

2nd
Annual Report
2011-12

ORIENT REFRACTORIES LIMITED

ORIENT REFRACTORIES LIMITED

BOARD OF DIRECTORS

Mr. R K Rajgarhia, Chairman
Mr. A K Jain
Mr. K K Thirani
Mr. P P Khanna
Mr. R S Bajoria
Mr. S G Rajgarhia, Managing Director
Mr. S C Sarin, Executive Director

BANKERS

HDFC Bank
State Bank of India

AUDITORS

S.R. Batliboi & Co.

REGISTERED OFFICE

1307, Chiranjiv Tower
43, Nehru Place
New Delhi-110 019
email : info@orlindia.com
web site : www.orientrefractories.com

REGISTRAR & TRANSFER AGENT

Skyline Financial Services Pvt. Ltd.
D-153 A, 1st Floor,
Okhla Industrial Area, Phase - I,
New Delhi - 110 020

WORKS

SP – 148, RIICO Industrial Area
Bhiwadi, Dist.-Alwar
Rajasthan
e-mail : bhiwadi@orlindia.com

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ORIENT REFRACTORIES LIMITED

NOTICE

Notice is hereby given that the SECOND annual general meeting of the members of Orient Refractories Limited will be held at Hindi Bhawan, 11, Vishnu Digambar Marg (Near Bal Bhawan), New Delhi 110 002 on Tuesday, September 25, 2012 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, 2012 and the report of the Directors' and Auditors' thereon.
2. To appoint a director in place of Mr R S Bajoria who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr A K Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To confirm the interim dividend already paid by the Company for the financial year ended March 31, 2012.
5. 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

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

"RESOLVED THAT Mr. P P Khanna who was appointed as an additional director by the board of directors on January 09, 2012 pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of this annual general meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as a director of the Company whose office shall be liable to retire by rotation."

for **Orient Refractories Limited**

New Delhi
August 11, 2012

Sanjay Kumar
Company Secretary

NOTES

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 ("Act") in respect of the business under Item No. 6 above, is annexed hereto. The relevant details as required by clause 49 of the listing agreements entered into with the stock exchanges, of persons seeking appointment/ re-appointment as directors under Item Nos. 2, 3 and 6 of the Notice, are also annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTIONS/ AUTHORITY, AS APPLICABLE.**
3. **THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOK OF THE COMPANY WILL BE CLOSED FROM TUESDAY, SEPTEMBER 18, 2012 TO TUESDAY, SEPTEMBER 25, 2012 (BOTH DAYS INCLUSIVE).**
4. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name and e-mail address, etc., to their depository participant. Changes intimated to the depository participant will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Transfer Agent to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Transfer Agent.

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5. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or the Company's Registrar and Transfer Agent for assistance in this regard.
6. Members holding physical shares in identical order of names in more than one folio are requested to send to the Company or the Company's Registrar and Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
7. Members desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.
8. As you may be aware that the Ministry of Corporate Affairs of Government of India (MCA) has introduced "Green Initiatives in Corporate Governance" by allowing paperless compliances by the Companies i.e service of any document can be made through electronic mode.

Keeping in view the underlying spirit and pursuant to the said initiative of MCA, your Company proposes to send all future communications and / or documents viz. Notices, Annual Reports and other Shareholders information in electronic form through e-mail. Hence, the members are requested to register their e-mail address with the Company's Registrar & Share Transfer agent quoting your folio numbers in case you held shares in physical form or to your Depository Participants (DP) in case you held shares in Electronic Form i.e. in Demat Account, quoting your DP ID/Client ID. Please note that the said documents shall be uploaded on the website of the company www.orientrefractories.com for your ready reference.

Further please note that as a member of the Company, you are always entitled to request and receive free of cost a copy of the annual report of the Company and other documents in accordance with the provisions of the Companies Act, 1956.

We are sure that you will whole-heartedly support this initiative of Greener Environment and co-operate with the Company to make it success.

9. 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 Company's Registrar and Transfer Agent.

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

ITEM NO. 6

Mr P P Khanna was appointed as an additional director w.e.f. January 09, 2012. In terms of Section 260 of the Companies Act, 1956 he holds office till the date of this annual general meeting. The Company has received a notice under Section 257 of the Act proposing Mr. Khanna for appointment as director at the ensuing annual general meeting liable to retire by rotation.

The board of directors recommends his appointment as a director.

