TRANSFERRED TO THE COMPANY'S UNPAID DIVIDEND ACCOUNT, CAN BE CLAIMED FROM THE COMPANY BY THE MEMBERS ENTITLED TO IT FOR A PERIOD OF SEVEN YEARS FROM THE RESPECTIVE DATES OF SUCH TRANSFER AFTER WHICH IT SHALL BE TRANSFERRED TO THE INVESTOR EDUCATION AND PROTECTION FUND CONSTITUTED UNDER SECTION 205 (C) OF THE COMPANIES ACT, 1956.
4. IN ORDER TO AVOID FRAUDULENT ENCASHMENT OF THE DIVIDEND WARRANT(S), MEMBERS ARE ADVISED TO INFORM DETAILS OF THEIR BANK ACCOUNT NUMBER AND NAME AND ADDRESS OF THE BANK, FOR INCORPORATING THE SAME ON THE DIVIDEND WARRANTS.
5. CONSOLIDATION OF MULTIPLE FOLIOS AND PINCODE – MEMBERS ARE REQUESTED TO SEND THE SHARES HELD IN IDENTICAL NAMES FOR CONSOLIDATION INTO A SINGLE FOLIO ; ENSURE THE CORRECT PIN CODE IS INFORMED TO THE COMPANY TO EXPEDITE DELIVERY OF THE MAIL.
6. THE COMPANY SUB-DIVIDED THE FACE VALUE OF EQUITY SHARES FROM RS. 10 TO RE. 1 W.E.F. AUGUST 24, 2005. MEMBERS WERE ADVISED THROUGH A CIRCULAR DATED AUGUST 8, 2005 TO SURRENDER THEIR OLD SHARE CERTIFICATES FOR EXCHANGE WITH THE NEW ONES. MEMBERS WHO HAVE NOT ALREADY EXCHANGED THEIR OLD CERTIFICATES WHICH ANYWAY CEASED TO BE VALID FROM THAT DATE, MAY DO SO BY SENDING THE OLD CERTIFICATES TO THE REGISTERED OFFICE OF THE COMPANY. THE OLD CERTIFICATES ARE BEING ASKED FOR TO VERIFY GENUINENESS AND TO PROCURE INDEMNITY IN THE CASE OF LOST SHARE CERTIFICATES.
7. THE MEMBERS ARE REQUESTED TO GET THEIR SHARES DEMATERIALISED. THE COMPANY'S NEW ISIN CODE IS INE569C01020 PURSUANT TO CHANGE IN FACE VALUE.
8. MEMBERS CAN AVAIL NOMINATION FACILITY IN RESPECT OF THEIR SHAREHOLDINGS BY APPLYING IN FORM 2 B OF COMPANIES (CENTRAL GOVERNMENT'S GENERAL RULES & FORMS, 1956. THE SAID FORMS CAN BE OBTAINED FROM THE REGISTRAR OF THE COMPANY ON APPLICATION.
9. MEMBERS ARE REQUESTED TO FILL UP THE ECS MANDATE FORM PROVIDED WITH THIS REPORT AND SUBMIT TO THE REGISTRAR AT THE EARLIEST FOR THE PURPOSE OF DIVIDEND CREDIT.
10. EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NOS. 5 TO 9 IS ANNEXED.

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956 ITEM NO. 5 TO 9.**

**ITEM NO. 5**

Mr P P Khanna was appointed as an additional director w.e.f. 07/08/2006, by the Board of Directors. In terms of section 260 of the Companies Act, 1956 he holds office only till the date of this Annual General Meeting. The Company has received a notice under section 257 of the Act proposing Mr Khanna for appointment as director at the ensuing Annual General Meeting subject to retirement by rotation.

The Board of Directors recommends his appointment as a director.

None of the directors except Mr. P P Khanna himself is interested or concerned in the resolution.



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**ITEM NO. 6**

Mr S K S Narayan was appointed as an additional director w.e.f. 09/06/2007, by the Board of Directors. In terms of section 260 of the Companies Act, 1956 he holds office only till the date of this Annual General Meeting. The Company has received a notice under section 257 of the Act proposing Mr Narayan for appointment as director at the ensuing Annual General Meeting subject to retirement by rotation.

