

ORIENT REFRACTORIES LIMITED

Our Company was incorporated on November 26, 2010 in Delhi in the name and style of Orient Refractories Limited under the Companies Act, 1956 with the Registrar of Companies, New Delhi

Registered Office:

1307, Chiranjiv Tower, 43 Nehru Place, New Delhi-110019
Tel: 011-46425400
Fax: 011-26443859

Website: www.orientrefractories.com

Contact Person: Mr. Manoj Gupta

E-mail: mkgupta@orlindia.com

INFORMATION MEMORANDUM FOR LISTING OF 12,01,39,200 EQUITY SHARES OF RE. 1/- EACH

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

GENERAL RISKS
Investments in equity and equity related securities involves a degree of risk and investors should not invest in the equity shares of Orient Refractories Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the shares of Orient Refractories Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.
THE COMPANY'S ABSOLUTE RESPONSIBILITY
Orient Refractories Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to Orient Refractories Limited, which is material in the context of the issue of shares pursuant to the scheme, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
LISTING
The Equity Shares of Orient Refractories Limited are proposed to be listed on the BSE Limited (BSE), the designated stock exchange and the National Stock Exchange of India Limited (NSE). This Information Memorandum is available on the Company's website viz. www.orientrefractories.com and on the website of BSE viz. www.bseindia.com .
REGISTRAR AND TRANSFER AGENT
SKYLINE FINANCIAL SERVICES PVT. LTD. D-153A, 1st Floor, Okhla Ind Area Phase 1, New Delhi 110020, India Phone No: +91-11-30857575, Fax: +91-11-30857562, Contact person: Mr. Virender Rana E-mail : admin@sylinerta.com , Website: www.skylinerta.com

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SECTION – 1 GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Information Memorandum and references to any statute or regulations or policies shall include amendments thereto, from time to time:

Term	Description
“ORL” or “Orient Refractories Limited” or “the Company” or “Transferee Company” or “our Company” or “we” or “us” or “our”	Orient Refractories Limited, a public limited company incorporated under the provisions of the Companies Act, 1956, having its registered office at 1307, Chiranjiv Tower, 43 Nehru Place, New Delhi-110019
“Orient Abrasives Limited” or “OAL” or “Transferor Company”	Orient Abrasives Limited, is a public limited company within the meaning of the Companies Act, 1956, having its registered office at 1307, Chiranjiv Tower, 43 Nehru Place, New Delhi-110019

General Terms

Term	Description
Act / Companies Act	The Companies Act, 1956 and subsequent amendments thereto
AGM	Annual General Meeting
Articles/Articles of Association	Articles of Association of our Company
AS	Accounting Standards, as issued by the Institute of Chartered Accountants of India
Board / Board of Directors	Board of Directors of our Company
BSE	BSE Limited
Capital or Share Capital	Share Capital of our Company
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Demerged Undertaking / Refractory Undertaking	Refractory undertaking of OAL comprising of the business, activities and operations pertaining to refractories being carried on by OAL at its manufacturing unit at Bhiwadi, Plot No. S P – 148 A & B, Industrial Area, Bhiwadi, (District Alwar), Rajasthan - 301019 and alongwith its related marketing and distribution units, branch offices and go-downs situated all over India and including all assets, all liabilities; and all permanent employees engaged in or in relation thereto.
Designated Stock Exchange/DSE	The designated stock exchange for the Issue shall be the BSE
Depositories Act	The Depositories Act, 1996 and amendments thereto
EGM	Extraordinary General Meeting
Eligible shareholder(s)	Shall mean eligible holder(s) of Equity Shares of Orient Abrasives Limited as on the Record Date.
EPS	Earnings Per Share {EPS = Profit After Tax / No. of Equity Shares}
Equity Share(s) or Share(s)	Equity shares of our Company having a face value of Rs.1/- unless otherwise specified in the context thereof.
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FERA	Foreign Exchange Regulation Act, 1973
FI	Financial Institutions
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
Financial Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
GOI	Government of India

HUF	Hindu Undivided Family
Industrial Policy	The industrial policy and guidelines issued thereunder by the Ministry of Industry, Government of India, from time to time
Indian GAAP	Generally accepted accounting principles in India
Information Memorandum	This Information Memorandum
IT Act	The Income Tax Act, 1961 and amendments thereto
Memorandum/Memorandum of Association	Memorandum of Association of our Company
Mn	Million
NBFC	Non Banking Finance Company
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body
Promoters of ORL	Orient Abrasives Limited and Mr. Shri Gopal Rajgarhia
Group Companies	As defined under 'Financial and other information of companies under the same management' Section beginning on page no. 70 of this Information Memorandum
RBI	The Reserve Bank of India
Record Date	November 14, 2011, being the date fixed by the Board of Directors of Orient Refractories Limited and Orient Abrasives Limited pursuant to Clause 1.1(f) of the Scheme
Registrar and Transfer Agent	Skyline Financial Services Private Limited having its office at - 153A, 1st Floor, Okhla Ind Area Phase 1, New Delhi 110020, India
ROC	Registrar of Companies, New Delhi
Scheme or Scheme of Arrangement or Scheme of Arrangement of Demerger or Demerger Scheme or Scheme of Demerger	Scheme of Arrangement and Demerger under Sections 391 to 394 of the Companies Act, 1956 amongst Orient Abrasives Limited and Orient Refractories Limited and their respective shareholders and creditors, sanctioned by the High Court of Delhi at New Delhi on September 19, 2011, and effective from April 1, 2011.
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereto.
SIA	Secretariat of Industrial Assistance
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Statutory Auditors	M/s S. R. Batliboi & Co., Chartered Accountants having their office at Golf View Corporate Tower B, Near DLF Golf Course, Sector – 42, sector Road, Gurgaon – 122 002.
Stock Exchange(s)	Shall refer to BSE and NSE where the Equity Shares of our Company are proposed to be listed
Wealth Tax Act	The Wealth Tax Act, 1957 and amendments thereto

