

29th
ANNUAL REPORT
1999-2000



ORIENT ABRASIVES LIMITED

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

(As on 30th June, 2000)

Mr. R. K. Rajgarhia, Chairman
Mr. V. B. Chaturvedi
Mr. Umesh Khaitan
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 Members :**

Notice is hereby given that the 29th 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 Thursday, the 28th day of September, 2000 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 31st March, 2000 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P. P. Khanna who retires by rotation and being eligible offers himself for reappointment.
3. 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

4. To consider, and if thought fit, to pass the following resolution as a special resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below :

The following article no. 12 A shall be inserted after the existing article no. 12 :

Article 12 A**Preliminary**

- (i) For the purpose of this Article :

"Beneficial owner" means a person or persons whose name is recorded as such with the depository.

"SEBI" means the Securities & Exchange Board of India.

"Depository" means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992.

"Registered Owner" means a Depository whose name is entered as such in the records of the Company, and

"Security" means such security as may be specified by SEBI from time to time.

- (ii) Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for issue in dematerialised form. The company shall further be entitled to maintain a Register of Members with the details of members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media.

- (iii) Option for Investors

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities. If a person opts to hold be security with a depository, on the receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

- (iv) Securities in Depositories and Beneficial Owners.

All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

- (v) Register and Index of Beneficial Owners

The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a Register and Index of members and other security holders.

- (vi) Rights of Depositories and Beneficial Owners.

(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be

ORIENT ABRASIVES LIMITED

deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities in the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

(vii) **Service of Documents**

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(viii) **Transfer of Securities**

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(ix) **Allotment of Securities dealt with a Depository**

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(x) **Distinctive numbers of Securities held in a Depository**

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

The following article no. 13 A shall be inserted after the existing article no. 13 :

ARTICLE 13A.

Nomination

- (i) Every holder of shares or debentures or fixed deposits of the company will have freedom to nominate at any time a person to whom his shares/debentures/fixed deposits shall vest in the event of his death.
- (ii) Where the shares/debentures/fixed deposits are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures or fixed deposits of the Company, as the case may be, shall vest in the event of death of all the joint holders.
- (iii) Notwithstanding, anything contained in any other law for the time being in force, in respect of such shares or debentures or fixed deposits of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest in the Shares or Debentures or fixed deposits of the Company, the nominee shall on the death of the holder of securities mentioned above, or as the case may be on the death of the joint holders, become entitled to all the rights in such shares or debentures or fixed deposits, or as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (iv) Where nominee is a minor it shall be lawful for the holder of the share or holder of debentures/fixed deposits to make the nomination to appoint in the prescribed manner any person to become entitled to shares in or debentures or Deposits of the company in the event of his death during the minority.
- (v) Any person who becomes nominee as aforesaid upon the production of such evidence as may be required by the Board of Directors of the company, elect either to be registered as holder of the shares or debenture or Deposits or to make such transfer of the shares or debentures as the deceased shareholder or debenture holder could have made.
- (vi) The Board of Directors of the company shall in either case have the same right to decline or to suspend registration as it would have had if the deceased shareholder or debenture holder had transferred the shares or debentures before his death.

By order of the Board
For Orient Abrasives Limited

Deepak Sankunni
Company Secretary

Place : New Delhi
Dated : 30th June, 2000

Registered Office :
1212, Chiranjiv 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 19TH SEPTEMBER, 2000 TO 28TH SEPTEMBER, 2000 (BOTH DAYS INCLUSIVE).
3. THE AMOUNT OF DIVIDEND REMAINING UNPAID FOR THE YEARS 1994-95, 1995-96 AND 1996-97, 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. PURSUANT TO THE RECENT AMENDMENTS IN THE COMPANIES ACT, 1956 MEMBERS CAN AVAIL NOMINATION FACILITY IN RESPECT OF THEIR SHAREHOLDINGS BY APPLYING IN FORM 2B OF COMPANIES (CENTRAL GOVERNMENT'S) GENERAL RULES & FORMS, 1956. THE SAID FORMS CAN BE OBTAINED FROM THE REGISTERED OFFICE OF THE COMPANY ON APPLICATION.
5. EQUITY SHARES OF THE COMPANY ARE LISTED AT THE FOLLOWING STOCK EXCHANGES :
 - a. THE DELHI STOCK EXCHANGE ASSOCIATION LTD.
DSE HOUSE, 3/1 ASAF ALI ROAD
NEW DELHI 110 002
 - b. THE STOCK EXCHANGE MUMBAI
PHIROZE JEEJEEBHOY TOWERS
DALAL STREET, MUMBAI - 400 001
 - c. THE CALCUTTA STOCK EXCHANGE ASSOCIATION LTD.
7, LYONS RANGE
CALCUTTA - 700 001

(The Annual Listing Fees for the Year 2000-2001 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. 4 IS ANNEXED.

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

As the members are aware of, dealing of securities in dematerialised form has acquired prominence over the years since the enactment of Depositories Act in 1996, with more and more companies going into the electronic mode either voluntarily or by SEBI's compulsion. Dematerialisation of securities has brought about certain changes in respect of maintenance of Register of members, transfer, transmission and nomination and also because of the concept of fungibility of shares held in electronic form. The Articles of Association of the Company needs to be altered to incorporate such changes. This will facilitate transition of Company's equity shares from physical mode to electronic mode at any time in future if so desired or if made compulsory by the SEBI. The proposed article no. 12A is for the same.

Further, the Companies (Amendment) Act, 1999 provides for nomination facility to the members in respect of their holding of securities and fixed deposits. Necessary clauses are proposed to be inserted in the Articles of Association for this purpose. The proposed article no. 13A is for the same.

