

*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

	(₹ In Lacs)	
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

- the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- review and monitor the auditor's independence and performance, and effectiveness of audit process;
- examination of the financial statement and the auditors' report thereon;
- approval or any subsequent modification of transactions of the company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- monitoring the end use of funds raised through public offers and related matters
- oversee the vigil mechanism
- other matters as provided in the clause 49 of the listing agreement.
- 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

- 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.
- 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.