

*39th*  
*Annual Report*  
*2009-10*



ORIENT ABRASIVES LIMITED

## 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

HDFC Bank  
State Bank of India  
Citibank  
ICICI Bank

### 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](mailto: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-301 019

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## NOTICE

To the Members of ORIENT ABRASIVES LIMITED :

Notice is hereby given that the 39th Annual General Meeting of the Members of Orient Abrasives Limited will be held at Hindi Bhawan, 11, Vishnu Digambar Marg (Near Bal Bhawan), New Delhi – 110 002 on Thursday, August 5, 2010 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, 2010 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr Sudhir Kumar Samarendra Narayan 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.

for ORIENT ABRASIVES LIMITED

Place : New Delhi

Date : May 31, 2010

Deepak C S

Company Secretary

### 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 20, 2010 (TUESDAY) TO JULY 27, 2010 (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 20, 2010 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 19, 2010 IN THE CASE OF THOSE HOLDING IN DEMAT MODE.
3. THE AMOUNT OF DIVIDEND REMAINING UNPAID FOR THE YEARS 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 AND 2008-09, 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 (IEPF) CONSTITUTED UNDER SECTION 205 (C) OF THE COMPANIES ACT, 1956. THE AMOUNT PERTAINING TO 2002-03 WILL BE TRANSFERRED TO IEPF IN OCTOBER, 2010.
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 COMPANY ALSO ISSUED TWO REMINDERS ON FEBRUARY 11, 2008 AND THEN ON JUNE 11, 2009 TO ALL THOSE WHO HAD NOT CLAIMED THEIR NEW CERTIFICATE. 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.

Brief resume of the Directors being re-appointed :

**Mr Sudhir Kumar Smarendra 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 the units of the said steel plant |
| His Directorship in other                         | : | None                                                                                                                                                                                                                                                                                                                                                                      |
| His Committee membership in Orient Abrasives Ltd. | : | None                                                                                                                                                                                                                                                                                                                                                                      |
| His Committee membership in other Companies       | : | None                                                                                                                                                                                                                                                                                                                                                                      |
| His shareholding in the Company                   | : | NIL                                                                                                                                                                                                                                                                                                                                                                       |

for ORIENT ABRASIVES LIMITED

Place : New Delhi  
Date : May 31, 2010

Deepak C S  
Company Secretary

## DIRECTORS' REPORT

The Members,

### **Orient Abrasives Limited**

Your Directors have pleasure in presenting the 39th Annual Report of the company along with the Audited Statements of accounts for the year ended 31st March, 2010.

### **FINANCIAL RESULTS**

|                                                      | (Rs.in lacs)    |          |
|------------------------------------------------------|-----------------|----------|
|                                                      | <b>2010</b>     | 2009     |
| Gross Sales & Income                                 | <b>34604.77</b> | 33395.11 |
| Profit before depreciation, Interest and tax         | <b>8417.19</b>  | 6577.88  |
| Less : Depreciation                                  | <b>1080.61</b>  | 971.26   |
| Interest                                             | <b>456.43</b>   | 702.80   |
| Profit before Income Tax                             | <b>6880.15</b>  | 4903.82  |
| Less : Income Tax                                    | <b>1763.65</b>  | 1719.40  |
| Net Profit for the year                              | <b>5116.50</b>  | 3184.42  |
| Add : Balance brought forward from the previous year | <b>3123.95</b>  | 2849.34  |
| Amount available for appropriation                   | <b>8240.45</b>  | 6033.76  |
| <b>Appropriation :</b>                               |                 |          |
| General Reserve                                      | <b>3000.00</b>  | 2000.00  |
| Dividend on Equity shares                            | <b>1196.39</b>  | 777.65   |
| Corporate Dividend Tax                               | <b>198.71</b>   | 132.16   |
| Balance carried forward to Balance Sheet             | <b>3845.35</b>  | 3123.94  |
|                                                      | <b>8240.45</b>  | 6033.76  |

### **DIVIDEND**

In view of the good performance of the Company in the year under review, your directors are pleased to recommend a dividend @ Re. 1 per equity share of Re. 1 each for the year ended on March 31, 2010.

The total cash out-flow on account of this dividend payment including distribution tax is Rs. 1395.10 lac (Previous Year Rs. 909.81 lac).