The Board of Directors recommends his appointment as a director.

None of the directors except Mr. S K S Narayan himself is interested or concerned in the resolution.

**ITEM NO. 7**

Mr. P P Khanna was appointed as an additional director and then as a whole-time director designated as Executive Director w.e.f. 07/08/2006 for a period of three years by the Board of Directors in the meeting held on July 31, 2006. According to Schedule XIII of the Companies Act, 1956, this appointment requires members' approval by way of ordinary resolution. However to satisfy the applicability, if any, of Section 314 of the Act, a special resolution is required. Besides, in order to provide for minimum remuneration in the event of loss or inadequacy of profits in any year, a special resolution is required to be passed by the members approving payment of remuneration for 3 years. To meet both these requirements, a special resolution is being proposed. The proposed resolution combines both the appointment and payment of minimum remuneration.

The information required to be given as per paragraph 1 (B) (iv) of Section II of Part II of Schedule XIII of the Companies Act, 1956 in the context of above appointment is given below :

**I GENERAL INFORMATION**

1) Nature of Industry :

The Company's activities can be classified under the engineering industry. It has two business divisions viz. the Abrasive Grains Division which manufactures fused and calcined alumina grains and the Refractory Division which manufactures refractory and monolithic products.

2) Commencement of Commercial Production

Commercial production of Abrasive Grains Division commenced in January 1975 while Refractory Division commenced commercial production in November 1985.

3) The financial performance for the year ended March 31, 2007 :

| | (Rs. in lac) |
|---|---|
| Net sales and other income | 18730.72 |
| Operating profit | 4164.80* |
| Net profit | 2549.66* |
| EPS | 4.25 |

* inclusive of profit on sale of Bonded Abrasives Business

**II INFORMATION ABOUT THE APPOINTEE**

Mr P P Khanna, aged 67 years, is a highly qualified engineer with the degrees BSc, B.E. and AMIE. He has been associated with the company for the last 34 years in different capacities like a Senior Executive and as member of the Board of Directors. The current appointment is for a fresh term in the office of Executive Director.

Mr.Khanna has been highly instrumental in the progress made by the company over the years. He has vastly contributed in the setting up of various divisions of the company and in their growth. His technical expertise and industry experience have immensely helped the Company in production, marketing and development.

The attributes possessed by him like good business acumen, far-sightedness and leadership have largely propelled the activities of the Company and inspired the workforce. Mr P P Khanna is the key-person in helping to co-ordinate the activities of various branches and the plants and in making the company work as an integrated unit.

As the executive director he has the responsibility of virtually looking after the entire company affairs after the Managing Director. The job profile includes co-ordinating the operations of various divisions and in formulating policies and strategies for each division and for the Company as a whole in consultation with the Managing



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Director and under the supervision of the Board of Directors. His performance as an executive director and as a senior non-director executive has been commendable. It has been deemed to be in the best interest of the Company to avail his services as an Executive Director for another 3 years.

The remuneration proposed to be paid to him is mentioned elsewhere in this Annual Report. The remuneration pad to him during the financial year 2006-2007 is as under :

| | (Rs. in lac) |
|---|---|
| Total remuneration | 13.72 |

The remuneration being paid by other comparable entities in the industry is as under. The figures have been drawn from the published annual reports :

| Name of Company | Turnover (Rs. crore) | Remuneration (Rs. Lac) |
|---|---|---|
| Carborundum Universal Ltd. | 485.97 | 55.97 |
| Vesuvius India Ltd. | 275.84 | 75.76 |
| Grindwell Norton Ltd. | 386.04 | 144.80 |

Pecuniary relationship & relationship with managerial persons –

Mr P P Khanna's pecuniary relationship is limited to the remuneration he receives in the capacity of Executive Director and the dividend or other benefits accruing to shareholders to the extent of his shareholding.

He is not related to any employee of the Company.

**III OTHER INFORMATION**

The profit of the Company during the financial year 2006-07 was adequate and it is expected that the Company will perform satisfactorily in the coming years making provision of minimum remuneration redundant.

However, there could be events or external factors beyond the control of the Company which would influence Company's profitability. Hence it is necessary to provide for minimum remuneration to adequately compensate the Executive Director in case of any such eventuality.