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

for **Orient Refractories Limited**

New Delhi
August 11, 2012

Sanjay Kumar
Company Secretary

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DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Particulars	Mr. R S Bajoria	Mr. A K Jain	Mr. P P Khanna
Date of Birth	May 17,1943	May 01,1948	April 3,1939
Date of Appointment	October 18, 2011	October 18, 2011	January 09, 2012
Qualifications	B.Com.	B.E.	B.Sc., BE, AMIE
Expertise in specific functional areas	Wide experience in Rubber Industry	Wide experience in Textile & Industrial Gases Industries	Wide experience in setting up manufacturing plants
Directorships held in other public companies (excluding foreign companies and section 25 companies)	<ul style="list-style-type: none"> • Orient Abrasives Ltd. • Farseen Rubber Industries Ltd. • Rajputana Investment & Finance Ltd. 	<ul style="list-style-type: none"> • Hotz Industries Ltd. • Triumph Industries Ltd. • Triumph Engineering Ltd. • Triumph Properties Ltd. • Durant Refrigeration Ltd. • Securities One India Ltd. • Invest One India Ltd. • RTC Restaurants (India) Ltd. • Lifeline Pharmacies India Ltd. • Sbarro Restaurants (India) Ltd. • Refron Valves Ltd. • H D Café Ltd. 	<ul style="list-style-type: none"> • Orient Abrasives Ltd.
Memberships/ Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	Audit Committee <ul style="list-style-type: none"> • Orient Abrasives Limited (Member) 	Nil	Nil
Number of shares held in the Company	Nil	Nil	498,610

ORIENT REFRACTORIES LIMITED

DIRECTORS' REPORT

Dear Members

Your directors have pleasure in presenting the second annual report of your Company along with the audited financial statements for the financial year ended March 31, 2012.

OPERATIONS REVIEW AND FUTURE OUTLOOK

Your Company was incorporated on November 26, 2010. The Hon'ble High Court of Delhi, vide its order dated September 19, 2011 sanctioned a Scheme of Demerger ("the Scheme") between Orient Abrasives Limited ("OAL") and Orient Refractories Limited ("the Company"), pursuant to which the refractory division of OAL was demerged and transferred to the Company with effect from commencement of business on April 1, 2011 i.e. Appointed Date under the Scheme. The Scheme became effective from October 31, 2011.

The financial results for the year ended March 31, 2012 are for the business transferred to the Company, after giving effect to the Scheme of Demerger and accordingly, are not strictly comparable with the previous corresponding period and hence not given here.

During the year under review your Company has achieved a gross turnover of ₹ 30,041.61 Lacs including export income of ₹ 4,612.16 Lacs. The gross profit and net profit for the year under review are ₹ 4,583.67 Lacs and ₹ 3,080.93 Lacs respectively.

Your directors are hopeful that the turnover and profitability of the Company will increase in the current financial year.

DIVIDEND

Your Company has already paid an interim dividend of ₹ 1.00 per share (i.e. 100%) on May 10, 2012. The board of directors does not propose any final dividend this year and the interim dividend already paid be treated as final dividend.

CAPITAL STRUCTURE

PAID-UP CAPITAL

In accordance with the Scheme of Demerger 119,639,200 equity shares of ₹ 1.00 each fully paid up were issued and allotted to the shareholders of OAL on November 15, 2011, as per the entitlement ratio of 1:1, i.e. each shareholder of OAL whose name appeared in the register of members of the OAL on the record date i.e. November 14, 2011, received one fully paid equity share of face value of ₹ 1.00 each in the Company.

The paid-up capital as at March 31, 2012 stands at ₹ 1,201.39 Lacs comprising of 120,139,200 equity shares of ₹ 1.00 each fully paid up.

LISTING OF EQUITY SHARES

The equity shares of your Company were listed and admitted for trading on Bombay Stock Exchange (BSE) w.e.f. March 09, 2012 and National Stock Exchange of India Limited (NSE) w.e.f. March 12, 2012.

FIXED DEPOSIT

During the year your Company has not accepted any fixed deposits from the public.

AUDITORS

M/s. S.R. Batliboi & Co., Chartered Accountants, who are the statutory auditors of the Company, hold office, in accordance with the provisions of the Act up to the conclusion of the forthcoming annual general meeting and offer themselves for re-appointment. They have confirmed that their re-appointment, if made, shall be within the limits laid down in Section 224(1B) of the Companies Act, 1956.

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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.

COST AUDITORS

M/s. K G Goyal & Associates, Cost Accountants have been appointed as Cost Auditor of the Company for the financial year 2012-13.

DIRECTORS

Mr R S Bajoria and Mr A K Jain having been longer in the office, retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment. A brief resume of the appointees is given in the notice to the annual general meeting.

During the year Mr. P P Khanna was appointed as additional director of your Company and holds office upto ensuing annual general meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member, proposing the candidature of Mr. P P Khanna as director.

Your directors recommend their appointment/re-appointment at the ensuing annual general meeting in the overall interest of the Company.

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 2011-12, 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.

CODE OF CONDUCT

Your 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 October 18, 2011. It is available on the website of the Company www.orientrefractories.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.

CREDIT RATING OF BANK BORROWINGS

The Company has A+ (Single A Plus) rating on its long term borrowings by Credit Analysis & Research Ltd. (CARE). This rating indicates adequate safety and carries low credit risk.