Alteration in articles can be done only by the consent of members by way of special resolution at General Meeting as per section 31 of the Companies Act, 1956. The proposed special resolution is for the same.

It is recommended that the resolution be passed unanimously.

None of the directors is concerned with or interested in the above resolution except as members of the Company.

By order of the Board
For Orient Abrasives Limited

Place : New Delhi
Dated : 30th June, 2000

Deepak Sankunni
Company Secretary

ORIENT ABRASIVES LIMITED**DIRECTORS' REPORT**

The Members,
Orient Abrasives Limited

Your Directors have pleasure in presenting the 29th Annual Report of the Company along with the audited statements of accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

	Rs. in lacs	
	<u>1999-00</u>	<u>1998-99</u>
Gross Sales & Income	9149.61	7430.80
Profit before depreciation, Interest and Income Tax	1507.87	350.91
Less : Depreciation	276.39	262.59
Interest	621.98	531.93
Profit/(Loss) before Income Tax	609.50	(443.61)
Less : Provision for Income Tax	88.00	0.08
Net profit/(Loss) for the year	521.50	(443.69)
Add : Balance brought forward from the previous year	—	242.22
Amount available for appropriation	<u>521.50</u>	<u>(201.47)</u>
Appropriation :		
General Reserve	20.00	(201.47)
Balance carried forward to Balance Sheet	<u>501.50</u>	<u>—</u>
	<u>521.50</u>	<u>(201.47)</u>

DIVIDEND

Your Directors do not recommend any dividend in order to retain the resources and to augment the fund base for future growth and development.

OPERATIONS :

The company received Rs. 4.00 Crores during the year under review from an overseas company as consideration for certain non compete obligations undertaken by the company.

ABRASIVES GRAINS DIVISION

The performance of this division was satisfactory during the year under review. The turn over of the division increased from Rs. 3880.78 lacs to Rs. 4565.54 lacs registering a growth of about 18% during the year.

The current year has started with sharp increase in prices of furnace oil, raw-materials and transportation costs. To counter the effect of these adversities your directors are taking steps to increase operating efficiency and sales realisation.

BONDED ABRASIVES DIVISION

The turn over of this division increased by about 13% over the previous year. The situation in the current year has not shown any improvement. The company is making all out efforts to improve the operations by cutting costs and improving efficiency.

REFRACTORY DIVISION

There was an overall improvement in the performance of this division during the year under review. The division registered a growth of about 41 % in turn over from Rs. 2080.51 lacs in the previous year to Rs. 2927.91 lacs.

Your directors are hopeful that production, turn over and profitability of this division in the current year shall increase further.

ORIENT ABRASIVES LIMITED

POWER DIVISION

The Power division set up at Porbandar in 1997-98 is operating at full capacity and has been providing consistent power supply to the Abrasive Grains Division.

Despite substantial increase in price of furnace oil, the per unit cost of electricity generated by the plant is more economical than that of the Gujarat Electricity Board.

FIXED DEPOSITS

Deposits amounting to Rs. 3.87 lacs remain unclaimed upto 30.06.2000.

DIRECTORS

Mr. P. K. Rajgarhia resigned from Directorship of the company on 27.1.2000 due to his personal pre-occupations. The Board places on record its sincere appreciation and gratitude for the valuable services rendered by Mr. Rajgarhia during his tenure on it.

Mr. P. P. Khanna retires by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appointment at the ensuing Annual General Meeting.

AUDITORS

M/s. S. R. Batliboi & Co., Auditors of the Company held office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A certificate under section 224 (1) of the Companies Act, 1956 confirming their eligibility has been obtained from them. Your Directors recommend that they be reappointed by the members at the 29th Annual General Meeting.

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 by the Board.

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 forms an integral part of this report; however, pursuant to section 219(1)(b)(iv) of the Companies Act, 1956 it is not being sent to members and is available for inspection by them for 21 days before the Annual General Meeting at the registered office during working hours.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, 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.

Y2K TRANSITION

Y2K transition of the company's equipments, processes and systems was smooth. There was no disruption to company's operations due to the Y2K bug.

CORPORATE GOVERNANCE

The Company is required to comply with Clause 49 of the Listing Agreement with the Stock Exchanges regarding corporate governance, latest by the end of financial year 2002-03. Effective steps are being taken to start making an early compliance of the same.

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 look forward for the same in future as well. 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 : 30th June, 2000

R. K. Rajgarhia
Chairman

ORIENT ABRASIVES LIMITED**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

The company has made all efforts to optimise 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.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company strives 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.

	<u>1999-00</u>	<u>1998-99</u>
REFRACTORY DIVISION		
A) Power & Fuel Consumption for Refractories		
1. ELECTRICITY		
a) Purchased :		
Units (in lacs)	15.70	16.23
Total amount (Rs. in lacs)	62.28	54.65
Rate/Unit (Rs.)	3.97	3.37
b) Own generation through D.G. Set :		
Units (in lacs)	2.47	2.84
Units per ltr. of Diesel oil	3.10	3.15
Cost/Unit (Rs.)	3.56	2.97
2. LDO		
Qty. (Kilo. ltr.)	7.04	10.62
Total cost (Rs. in lacs)	64.31	68.49
Average/ Kilo ltr. (Rs.)	9135	6449
B) Consumption per Unit of Production for Refractories		
Electricity (Units)	682	1143
LDO/(Ltr.)	306	636
FOREIGN EXCHANGE EARNINGS AND OUTGO		
Earned (Rs. in lacs)	467.81	44.52
Used (Rs. in lacs)	72.43	78.00