**IV DISCLOSURES**

The remuneration package is already explained in the foregoing paragraphs. The report on Corporate Governance which forms part of this Annual Report also gives various details related to remuneration and contract of service as required.

The Board of Directors recommends that his appointment be unanimously approved by the members. The appointment and the remuneration have been approved by the remuneration committee in its meeting held on July 29, 2006.

No director of the Company except Mr. P P Khanna himself is interested or concerned in the resolution.

This may also be treated as an abstract of the terms of the contract between the Company and Mr. P P Khanna and of the memorandum of interest under section 302 of the Companies Act, 1956.

The said contract is open for inspection on all working days during business hours at the registered office of the Company.

**ITEM NO. 8**

The Company requires to borrow funds from time to time to meet both its short term and long terms business objectives, from various external agencies like banks, financial institutions, bodies corporate, individuals or other kind of lenders. According to section 293 (1) (d) of the Companies Act, 1956, the total amount of such borrowings as well as the outstanding at any time can not exceed the aggregate of paid up capital and free reserves of the Company, except with the consent of the members at Annual General Meeting. The existing limit is upto Rs. 20 crore in excecss of the paid up capital and free reserves as authorised by members in the 17th annual general meting held on January 30, 1989. Since it has been felt that the said authority is very old and also in order to revise the limits, the resolution at item no. 8 has been proposed.



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It is recommended that the resolution be passed with requisite majority. None of the directors is interested or concerned in the resolution.

**ITEM NO. 9**

This is related to the previous item. Through the proposed resolution it is sought that the Board of Directors be authorised to secure the borrowings, if required, by creating charge/mortgage on the assets of the Company. The existing authority is derived from the resolution passed in the 17th annual general meting held on January 30, 1989. Since it was obtained a long time back, it is considered advisable to seek a fresh authority from the members. Since it is not practical to seek general meeting's approval every time a loan is sanctioned, it is proposed to obtain a comprehensive approval to secure the properties for the loans sanctioned within the limits set out through the previous resolution.

Even though section 293 (1) (a) refers to sale, lease or disposal of the whole or substantially whole of the undertaking of the Company, creating mortgage or charge on the assets gives a right to the lender to take possession of or own the said properties in certain events, such creation of charge/mortgage in way constitutes sale or disposal of the undertaking of the Company. Therefore a resolution under Section 293 (1) (a) is required for this purpose.

It is recommended that the resolution be passed with requisite majority. None of the directors is interested or concerned in the resolution.

**Brief resume of the Directors being re-appointed :**

1. **Mr Rajendra Kumar Rajgarhia**

| | | |
|---|---|---|
| Name | : | Mr R K Rajgarhia |
| Date of Birth | : | 14/08/1938 |
| Date of Appointment | : | 09/12/1980 |
| Expertise in field | : | Mr R K Rajgarhia is an eminent industrialist with about 44 years of experience. He is the eldest brother of Company's Managing Director. He has been associated with the Company since 1980 as an ordinary Director. He has been the Chairman of the Company since May, 1998. |
| His Directorship in other Companies | : | a) APM Industries Ltd.<br>b) Perfectpac Ltd.<br>c) Banswara Fabrics Ltd.<br>d) Gini Silk Mills Ltd.<br>e) Unifrax India Ltd.<br>f) Rajgarhia Leasing & Financial Services Pvt. Ltd. |
| His Committee membership in Orient Abrasives Ltd. | : | Chairman – Shareholders' Grievances Committee |
| His Committee membership in other Companies | : | NIL |
| His shareholding in the Company | : | 1538851 equity shares (2.57%) |



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**2. Mr Sudhir Kumar Samarendra Narayan**

| | | |
|---|---|---|
| Name | : | Mr Sudhir Kumar Samarendra Narayan |
| Date of Birth | : | 07/07/1943 |
| Date of Appointment | : | 09/06/2007 |
| Expertise in field | : | Mr S K S Narayan has extensive exposure of over 40 years in the various steel plants in India like the Rourkela Steel Plant, Vishakhapatnam Steel Plant and the Bokaro Steel Plant. He retired as Director (Commercial) of Vizag Steel Plant in 2003 after serving there for over 14 years. He was responsible for commissioning of all units of the said steel plant. |
| His Directorship in other Companies | : | Himadri Chemicals & Industries Ltd. |
| His Committee membership in Orient Abrasives Ltd. | : | NIL |
| His Committee membership in other Companies | : | NIL |
| His shareholding in the Company | : | NIL |