### **OPERATIONS REVIEW**

The performance of the Company continues to be very satisfactory. The net profit registered an increase of 61 percent from Rs. 31.84 crore to Rs. 51.17 crore while the turn over grew from Rs. 333.95 crore to Rs. 346.05 crore. Reduction in power and fuel costs and unrealised foreign exchange gain were the main contributors to increase in profits. The exports declined from Rs. 34.25 crore to Rs. 31.14 crore on account of global recession in the steel industry.

The performance of abrasive grains division improved despite suspension of its operation from January 16, 2010 to February 10, 2010, following an order from Gujarat Pollution Control Board. The turn over of the division increased from Rs. 118.28 crore to Rs. 120.90 crore.

The refractory division also contributed to the improvement in the performance of the company registering an increase in both turn over and profits.

The Company's thermal power plants (both coal based and furnace oil based) are operating satisfactorily meeting the maximum of power requirement of the Abrasives Grains Division.

During the year under review the company ventured into green energy generation by installing four Wind Turbines with a total capacity of 5.1 MW. Three turbines of 1.5 MW each are installed in Rajasthan and one of 0.6 MW is installed in Karnataka. The power generated is being sold to the respective state electricity boards. This activity will also contribute to further improvement in the operation of the company.

#### **FUTURE OUTLOOK**

The future outlook of the company is satisfactory. All the business segments of the company are expected to yield better results.

The company has placed orders and expects to install four more Wind Turbines of 1.5 MW capacity in the current year. Three turbines are being installed in the state of Karnataka and one in Rajasthan. The total capacity of power generation from Wind Turbines would be 11.1 MW by the end of the current year.

#### **FIXED DEPOSIT**

As on the date of this report there is no unclaimed fixed deposit in the Company.

#### **POSTAL BALLOT**

During the year under review, Main Objects and the Other objects of the Company were altered through conduct of postal ballot process, to include generation of electric energy from non-conventional energy sources.

The postal ballot process commenced on July 31, 2009 with the decision taken in the Board Meeting and concluded on September 26, 2009 with the declaration of results by the Chairman.

#### **DIRECTORS**

Mr Sudhir Kumar Samarendra Narayan, having been longest in the office, retires by rotation at the Annual General Meeting and being eligible offer themselves for re-appointment. 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.

#### **AUDITORS**

M/s. S.R. Batliboi & Co., Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. 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 re-appointed by the members at the 39th Annual General Meeting.

#### **AUDITORS REPORT**

The Auditors Report read with notes to the financial statements in schedule 24 is self-explanatory and does not call for any further explanation by the Board.

#### **PARTICULARS OF EMPLOYEES**

The details of employees who drew remuneration either in whole or for a part of the year that attracts disclosure requirements as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) rules, 1975 as amended, is annexed and forms an integral part of this report .

#### **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.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

In compliance of Section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- (ii) that 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 or loss of the company for that period;
- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that they have prepared the annual accounts on a going concern basis.

#### **AUDIT COMMITTEE**

The audit committee meets at due intervals to conduct the required business. At present the committee comprises of Mr Tribhuvan Nath Chaturvedi (Chairman), Mr Rama Shanker Bajoria and Mr Umesh Kumar Khaitan, all independent directors.

#### **LISTING ON THE STOCK EXCHANGES**

The equity shares of the Company are listed on the National Stock Exchange of India Ltd. (NSE) and the Bombay Stock Exchange Ltd. (BSE). The Calcutta Stock Exchange Association Ltd. has not yet confirmed de-listing despite having completed all the formalities of delisting in April, 2004 itself.

#### **CREDIT RATING OF BANK BORROWINGS**

The Company has been assigned A+ rating on its long term borrowings by both CRISIL and CARE. This rating indicates adequate safety and carry low credit risk.

For short term borrowings P1+ and PR1+ have been assigned by both CRISIL and CARE respectively which is the highest given by these agencies for such facilities and carry lowest credit risk.

#### **CORPORATE GOVERNANCE**

The Report on Corporate Governance has been annexed to this Directors' Report. The Company has obtained a certificate by a firm of practising company secretaries regarding compliance of various requirements of corporate governance.