CERTAIN CONVENTIONS, USE OF MARKET DATA

Unless stated otherwise, the financial data in this Information Memorandum is derived from our unconsolidated financial statements prepared in accordance with Indian GAAP. Our first financial year commenced on November 26, 2010 and ended on March 31, 2011. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

All references to “India” contained in this Information Memorandum are to the Republic of India. All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. For additional definitions, please see the section titled “Definitions, Abbreviations and Industry Related Terms” of this Information Memorandum. Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from the published data. Such published data generally states that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified. The information included in this Information Memorandum about various other Companies is based on their respective Annual Reports and information made available by the respective companies.

FORWARD LOOKING STATEMENTS

We have included statements in this Information Memorandum, that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in Indian or international interest rates;
- Changes in laws and regulations in India;
- Changes in political conditions in India; and
- Changes in the foreign exchange control regulations in India.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page no. 7 of this Information Memorandum. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Industry” and “Business”.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

SECTION – 2 RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

INTERNAL RISK FACTORS

1. *Our operations are subject to a degree of risk and could expose us to material liabilities, loss in revenues and increased expenses*

Our operations are subject to various risks associated with the production of refractories. These hazards can cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage, and may result in the suspension of operations and the imposition of civil and criminal liabilities. Employees, members of the public or government authorities may bring claims against us arising out of our production processes. Any liability incurred as a result of such events has the potential to materially impact our business, financial condition and results of operations. Such events may also adversely affect public perception about our business and the perception of our suppliers, customers and employees, leading to an adverse effect on our business. Our business operations have the potential to cause personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks such as fire, theft, flood, earthquakes and terrorism. Although we implement safety measures to reduce the risk of these occurrences, we cannot eliminate these risks completely.

2. *We are dependent upon the continued supply of raw materials, fuel and petcoke, the supply and costs of which can be subject to significant variation due to factors outside our control*

We currently rely on a number of domestic and international suppliers to provide certain raw materials. If we are unable to obtain adequate supplies of raw materials or fuel in a timely manner or on acceptable commercial terms, or if there are significant increases in the cost of these supplies, our business and results of operations may be materially and adversely affected. Our increased power requirement on account of expansion/modernization etc is dependent on State Government's policy on distribution of power in the state and we are also exposed to the risk of revision of power tariff.

3. *Our operations are subject to manufacturing risks and may be disrupted by a failure in our facilities*

Our manufacturing operations could be disrupted for reasons beyond our control. These disruptions may include extreme weather conditions, fire, natural catastrophes or raw material supply disruptions. Our facilities are also subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. In addition, there is a risk that production difficulties such as capacity constraints, mechanical and systems failures, construction/upgrade delays or delays in the delivery of machinery may occur, causing suspension of production and reduced output. Any significant manufacturing disruption could adversely affect our ability to make and sell products, which could have a material adverse effect on our business, financial condition and results of operations. We are also required to carry out planned shutdowns of our plants for maintenance. We also shut down plants for capacity expansion and equipment upgrades. In addition, due to the nature of our business and despite compliance with requisite safety requirements and standards, our operations are subject to operating risks associated refractories.

These hazards include storage tank leaks and ruptures, explosions, discharges or releases of hazardous substances, manual handling, exposure to dust and the operation

of mobile equipment and manufacturing machinery. These operating risks may cause personal injury and property damage and could result in the imposition of civil and criminal penalties. The occurrence of any of these events could have a material adverse effect on the productivity and profitability of a particular manufacturing facility and on our business, financial condition and results of operations. Any inability to utilize our manufacturing capacities to optimum levels or streamline our production planning and procurement processes will adversely impact our results of operations.

4. *Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or our inability to attract and retain skilled personnel*

Most of our workmen are represented by labour unions. While we consider our current labour relations to be good, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. The number of contract labourers varies from time to time based on the nature and extent of work contracted to independent contractors. All contract labourers engaged at our facilities are assured minimum wages that are fixed by the respective state governments. Any upward revision of wages required by such state governments to be paid to such contract labourers, or offer of permanent employment or the unavailability of the required number of contract labourers, may adversely affect our business and results of our operations. Our ability to meet future business challenges depends on our ability to attract and recruit talented and skilled personnel. Currently there are more than 1000 contract labourers working at our factory.

5. *Certain types of risks may not be covered under our existing insurance policies, since these may be uninsurable or not economically viable. Our insurance coverage may not be sufficient to fully cover us against an insured risk or loss.*

We maintain insurance coverage in such amounts and against such risks, which we believe are in accordance with industry practice. However, such insurance may not be adequate to cover all losses or liabilities that may arise from our operations, and we may, in the future, not be able to maintain insurance of the types or at levels, which we deem necessary or adequate, or at rates, which we consider reasonable. Accordingly, any material product liability claim or prolonged interruption to our business may have a material adverse effect on our business, financial condition and results of operations. We may also incur liability claims in excess of our insurance coverage or that are subject to substantial deductibles, or we may incur uninsured liability costs. In addition, insurance proceeds may not be adequate to completely cover the substantial liabilities, lost revenues or increased expenses that we may incur. Moreover, any claims made under our policies will likely cause our premiums to increase, and we may not be able to maintain adequate insurance coverage levels in the future.