**3. Mr Prem Prakash Khanna**

| | | |
|---|---|---|
| Name | : | Mr Prem Prakash Khanna |
| Date of Birth | : | 03/04/1939 |
| Date of Appointment | : | 08/07/2006 |
| Expertise in field | : | Mr P P Khanna is a highly qualified engineer with the degrees BSc, BE and AMIE. He has been associated with Orient Abrasives Limited for the last 35 years i.e since inception in various capacities. Mr Khanna made major contribution in setting up various manufacturing divisions of the Company, especially that in Porbander. He makes frequent visits to foreign countries to learn newer technologies and to incorporate the same in Company's operations. He was previously employed in Hindustan Motors Ltd. as a senior Executive for 10 years. |
| His Directorship in other Companies | : | a) Orient Coated Private Limited.<br>b) Pyramid Abrasives Pvt. Ltd. |
| His Committee membership in Orient Abrasives Ltd. | : | NIL |
| His Committee membership in other Companies | : | NIL |
| His shareholding in the Company | : | 242000 Equity Shares (0.40%) |

for ORIENT ABRASIVES LIMITED

Place : New Delhi
Date : July 28, 2007

Deepak C S
Company Secretary



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# DIRECTORS' REPORT

The Members,

**Orient Abrasives Limited**

Your Directors have pleasure in presenting the 36th Annual Report of the company along with the Audited Statements of accounts for the year ended 31st March, 2007.

**FINANCIAL RESULTS**

| | (Rs.in lacs) 2006-07 | 2005-06 |
|---|---|---|
| Gross Sales & Income | **21429.27** | 18508.93 |
| Profit before depreciation, Interest and tax (also inclusive of Exceptional items amounting to Rs. 1845.64 lac) | **4164.80** | 2958.78 |
| Less : Depreciation | **576.26** | 472.73 |
| Interest | **264.33** | 259.96 |
| Profit before Income Tax | **3324.21** | 2226.09 |
| Less : Income Tax | **774.55** | 652.27 |
| Net Profit for the year | **2549.66** | 1573.81 |
| Add : Balance brought forward from the previous year | **1176.50** | 1087.52 |
| Amount available for appropriation | **3726.16** | 2661.34 |
| **Appropriation :** | | |
| Capital redemption reserve | **400.00** | – |
| General Reserve | **300.00** | 980.01 |
| Dividend : | | |
| Preference Shares | **4.00** | 24.00 |
| Equity shares | **418.74** | 418.74 |
| Corporate Dividend Tax | **71.72** | 62.09 |
| Balance carried forward to Balance Sheet | **2531.70** | 1176.50 |
| | **3726.16** | 2661.34 |

**DIVIDEND**

In view of the satisfactory performance of the Company in the year under review, your directors are pleased to recommend a final dividend @ 70% i.e. Re. 0.70/- per equity share for the year ended on March 31, 2007.

The total cash out-flow on account of this dividend payment including distribution tax is Rs. 489.90 lac (Previous Year Rs. 477.47 lac).

**REDEMPTION OF PREFERENCE SHARES**

The 4,00,000 cumulative preference share of Rs. 100 each aggregating Rs. 4,00,00,000/- were redeemed on June 1, 2006 pursuant to the decision taken at the Board Meetings held on April 18, 2006 and May 29, 2006. Accumulated dividend @ 6% p.a. down to the date of redemption was also paid along with the redemption amount.

**OPERATIONS REVIEW**

Your Company divested its Bonded Abrasives Business w.e.f. October 1, 2006 by selling it to Grindwell Norton Ltd., the details of which are already known to the members. The said business contributed only about 15 % to the total turnover of the Company with a much lower return on investment as compared to the other two businesses. With the disposal of the bonded abrasives business the Company is now able to focus on its core businesses namely Abrasive Grains and Refractories & Monolithics. Both Abrasive Grains and Refractories & Monolithics promise significant potential for growth.



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