#### **CODE OF CONDUCT**

The Company has laid down a Code of Conduct for the Directors and Senior Management Personnel as specified. The Code was adopted in the Board Meeting held on December 13, 2005. 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.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report on matters relating to business performance of the Company has been annexed to this Directors' Report.

#### **ACKNOWLEDGEMENT**

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 of Directors

New Delhi  
May 31, 2010

R K Rajgarhia  
Chairman

## ANNEXURE 'A' TO THE DIRECTORS' 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 more than half of the total Board strength. The total Board strength is seven out of which four are independent directors. The Chairman is related to the promoter. As required, independent directors constitute the majority 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 during the year and at the last Annual General Meeting, as also the number of directorships and committee memberships held by them in other public companies are given below :

| Name                         | Category                            | No. of Board meetings attended during 2009-10 | Whether attended AGM on 03/08/2009 | No. of directorships in other public companies as on 31/05/2010 |        | No. of committee positions held in other public companies as on 31/05/2010 |        |
|------------------------------|-------------------------------------|-----------------------------------------------|------------------------------------|-----------------------------------------------------------------|--------|----------------------------------------------------------------------------|--------|
|                              |                                     |                                               |                                    | Chairman                                                        | Member | Chairman                                                                   | Member |
| Mr. R K Rajgarhia (Chairman) | Not Independent non-executive       | 5                                             | Yes                                | 2                                                               | 1      | 0                                                                          | 0      |
| Mr. R. S. Bajoria            | Independent non-executive           | 3                                             | Yes                                | 0                                                               | 2      | 0                                                                          | 0      |
| Mr. Umesh Kumar Khaitan      | Independent non-executive           | 6                                             | No                                 | 0                                                               | 10     | 1                                                                          | 5      |
| Mr. T N Chaturvedi           | Independent non-executive           | 6                                             | Yes                                | 0                                                               | 6      | 4                                                                          | 1      |
| Mr S K S Narayan             | Independent non-executive           | 0                                             | No                                 | 0                                                               | 0      | 0                                                                          | 0      |
| Mr. S G Rajgarhia            | Promoter, not independent executive | 6                                             | Yes                                | 0                                                               | 4      | 0                                                                          | 0      |
| Mr P P Khanna                | Not independent non-executive       | 5                                             | Yes                                | 0                                                               | 0      | 0                                                                          | 0      |

The dates of Board Meetings held during the year 2009-2010 are

May 2, 2009

June 23, 2009

July 31, 2009

August 17, 2009

October 31, 2009

And

January 30, 2010



The time gap between Board Meetings did not exceed four months. The information as required under Annexure 1 of clause 49 of the listing agreement, is regularly placed before the Board meetings.

The non-executive directors, except Mr R K Rajgarhia, do not have any material pecuniary relationship with the Company. Mr R K Rajgarhia's pecuniary relationship to the Company is limited to the extent of his shareholding in it and the sitting fees received by him. He may also be deemed to have some pecuniary interest with respect to transactions of sale and purchase of materials with the Companies in which he is a director, brief details of which are disclosed in the notes to the financial statements under the head 'related party disclosures' under Schedule 24 of the Annual Report.

Shareholding of non-executive directors in the Company as on the date of this report is :

| Name of the Director | No. of shares as on 31/05/2010 | Percentage to total |
|----------------------|--------------------------------|---------------------|
| Mr R K Rajgarhia     | 600000                         | 0.50                |
| Mr R S Bajoria       | 88000                          | 0.07                |

The Company has not issued any convertible instruments.

The Code of Conduct adopted w.e.f. December 13, 2005 is being followed by all concerned. The Code has been put on the Company's website.

### 1. Audit Committee

The Company had constituted an audit committee pursuant to section 292 A of the Companies Act, 1956 on 16/02/2001 which now comprises of three non-executive independent directors. The broad terms of reference of audit committee are –

- to review the un-audited financial results and the internal audit reports
- to suggest internal control measures after discussion with the internal auditors
- to oversee their implementation
- to review the annual financial statements with the management and
- to recommend appointment of auditors
- and other matters as provided in the clause 49 of the listing agreement.

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).