6. *If we are not able to renew or maintain our statutory and regulatory permits and approvals required to operate our business, it may have a material adverse effect on our business*

We require certain statutory and regulatory permits, licenses and approvals to operate our business. In the future, we will be required to renew such permits, licenses and approvals, and obtain new permits, licenses and approvals for any proposed operations. While we believe that we will be able to renew or obtain such permits, licenses and approvals as and when required, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

7. *As all our customers are steel manufacturers our performance is dependent on the Indian steel industry*

Our entire revenue is earned from steel manufacturers and in the event demand for steel and other derivative products reduces our performance can be adversely affected.

Similarly, any major alterations in the steel industries structure, regulations and regular functioning would affect our company.

8. Our Company is exposed to foreign currency fluctuations

Our Company incurs significant expenses of the nature of foreign exchange on account of import of raw materials and export of products. Approximately 17% of our revenue is earned in foreign currencies. We cannot assure you that we will be able to effectively mitigate the adverse impact of currency fluctuations on the results of our operations.

9. Our Company has certain contingent liabilities as at September 30, 2011

As per our Financial Statements, we have certain contingent liabilities which, if determined against us in future, may impact our financial position adversely. Details of our contingent liabilities as at September 30, 2011 are given in the following table:

(Amounts in Rs. lacs)

Contingent liabilities (not provided for)	As at September 30, 2011
i) Sales tax and interest demand raised by Kolkata Sales tax authorities for non-submission of declarations forms for the year 1993-94	3.75
ii) Show cause issued by service tax authorities for input tax credit availed on foreign business auxiliary services, consulting engineer service, telephone service and insurance service.	85.48

For details of contingent liabilities, please refer to the section titled "Financial Statement of our Company" beginning on page no. 48 of this Information Memorandum

10. Our Promoters, OAL and Shri Gopal Rajgarhia and one of our directors are involved in the certain legal proceedings

Our Promoters, OAL and Shri Gopal Rajgarhia and one of our directors are involved in certain legal proceedings. For details of the legal proceedings (including show cause and summons notices) instituted by and against OAL and Shri Gopal Rajgarhia and the monetary amount involved in the cases, please refer to the section titled "Outstanding Litigation and Material Development" beginning on page no. 78 of this Information Memorandum.

EXTERNAL RISK FACTORS

1. Competition in the Industry

Orient Refractories Limited operates in a competitive scenario comprising of Indian and multinational players resulting in a stiff competition from these players.

2. Changes in Government policies

Changes in Government policy, changes in interest rates, revision of duty structure, changes in tax laws, changes in environmental regulations and emission norms etc. may have an adverse impact on the profitability of Orient Refractories Limited. Due to the competitive nature of the market, the cost increases as a result of these changes may not be easily passed on to the customers.

3. Financial instability in Indian financial markets could adversely affect our results of operations and financial condition.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in Asian emerging market countries.

Financial turmoil in Asia, the United States of America, Europe and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other markets may increase volatility in Indian financial markets and, indirectly, in the Indian economy in general.

4. *Our performance is impacted by the business cycles of the economy*

The Indian economy is volatile and our company is vulnerable to business cycles which may in turn affect our Company's capacity to sustain a growth in income, profits and shareholders' value.

5. *Legal and Compliance Risk*

We are subject to extensive regulation by SEBI, Stock Exchanges, RBI and other market regulators in India. New laws/rules and changes in any law and application of current laws/rules could affect the manner of operations and profitability.

6. *Political instability or changes in the Government of India could adversely affect economic conditions in India generally and our business in particular.*

The Government of India has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

7. *Terrorist attacks and other acts of violence*

Terrorist attacks and other acts of violence or war, including those involving India or other countries may adversely affect Indian and worldwide financial markets. These acts may result in loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

8. *After this listing, the prices of our Company's equity shares may be volatile, or an active trading market for our Company's equity shares may not develop.*

There has been no public market for our Company's equity shares till now and the prices of our Company's equity shares may fluctuate after this listing. There can be no assurance that an active trading market for the equity shares will develop or be sustained after this listing. Our Company's share price could be volatile.

SECTION – 3 SUMMARY

GENERAL INFORMATION

Our Company was incorporated on November 26,2010 in New Delhi in the name and style of Orient Refractories Limited under the Companies Act, 1956 with the Registrar of Companies, New Delhi. Our Company received its certificate of commencement of business on December 29, 2010.

Registered and Corporate Office of our Company:

1307, Chiranjiv Tower,
43 Nehru Place,
New Delhi-110019

Tel: +91-11-4642 5400

Fax: +91-11-26443859

Contact Person: Mr. Manoj Gupta

E-mail: mkgupta@orlindia.com

Website: www.orientrefractories.com

Corporate Identification Number: U28113DL2010PLC210819

Address of the Registrar of Companies

Registrar of Companies, NCT of Delhi and Haryana
4th floor, IFCI Tower,
61, Nehru Place
New Delhi - 110019
Phone: 011-26235703/26235704
Fax: 011-26235702
roc.delhi@mca.gov.in

Board of Directors as on the date of filing of the Information Memorandum:

Sr. No.	Name	Designation
1	Rajendra Kumar Rajgarhia	Chairman
2	Rama Shanker Bajoria	Director
3	Keshav Kumar Thirani	Director
4	Arun kumarJain	Director
5	Shri Gopal Rajgarhia	Managing Director
6	Subhash Chander Sarin	Executive Director

For further details of the Board of Directors of our Company, please see the Section titled "Management".

