

**28th
ANNUAL REPORT
1998 - 99**



ORIENT ABRASIVES LIMITED

ORIENT ABRASIVES LIMITED

MANAGEMENT

BOARD OF DIRECTORS

(As on 28th August, 1999)

Mr. R. K. Rajgarhia, Chairman

Mr. V. B. Chaturvedi

Mr. Umesh Khaitan

Mr. P. K. Rajgarhia

Mr. S. G. Rajgarhia, Managing Director

Mr. 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

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

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

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

Salem :
13/1B, Mullathopu
Mamangam Post,
Salem
Tamil Nadu - 636 302

ORIENT ABRASIVES LIMITED**NOTICE**

To the Shareholders

Notice is hereby given that the 28th Annual General Meeting of the Members of ORIENT ABRASIVES LIMITED will be held at Gandhi Memorial Hall, Bahadurshah Zafar Marg, New Delhi - 110 002 on Wednesday, the 29th day of September, 1999 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, 1999 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Umesh Khaitan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. V. B. Chaturvedi who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors to hold office till 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 sections 198, 269, 309, 310 & 311 of the Companies Act, 1956 read with Schedule XIII and other applicable provisions, if any, the consent of the members of the Company be and is hereby accorded for the reappointment of Mr. S. G. Rajgarhia as Managing Director of the Company for a further term of 5 years with effect from 31st August, 1999 on the terms and conditions as set out below with power to the Board of Directors to alter and vary the same so as to not exceed the limits set out in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.

Resolved further that in the event of loss or inadequacy of profit in any financial year of the company during the term of office of Mr. S. G. Rajgarhia as Managing Director, the remuneration and perquisites as given below shall be paid to him as minimum remuneration and perquisites provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the limits given in Part II of Schedule XIII of the Companies Act, 1956."

Terms & Conditions

1. Salary of Rs. 40,000/- per month.
2. Perquisites :
 - a) In addition to salary and commission, the Managing Director shall also be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof together with utilities thereof such as gas, electricity, water, medical reimbursement in accordance with the rules of the Company or may be agreed to by the Board of Directors and Mr. S. G. Rajgarhia; however, such perquisites shall be restricted to an amount of salary payable as 1 above.

ORIENT ABRASIVES LIMITED

- b) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-Tax rules wherever applicable. In absence of any such rules perquisites shall be evaluated at actual cost.

Provisions for use of 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 for the purpose of calculating the said ceiling.

- c) Company's contribution to Provident Fund and superannuation or annuity fund to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites as aforesaid.

3. Commission

Commission @ 1% of the net profit of the Company over and above salary and perquisites as mentioned in item no. 1 & 2.

For ORIENT ABRASIVES LIMITED

Place : New Delhi
Dated : 28th August, 1999

S. G. Rajgarhia
Managing Director

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

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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 WILL REMAIN CLOSED FROM 21ST SEPTEMBER, 1999 TO 30TH SEPTEMBER, 1999 (BOTH DAYS INCLUSIVE).
3. THE AMOUNT OF DIVIDEND REMAINING UNPAID FOR THE YEAR 1994-95, 1995-96 AND 1996-97, AND TRANSFERRED TO THE COMPANY'S UNPAID DIVIDEND ACCOUNT, CAN BE CLAIMED BY THE SHAREHOLDERS ENTITLED TO IT.
4. UNDER THE PROVISIONS OF THE COMPANIES ACT, 1956 AS AMENDED W.E.F. 31ST OCT., 1998, SHAREHOLDERS MAY FILE NOMINATION FORMS IN RESPECT OF THEIR SHAREHOLDINGS. ANY SHAREHOLDER WILLING TO AVAIL OF THIS FACILITY MAY SUBMIT THE APPLICATION IN THE PRESCRIBED FORM 2B OF COMPANIES (CENTRAL GOVERNMENT'S) GENERAL RULES & FORMS, 1956.

ORIENT ABRASIVES LIMITED

- 5: THE EQUITY SHARES OF THE COMPANY ARE LISTED AT THE FOLLOWING STOCK EXCHANGES
- a. THE DELHI STOCK EXCHANGE ASSOCIATION LTD.
WEST PLAZA, I.G. STADIUM,
NEW DELHI - 110 002
 - b. THE STOCK EXCHANGE MUMBAI
PHIROZE JEEJEEBHOY TOWERS
DALAL STREET, MUMBAI - 400 001
 - c. THE CALCUTTA STOCK EXCHANGE
7, LYONS RANGE
CALCUTTA - 700 001
- (The Annual Listing Fees for the Year 1999-2000 has been duly paid to these Stock Exchanges)
6. EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 5 IS ANNEXED.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Mr. S. G. Rajgarhia was appointed as the Managing Director w.e.f. 31st August, 1994 for a period of 5 years and consequently his term came to an end on 30th August, 1999.