The audit committee comprises of three independent directors. Mr T N Chaturvedi is the Chairman, who is a Chartered Accountant having good financial and accounting knowledge. The other members also have adequate financial and accounting knowledge. Details of meetings attended by the committee members are given below :

| Names of members            | Category                   | No. of meetings attended during the year 2009-10 |
|-----------------------------|----------------------------|--------------------------------------------------|
| Mr T N Chaturvedi, Chairman | Independent, non-executive | 5                                                |
| Mr Umesh Kumar Khaitan      | Independent, non-executive | 5                                                |
| Mr R S Bajoria              | Independent, non-executive | 3                                                |

The dates of meetings were

May 2, 2009

June 23, 2009

July 31, 2009

October 30, 2008

And

January 30, 2010

As can be noted, not more than 4 months did elapse between successive meetings. The meetings were also attended by the representatives of Statutory Auditors and Internal Auditors. The Company Secretary acts as the Secretary of the Committee.

#### 4. Remuneration Committee

The remuneration committee was constituted in the year 2002 comprising of Mr T N Chaturvedi (Chairman), Mr Umesh Kumar Khaitan and Mr R S Bajoria, all being independent and non-executive directors. The committee did not meet during the year under review.

The non-executive directors are paid sitting fees for the Board and Committee meetings attended by them, except for the share transfer committee meetings. The non-executive directors are not paid remuneration in any other form. The sitting fees being paid is Rs. 10000/- per Board meeting and Rs. 5000/- per committee meetings.

The remuneration committee met once on May 2, 2009 to approve the appointment and remuneration of Mr P P Khanna for a period of 3 years w.e.f. 02/05/2009.

- I The remuneration being paid to the Managing Director is as per the package approved by the members in the 35th Annual General Meeting held on August 2, 2006 for a period of 3 years and then approved at the same package in the 38th Annual General Meeting held on August 3, 2009 for the remaining period of 2 years which comprises of basic salary, bonus and perquisites and commission.

|                 |   |                                                                                                                                                                                       |
|-----------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Basic Salary    | – | In the range of Rs. 100000/- to Rs. 300000/- per month subject to increments as decided by the Board of directors every year ;                                                        |
| Perquisites     | – | like HRA, medical reimbursement, LTA and others subject to a ceiling of 100% of basic salary a month                                                                                  |
| Bonus/Ex-gratia | – | 20% of basic salary                                                                                                                                                                   |
| Commission      | – | at such percentages as decided by the Board every year keeping the total remuneration within the limits of Schedule XIII. At present commission is being paid @ 2% of the net profit. |

- II The remuneration being paid to the Executive Director is as approved by the members in the 38th Annual General Meeting held on August 3, 2009 which comprises of basic salary, bonus and perquisites, when he was appointed for a further term of 3 years w.e.f. 02/05/2009. The break-up of remuneration is as follows:

|                  |   |                                                                                                                                                |
|------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------|
| Basic Salary     | – | In the range of Rs. 165500/- to Rs. 250000 per month subject to annual increments as decided by the Board of directors within the said scale ; |
| Perquisites      | – | like HRA, medical reimbursement, LTA and others subject a ceiling of 100% of basic salary a month                                              |
| Bonus/Ex-gratia  | – | 20% of basic salary                                                                                                                            |
| Lump-sum payment | – | A lump-sum payment not exceeding Rs. 1000000 per every financial year                                                                          |

The service contract of Managing Director is as per the appointment letter dated May 29, 2006 issued by the Company which on acceptance by Mr Rajgarhia constituted an agreement between him and the Company.

The service contract of Executive Director is as per the appointment letter dated May 2, 2009 issued by the Company which on acceptance by Mr Khanna constituted an agreement between him and the Company.

- Since the appointment of Managing Director and Executive Director is governed by members' approval, no notice period or severance fees is applicable in their case.
- There are no other performance linked element of remuneration except the commission paid to Managing Director.
- The Company has not issued any stock option scheme to its employees or directors.

#### Details of remuneration paid to the Managing Director and Executive Directors during 2009-2010

| Name                                   | Salary (Rs.) | Perquisites (Rs.) | Contribution to PF (Rs.) | Commission (Rs.) |
|----------------------------------------|--------------|-------------------|--------------------------|------------------|
| Mr S G Rajgarhia,<br>Managing Director | 37,62,000.00 | 59,361.00         | 2,59,200.00              | 1,39,46,314.00   |
| Mr P P Khanna<br>Executive Director    | 33,66,900.00 | 88,221.00         | 2,31,840.00              | –                |