Authority of Listing

The Hon'ble High Court of Delhi, vide its order dated September 19, 2011 has approved the Scheme of Arrangement and Demerger between Orient Abrasives Limited (hereinafter referred to as "OAL" or "Transferor Company") and Orient Refractories Limited (hereinafter referred to as "ORL" or "our Company" or "Transferee Company") and their respective shareholders and creditors. For more details relating to the scheme of arrangement and demerger please refer to the Section titled "Salient Features of the Scheme" beginning on page no. 38 of the Information Memorandum. In accordance with the Scheme, the Refractory Undertaking of Orient Abrasives Limited has transferred to and vested with Orient Refractories Limited, w.e.f. April 1, 2011 (the appointed date under the Scheme) pursuant to Section 391 to 394 of the Companies Act, 1956. In accordance with the said scheme, the Equity shares of our Company to be issued pursuant to the Scheme shall be listed and admitted to trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to fulfillment by our Company of the listing criteria of

BSE and NSE and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of application by our Company seeking listing.

Eligibility Criterion

There being no initial public offering or rights issue, the eligibility criteria of SEBI (ICDR) Regulations do not become applicable. However, SEBI has *vide* its letter No. CFD/DIL/SK/PHV/OW/4206/2012 dated February 17, 2012, granted for relaxing strict enforcement of clause (b) to sub-rule (2) of rule 19 thereof by making an application to the Board under sub-rule (7) of rule 19 of the SCRR. Our Company has submitted its Information Memorandum, containing information about itself, making disclosure in line with the disclosure requirement for public issues, as applicable to BSE and NSE for making the said Information Memorandum available to public through their websites viz. www.bseindia.com. Our Company has made the said Information Memorandum available on its website viz. www.orientrefractories.com. Our Company has published an advertisement in the news papers containing details required as per the above mentioned circular. The advertisement will draw specific reference to the availability of this Information Memorandum on its website.

Prohibition by SEBI

Our Company, its directors, its promoters, other companies promoted by the promoters and companies with which our Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

General Disclaimer from our Company

Our Company accepts no responsibility for statement made otherwise than in the Information Memorandum or in the advertisements to be published in terms of SEBI Circular SEBI/CFD/SCRR/01/2009/03/09 or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Auditors

M/s S R Batliboi & Co.
Golf View Corporate Tower B
Near DLF Golf Course
Sector – 42, sector Road
Gurgaon – 122 002
Tel: 91-124-4644000
Email: grover.gulshan@in.ey.com

Bankers to our Company

HDFC Bank Ltd.
G-3-4, Suryakiran Building
19, Kasturba Gandhi Marg
New Delhi – 110 001
Tel: 91-11-41699475
Email: kanika.jaswal@hdfcbank.com

State Bank of India
Commercial Branch
Vardhman Trade Centre
Plot No. 3 & 4, IIInd Floor
DDA Building, Nehru Place
New Delhi – 110 019
Tel: 91-11-41616828
Email: rajeev.raman@sbi.co.in

Compliance Officer

Mr. Manoj Gupta
Address – 1307, Chiranjiv Tower,
43 Nehru Place,
New Delhi-110019
Tel: 01493-222266/67
Fax: 01493-222269
Email: mkgupta@orlindia.com

Registrar & Transfer Agents

Skyline Financial Services Pvt. Ltd.
D-153A, 1st Floor,
Okhla Ind Area Phase 1,
New Delhi 110020,
Tel: 91-11-30857575
Fax: 91-11-30857562
Contact Person: Mr. Virender Rana
Email: admin@skylinerta.com
Website: www.skylinerta.com

Stock Market Data for Equity Shares of our Company

Equity shares of our Company are not listed on any stock exchanges. Our Company sought approval for listing of shares through this Information Memorandum.

INDUSTRY OVERVIEW

You should read the following section together with the risk factors and the details about our financial results beginning on page no. 7 and page no. 48 respectively in this Information Memorandum. The source of information in the section is as per November 2010 Issue of the magazine Steel World and the Indian Refractories Manufacturers Association.

Overview of the Refractories Industry

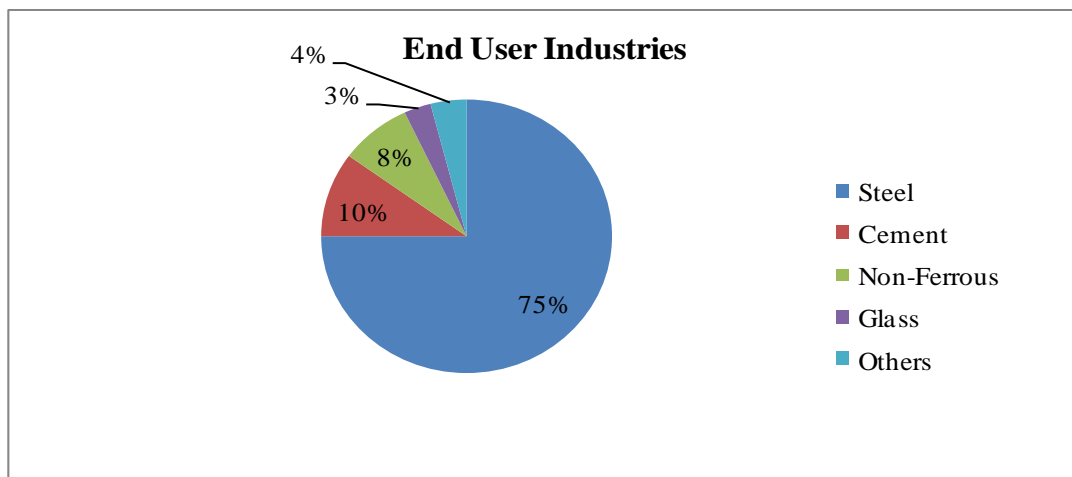
Refractory is a term given to a class of materials which are produced from non-metallic minerals and possess capability to withstand heat and pressure. These are products that confer properties like high temperature insulation, resistance to corrosive and erosive action of hot gases, liquids and solids at high temperatures in various kilns and furnaces.