For short term borrowings A1+ (A One Plus) have been assigned by CARE. This rating indicates very high degree of safety and carries lowest credit risk.

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CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information relating to 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, is given in **Annexure-A** and forms part of this report.

PARTICULARS OF EMPLOYEES

Particular of remuneration paid to the employees as required to be disclosed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are set out in **Annexure- B** attached hereto and form part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Notes on Management Discussion and Analysis of the Company have been given in **Annexure-C** and forms part of this report.

CORPORATE GOVERNANCE

A separate section on corporate governance is attached to this report as **Annexure-D**. 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-E**. 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 31,2012 is attached as **Annexure-F**. CEO/CFO certificate is enclosed as **Annexure-G**.

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
August 11, 2012

R K Rajgarhia
Chairman

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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

CONSERVATION OF ENERGY

The Company has made all efforts to optimize the use of energy and to minimize 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 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.

Form A

Disclosure of Particulars with respect to Conservation of Energy

(₹ in Lacs)

A. Power and fuel consumption		
		2011-12
1. Electricity		
(a) Purchased		
	Unit (in lacs)	84.86
	Total amount (₹in lacs)	424.37
	Rate/unit(₹)	5.00
(b) Own generation		
	Through diesel generator set	
	Unit (in lacs)	7.35
	Units per ltr. of diesel oil	3.39
	Cost/unit	10.54
2. LDO/FO/C9/HSD		
	Quantity (Kilo ltr.)	1696.44
	Total cost (₹in lacs)	583.62
	Average/Kilo ltr. (₹)	34403
3. PET COKE		
	Quantity (MT)	1082.58
	Total Cost (₹in lacs)	117.00
	Average/MT.(₹)	10808
4. LPG		
	Quantity (MT)	167.68
	Total cost (₹ in lacs)	98.78
	Average/MT.(₹)	58909
B. Consumption per unit of production		
	Electricity (Units)	528
	LDO/FO/C9/Ltr.	97.11
	PET COKE (MT)	61.97
	LPG(MT)	9.60

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings	4621.60
Outgo	3573.61

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ANNEXURE-B

STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

Sr. No.	Name of Employee	Age	Designation	Remuneration ₹ (Gross)	Qualification & Experience in yrs.	Date of Commencement of employment	Particulars of Last Employment held Name/ Designation/ Experience
A. Employed throughout the year and in receipt of remuneration in aggregate of not less than ₹ 6,000,000/-.							
1.	Mr. S G Rajgarhia	65 yrs.	Managing Director	6,857,238	B. Tech(Hons.) S.M.(MIT) 41 years	October 18, 2011	Orient Abrasives Ltd./ Managing Director/ 41 years
B. Employed for part of the year and in receipt of remuneration of not less than ₹ 500,000/- per month. NIL							
<ol style="list-style-type: none">1. Remuneration as above includes salary, contribution to provident fund, perquisites & allowances and commission on sales at the limits approved by the members.2. Mr S G Rajgarhia is a relative of Mr R K Rajgarhia, director of the Company.3. Employment is contractual.4. Mr S G Rajgarhia is also Managing Director of Orient Abrasives Limited.							

ANNEXURE-C

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GENERAL REVIEW

Orient Refractories Limited is among the elite Indian producers of refractories and monolithics for the steel industry. Its consistent quality and developmental initiatives has facilitated a large customer base, within the country and across the world, making it the preferred choice for people looking for quality and service.

BUSINESS DIVISIONS/SEGMENTS

The product range includes (a)Isostatically pressed continous casting Refractories (b)Slide gate Refractories (c)Metering, Flying and Fixed Tundish Nozzles (d)Bottom Purging Refractories and Top Purging Lances for Steel Ladles (e)Precast Shapes and Blocks (f)Slag Arresting Darts for Converters (g)Basic Spray Mass for Tundish Working Lining(h)Blast Furnace Trough Castable for Main Trough, Metal and Rocking Runners (i)Conventional, Low Cement and Ultra Low Cement Castables, etc. All these products are made to suit the casting conditions and grade of steel being cast and are a result of an intensive research and development effort by the company. To reinforce quality and development of products, the Company has an in-house research and development facility that is recognized by the Government of India.

The Company also has a well trained group of technical personnel at plant and customer sites to address all customers' technical and commercial needs as it has a large base of customers to whom it provides total refractory management services.

The Company exports a fair share of its output to various overseas customers. The major export customers are based in Egypt, Turkey, Indonesia, Italy, Pakistan, Kingdom of Saudi Arabia, Sultanate of Oman, Greece, Spain, Nigeria, Azerbaijan, Malaysia, Bulgaria, Thailand, Iran, Germany, Italy etc.

FINANCIALS OF SEGMENTS

Financials of business segments are given in detail in notes to the financial statements of the Annual Report.