The Board reappointed him as Managing Director w.e.f. 31.08.99 for a further period of 5 years on the terms and conditions as set out in the notice. As per schedule XIII of the Companies Act, 1956 this appointment has to be approved by the members of the Company. It is recommended that this resolution be passed by the members at the 28th Annual General Meeting.

Mr. R. K. Rajgarhia, Mr. P. K. Rajgarhia and Mr. S. G. Rajgarhia himself are interested in the resolution.

For ORIENT ABRASIVES LIMITED

Place : New Delhi
Dated : 28th August, 1999

S. G. Rajgarhia
Managing Director

ORIENT ABRASIVES LIMITED**DIRECTORS' REPORT**

The Members,
Orient Abrasives Limited

Your Directors present the 28th Annual Report of the company alongwith the Audited statement of accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

| | Rs. in lacs | |
|--|-----------------|----------------|
| | 1998-99 | 1997-98 |
| Gross Sales & Income | 7430.80 | 7444.44 |
| Profit before depreciation, Interest and Income Tax | 350.91 | 552.43 |
| Less : Depreciation | 262.59 | 174.50 |
| Interest | 531.93 | 361.94 |
| Profit/(Loss) before Income Tax | (443.61) | 16.78 |
| Less : Provision for Income Tax | 0.08 | 4.25 |
| Net Profit/(Loss) for the year | (443.69) | 12.53 |
| Add : Balance brought forward from the previous year | 242.22 | 229.69 |
| | (201.47) | 242.22 |
| Amount transferred from General Reserve | (201.47) | — |
| Balance carried forward to Balance Sheet | — | 242.22 |

DIVIDEND

Your Directors do not recommend any dividend in view of the loss incurred by the Company.

OPERATIONS :**ABRASIVES GRAINS DIVISION**

The performance of this division during the year under review was not satisfactory due to a recessionary trend in the Steel and other consuming industries. Margins were under pressure and prices could not be increased in line with cost increases. The plant was hit by a severe cyclone in June, 98 which contributed to a loss of production. However, there is a significant growth in the turn over of this division in the current year and it is expected to make a reasonable profit.

BONDED ABRASIVES DIVISION

It was yet another difficult year for the Bonded Abrasives Division with demand continuing to drop mainly due to recession in the engineering industry. The turn over of the division declined to Rs.1430 lacs from Rs.1790 lacs in the previous year. The operations of the division were also affected due to labour unrest in the month of March, 99 which further aggravated the situation. The working results of this division are expected to improve due to revival of automobile industry in the current year.

REFRACTORY DIVISION

The operations of this division were badly affected during the year under review as the steel industry is passing through a difficult phase. The production and turn over were also affected due to labour unrest in the month of March, 99. Due to severe competition there was a further decline in the selling price of the products of this division. The division managed to curtail its cost of production and improved efficiency; however, the finance charges and other overhead expenses were higher during the year under review. The performance of this division in the current year, so far, has shown an encouraging trend and the operating results for first five months are satisfactory.

ORIENT ABRASIVES LIMITED**POWER DIVISION**

The power division that was set up last year at Porbandar has been operating at full capacity and is providing continuous and consistent power supply to the Abrasives Grains Division which has reduced the per unit cost of power considerably.

There is overall improvement in the working results of all the divisions of the Company in the current year. Your Directors are confident that the company will turn the corner and make a reasonable profit in the current year.

FIXED DEPOSITS

Deposits amounting to Rs. 3.87 lacs remain unclaimed upto 28.08.1999.

DIRECTORS

There has been no change in composition of the Board of Directors during the year under review. Mr. V.B.Chaturvedi and Mr. Umesh Khaitan retire by rotation at the Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their reappointment in the over all interest of the Company.

AUDITORS AND AUDITORS' 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

Disclosure of particulars of employees as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975 as amended, has been made in a separate statement annexed to 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 to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed.

Y2K ISSUE

Most of the equipment, processes and systems of the Company are Y2K compliant. Action has been taken to ensure that the remaining equipment, processes and systems will be Y2K compliant by 30th September, 1999. The expenses for ensuring Y2K compliance will be nominal. The Company is developing contingency plans to minimise the risk of disruption to its operations due to Y2K non-compliance.

ACKNOWLEDGEMENT

Your Directors take this opportunity to record their sincere gratitude and appreciation for the co-operation and support extended by the customers, valued business associates, banks, financial institutions and various government agencies. They also appreciate the dedication and sincerity shown in their performance by employees at all levels of the company.

For and on behalf of the Board

Place : New Delhi
Date : 28th August, 1999

R. K. Rajgarhia
Chairman