Worldwide demand for refractories is projected to grow at 5.3 %per year through 2014 to 40.8 billion metric tons. Asia Pacific region constitutes the largest and fastest growing regional market for refractories, accounting for an estimated unit share of more than 70 percent. China and India are driving overall growth of Asia-Pacific in the global market.

In 2010, the industry comprised of over 100 established units, with 9 large plants, 27 medium-scale units and the rest in the small-scale sector.

In 2010, the Indian refractory industry had an aggregate production capacity of 20.15 lakh tonnes per annum. The capacity utilization, however, stood at ~60 percent or 11.5-12 lakh tones per annum.

The fortunes of the refractory industry are linked to the growth of iron and steel sector which consumes a mammoth 75% of the refractories produced. Sector wise consumption of the refractories in India is shown below:



The specific refractory consumption is about 10 Kg/T in steel industry, 1.2 Kg/T in Cement, 4.5Kg/T in Aluminium, 35Kg/T in Foundries, 5 Kg/T in non-ferrous and 10 Kg/T in glass industry. These sectors are giving high thrust on productivity, quality, cost, energy conservation and cleaner environment which necessitates new generation of refractories with specific requirements.

According to Indian Refractory Makers Association (IRMA), the net sales turnover of the refractory industry was Rs.4,426 crores in 2010-11 which rose 16% from Rs. 3,825 crores in 2009-10. The import of refractories stood at around Rs.1,493 crores in 2010-11 which means an increase of ~17% from Rs.1277 crores in 2009-10.

In terms of material, clay refractories represent the largest and fastest growing segment. By form type, bricks and shapes represent the leading segment. Growth prospects are high for monolithic castables and preformed shapes that feature high performance and flexibility than other refractory forms. Significant growth potential is witnessed in zircon/zirconia, silicon carbide extra-high

alumina, and other more specialised refractory materials that offer strong performance in specific applications. Besides, an above average growth is foreseen in the case of cost-effective refractory materials, including silica, high-alumina, ceramic fibres, and insulating types.

The production of refractories started in India in the form of fireclay bricks at Raniganj in 1874 by Burn and Company (now Burn Standard Co. Ltd) to cater to the needs of Ordnance Factory, Railway workshops, Calcutta mint, Foundries etc. After independence of India a number of integrated steel plants were set up by Hindustan Steel (now SAIL) at Durgapur, Bhilai, Rourkela and Tata Steel also doubled its capacity with technology upgradation.

From 80's onwards the demand for sophisticated refractories started to increase as in order to increase their campaign life and reduce cost of production. Besides Steel, other industries like - Cement, Hydrocarbon, Sponge iron, Glass, Aluminium etc. also started to opt for such new generation refractories in place of the conventional types.

In the post-globalization era particularly since 1990's, Indian refractory makers were more inclined to enrich their indigenous technologies by blending advanced technologies of world's leading manufacturers.

Later, Indian refractory makers developed own technology indigenously, processing Indian raw materials into high quality products compatible with the changing technology of its user industries, particularly steel industry.

Today, a wide variety of refractory products are manufactured tailor made to suit the requirements of the application in various sectors which include iron and steel, cement, glass, non-ferrous metal, petrochemical, fertilizer, thermal power plants etc.

The main strength of the refractory industry in India has been its ability to make cost-effective, good quality refractories by virtue of its assets like: Availability of adequate raw materials in the country itself and availability of skilled and qualified manpower at a cheap rate.

There are strong barriers to enter the industry as the cost of setting up a new refractory plant is very high and requires a long gestation period. The technology for manufacturing of high end refractories is available with only selected players only. The steel majors are very cautious of the quality of the product before ordering the same.

Category of Refractories & Application

1. Fire Clay Bricks/Shapes:

These are basically alumino-silicate refractories possessing alumina not exceeding 42%. Fire clay refractories earlier used to find use in lining of blast furnaces for hearth and bosh portion due to the dense structure, reheat shrinkage, resistance to slag and load characteristics of these bricks. However, today, the dense low heat duty fire clay refractories find use in top part of the blast furnace where abrasion resistance is required and upper in wall portion where slight slagging action & abrasion resistance are necessary, intermediate duty fire clay bricks are applied. Though these are the most economical variety of refractories but suffer from poor slag resistance & low refractoriness characteristics. In many steel plants, these find extensive use in lining of soaking pits & reheating furnaces, bottom pouring refractories for steel casting, safety lining of the steel ladles and kilns in cement industry due to their good insulating, spalling resistance, dense structure preventing erosion characteristics.

2. High Alumina Bricks/Shapes:

The change in the quality of the raw materials, increased productivity and higher temperature and increased campaign life in iron/steel making arena resulted in drastic reduction in consumption of fire clay products and evolution of high alumina refractories. 60%-72% alumina mullite bricks are used in hearth and bottom of the blast furnaces.

The stoves and hot blast system where the hot blast temperature gradually increased from 800°C to 1250°C, 72% alumina bricks with improved insulation are used. In steel plants involving in production of carbon steels, 72% alumina bricks are still used for working lining of ladles due to high refractoriness and moderate slag resistance properties. Well blocks and sleeves used in steel ladles for fixing at gas purging cones which are subjected to localized turbulence created by flow of

gases through porous plugs requires refractory material that sustains good number of thermal cycles and increased campaign life. Here, 96% alumina bearing material is used for high temperature abrasion resistance, low porosity, high mechanical strength and result in uneven erosion on top surface of the block. Even, slide gate refractories of 96% alumina are in use in steel ladles. The increasing trend for production of cleaner steels led to use of 70% alumina refractories for bottom pouring.

3. Silica Bricks / Shapes:

Silica refractories possess the ability to withstand substantial load [50 lb/sq.in] to within a few degrees of its cone fusion point of 1710°C to 1730°C, high resistance to attack by steel furnace fluxes comprising iron oxide, lime etc., freedom from shrinkage at temperatures up to melting point and high thermal shock resistance in temperatures ranging from 600°C to 1700°C. However, silica refractories are highly sensitive to thermal shock below 600°C or below 300°C. These refractory products find extensive use in arch roofs of the furnaces, door jambs of furnaces and in coke ovens due to their excellent resistance to spalling.

4. Basic Bricks/Shapes:

The need to produce steels of high quality resulted in greater stresses on refractory as a result of aggressive slag, prolonged turbulence by rinsing/lancing, high temperatures etc. led to adoption of basic refractories to resist slag attack while being chemically stable. Broadly, these refractories are classified as the dolomite variety and magnesite variety. Dolomite is the most common basic refractory for both metallurgical and economic reasons. These are further classified as the sintered and unburnt materials. The high silicon in hot metal led to use of dolo bricks for working lining of BOF. In steel ladles, dolomite bricks are used but the holding time of steel in the ladle should be less and should be hot in circulation. In contact with air, the free lime of the dolomite refractory reacts leading to crumbling of the refractory which is its major disadvantage. Ceramic bonded sintered dolomite possess high mechanical strength and possess good resistance to hydration. Here, addition of zirconia permits improvement in resistance to thermal shock while enrichment with magnesia lessens sensitivity to slag attack. The high carbon dolomite products and chemically bonded products emerged in the market as an alternative to resin bonded ones and are expected to be lower in cost with absence of fumes during heating. Among the magnesite refractories, Magnesia-Carbon and Magnesia-Chrome bricks are highly popular. Magnesia-C bricks find us in the hot spot area of EAF and BOF vessel lining as the refractoriness is high, highly resistance to slag and thermal shock. In LF/VAD steel ladles, magnesia-carbon variety refractories with high oxidation resistance and high hot modulus of rupture are applied in strike pad & slag zone areas. These refractories help in improved lining life under severe operating conditions like high tapping temperature, longer holding times and highly basic slags.

5. Monolithics:

These refractories are well known to produce joint less structure which are stable from dimensional aspect at high temperatures and are resistant to thermal shock and abrasion. It comprises of castables, plastic mass, ramming mix, mortars, slingor mix and coating material. Magnesia based gunnitting mix is used for patching of eroded areas in EAF. Mortars of magnesite and high alumina are applied for patching of steel ladles. High alumina mortars are used for fixing ladle nozzle with well block, joint portion of plate and nozzle, fixing well blocks to steel ladle etc. Alumino-silicate [60% Al₂O₃] trough and tap hole mixes are used in blast furnaces. Even in coke ovens, there is extensive use of silica based mortars for hot patching and gunnitting. Magnetite ramming mass is applied above the safety lining in EAF and for lining in basic induction furnaces involving in production of special /alloy steels. In acidic induction furnaces used for melting cast iron/carbon steels, silica ramming mass is applied as the lining material. Another important application is in the form of ceramic coating of oxygen/rinsing lances for prolonged lancing/rinsing to meet the metallurgical requirements. Among the monolithics, castables especially of low cement variety have dominated presence in various applications. This variety of castables possess about 5%-7.5% calcium aluminate cement requiring only around 5% casting water and are less prone to explosion, no loss of cold crushing strength at any temperature, low moisture content enabling faster drying/pre-heating, high degree of volume stability at high temperature providing and excellent abrasion resistance. 90% alumina castables find use for hoods of VAD/AOD/VOD units, delta region of EAF, permanent lining of tundish, walking beam furnace hearth, precast burner block of walking beam furnaces etc. 60%-70% alumina castables are applied for covers of soaking pits, stand pipes, charging hole blocks and covers of coke ovens.

6. Special Products :

In continuous casting, Garnex boards of silica/magnesite for cold tundishes are used to facilitate sequencing of heats. Various flow control devices such as baffles / dams / weirs made of magnesite are used in tundishes for improved quality of the steel. For crack and corrosion resistance, submerged entry nozzles used between tundish outlet and mould are made of alumina-carbon/ magnesia-zirconia refractory. Shrouds and monoblock stoppers made of alumina-carbon/alumina-zirconia are used in tundishes of various bloom/slab/billet casting machines. 95% zirconia metering nozzles are used for flow of steel into mould of billet continuous casting machines for excellent erosion resistance. Also, for eliminating non-metallic inclusions thus improving the steel quality, ceramic filters in tundishes have evolved recently. Ceramic fibres due to their insulating nature are used in reheating furnaces, blast system/stoves of blast furnace etc. High magnesia porous plugs is another area which involves inert gas purging for homogenisation of steel with regard to temperature and composition.

OUR BUSINESS

Overview

ORL was incorporated on November 26, 2010, as a wholly owned subsidiary of Orient Abrasives Limited, under the Companies Act, 1956. ORL is authorized to carry on the business of manufacturers, producers, processors, importers, exporters, buyers, sellers of and dealers in all kinds of refractories.

ORL is amongst one of the top refractory manufactures in India. ORL primarily manufactures refractories for the steel industry only. ORL sells its products both in India and overseas.

ORL provides a wide range of special refractories. The product range includes the following:

- Isostatically Pressed Continuous Casting Refractories
- Slide Gate Plates
- Nozzles and Well Blocks
- Tundish Nozzles
- Bottom Purging Refractories and Top Purging Lances
- Slag Arresting Darts
- Basic Spray Mass for Tundish working lining
- Castables

All these products are custom made to suit the casting conditions and grade of steel being cast. To reinforce quality and development of products, we have an in-house Research and Development facility that is recognized by the Government of India.

Our Products

1. Isostatically Pressed Continuous Casting Refractories:

a) Ladle to Tundish Shrouds

These are used to protect and control the flow of steel from the Ladle to the Tundish. Made of Alumina Carbon quality they can be used for both hot and cold starts. Ladle Shrouds are custom made to meet the specific use of each customer with options to provide for metal can, ceramic paper wrapping, porus insert etc.

b) Monoblock Stoppers

Monoblock Stopper (MBS) is used to control the flow of steel through the Tundish Nozzle. It is made of Magnesite Carbon or Alumina Carbon quality with special compositions at the tip and slag zone to suit customer requirements. Cross pin or screw fastening or gas purging facilities are provided as and when required.

c) Submerged Entry Nozzle/ Submerged Entry Shrouds

The Submerged Entry Nozzle (SEN) and Submerged Entry Shroud (SES) protect the steel flow from the Tundish to the mould. SEN is fixed inside the Tundish and also functions as a Tundish Nozzle. SES on the other hand is fitted from the outside on the Tundish Nozzle. The body is made of Alumina Carbon quality while the seat and slag zone are made of different qualities as per customer requirements including Zirconium-Carbon and Magnesite Carbon quality. The SEN and the SES are protected from the outside with a ceramic paper lining.

d) Converter Tap Hole Sleeve

The Converter Tap Hole Sleeve is used to control the flow of steel from the converter. They are generally Magnesite based and are isostatically pressed.

2. Slide gate plates

We manufacture a wide range of slide gate plate refractories for various international systems including:

- Flocon
- Interstop (including LS Series)
- Vesuvius (including LV Series)
- Saflow and
- Sanac

Depending on the requirements of the customers, these plates are manufactured in different qualities, namely Alumina Carbon, Alumina Spinnel Carbon, Magnesia Spinnel Carbon and Alumina Zirconia Carbon.

Our Company also manufactures Inserts used for repairing old slide gate plates for re-use. Recently Zirconia insert plates have also been introduced as a new product by our Company

3. Nozzles and Well Blocks

A range of High Alumina cast or fired, Alumina Spinnel cast or fired, Alumina Carbon fired, Magnesia Carbon fired Inner and Outer Nozzles are manufactured as per the requirements of the slide gate system.

4. Metering, Flying and Fixed Tundish Nozzles

We manufacturer a very wide range of Tundish Nozzles used for controlling the flow of steel from the Tundish to the Continuous Casting equipment. Depending on the requirement these may be manufactured in Zircon, Zirconia or Alumina Carbon.

5. Bottom Purging Refractories and Top Purging Lances

We manufacture the complete set of bottom purging refractories including the porus plug, PP housing block, porus plug sleeve for a wide range of systems including GP II, GP III, IPV with systems.

6. Slag Arresting Darts

Slag Arresting Darts are used in the converter as a means to cut off the slag from entering into the ladle during tapping of steel.

7. Basic Spray Mass for Tundish working lining

We manufacture Magnesite and Dunite based sprayables used in a hot Tundish with 68 to 90% MgO.

8. Castables

We manufacture a wide variety of Conventional and Low Cement Castables based on all types of Aluminous raw materials.

- a) Conventional Castables
- b) Low Cement Castables
- c) Blast Furnace Trough Castable

Competitive Strengths

- All our products have gained technical approval in most of the public sector steel plants giving us an edge over competitors and new entrants
- Strong market presence within the mini steel sector
- The customer is the key focus of our activities and hence we provide timely competent service along with developing and supplying products as per their changing requirements
- Our promoter, OAL, is the sole source of our critical alumina based raw materials ensuring that a major portion of our raw material is constantly available to us. This gives us an advantage over our competitors as raw material plays a pivotal role in the industry
- As all our costumers belong to the steel sector, developments in the industry have an impact on our performance. Soaring demand by sectors like infrastructure, real estate and automobiles, at home and abroad, has put India's steel industry on the world map. India's steel capacity is projected to touch 124 Mn MT by 2011–12 from 65 Mn MT in 2009-10 driven by the current rate of ongoing green-field and brown-field projects. The specific refractory consumption is about 10 Kg/T in steel industry. [Source: Steel World]
- Potential to substantially increase revenues from exports

Manufacturing Units

Our Company's manufacturing facility is based in Bhiwadi, Rajasthan which is located in close proximity to New Delhi. This facility had begun commercial production in 1986 by OAL. Our Company also has franchise operation in Salem, Tamilnadu for manufacturing basic spray mass.

The Bhiwadi facility is spread over 26 acres of land. The facility is divided into 3 independent sub-divisions for the manufacture of slide gate refractories, continuous casting refractories and castables and pre-cast shapes. It currently produces more than 50,000 pieces of slide gate plates, 35,000 pieces of Continuous Casting Refractory products and over 2000 tons of castables and mortars on a monthly basis.

All the products are manufactured with the support of the development research, which is carried out at the in-house Research and Development facility. This research and development facility is recognised by the Government of India and is fully equipped to carry out all testing and development activities with a wide range of equipment including:

- XRD Equipment
- TG – DTA
- Dialotometer – RTE
- Thermal Conductivity Apparatus
- Creep Tester
- HOMR testing equipment

Customers

Our marketing efforts are supported by an established sales and service network across the country.

Our customers include the complete spectrum of steel producers in India from the large domestic integrated steel producers to the small mini steel plants. Our customers include Steel Authority of India, Mukund Steel, Tata Iron and Steel Company, RINL – Vizag, Sunflag Iron, Lloyd Steel, Essar Steel, JSW and the Jindal Stainless. We currently have close to 300 iron and steel producing Indian companies as customers.

We also have a significant presence in the global market place and export a fair share of our output to various overseas customers. We currently export to over 35 countries across the globe including Germany, Italy, France, Spain, Turkey, Egypt, Indonesia, Saudi Arabia, Thailand and Greece.

Key Managerial Personnel:

Our key management team comprises of:

Mr. Shri Gopal Rajgarhia – Managing Director & Chief Executive Officer

Mr. Subhash Chander Sarin - Executive Director

Mr. Parmod Sagar – Senior Vice President

Mr. Manoj Gupta – General Manager (Commercial) & Chief Financial Officer

Currently the total employee strength is 322 and we plan to employ more personnel in the future. As on date, there is no Employee Stock Option Plan or Employee Stock Option Scheme or Employee retention plan.

Quality Certificates

Our Company has received ISO 9001 quality certificate for its manufacturing unit at SP-18, RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan from IQNET and its partner RINA – CSQ.

Insurance

1. Our Company has obtained an Insurance Policy dated May 1, 2011 from National Insurance Co. Ltd. for the factory building, plant and machinery for a sum assured of Rs. 68,81,67,000/-. The location of the plant is at SP-148, RIICO Industrial Area, Bhiwadi, Alwar, Rajasthan. The policy is renewed annually and the current expiry of the policy is 30/04/2012.
2. Our Company has obtained an Insurance Policy dated May 1, 2011 from National Insurance Co. Ltd. for the stock of finished goods and raw materials for a sum assured of Rs. 30,00,00,000/-. The policy is renewed annually and the current expiry of the policy is 30/04/2012.

HISTORY OF OUR COMPANY

Our Company was incorporated on November 26, 2010 in Delhi in the name and style of Orient Refractories Limited under the Companies Act, 1956 with the Registrar of Companies, New Delhi. Our Company received its certificate of commencement of business on December 29, 2010. The Registered Office of our Company is situated at 1307, Chiranjiv Tower, 43 Nehru Place, New Delhi-110019.

Our Company entered into a Scheme of Arrangement with Orient Abrasives Limited and their respective shareholders, which became effective on April 1, 2011. In terms of the Scheme, the refractory business of OAL, was demerged into our Company on a going concern basis.

Main Objects of our Company

Main Objects of our Company as per the Memorandum of Association:

1. To carry on the business of manufacturers, producers, processors, importers, exporters, buyers, sellers of and dealers in all kinds of refractories, slide gate refractories, continuous casting refractories, monolithics, bricks, nozzles, well blocks, lances, castables and all kinds of refractory and other allied products and all types of refractories based on alumina or on any other material of any other kind, and all materials, goods and ingredients used or that could be used in the manufacture or processing of refractories, allied products, by-products and substitutes for all or any of them and to treat any waste arising from any such manufacture, production or process whether carried on by the Company or otherwise.
2. To carry on the business of manufacturers, producers, processors, importers, exporters, buyers, sellers of and dealers in all kinds of materials used for manufacture and application of refractories like calcined bauxite, fused grains, calcined materials, cement etc. and to carry on the business of manufacturers, processors, importers, exporters, buyers, sellers of and dealers in all kinds of equipments, plants, machines, processes, systems etc. for manufacture and application of refractories.
3. To explore, prospect, take on lease or on royalty basis or otherwise acquire mines, mining rights and lands or any interest therein and to quarry, mine, dress, reduce, draw, extract, purify, calcine, smelt, refine, manufacture, process, purchase or otherwise acquire, sell or otherwise dispose of or deal in all grades, types, qualities and descriptions of iron ore, ilmenite ore, rutile ore, tungsten ore, wolframite ore, molybdenum ore, copper ore, bauxite, nickel ore, cobalt ore, quartz, fluor spar, lime stone, dolomite, magnesite, coal, graphite, fire clay, kyanite, sillimanite, stone, bricks, brick earth and other refractory materials etc. and.
4. To carry on the business of and act as buyers and sellers, suppliers and traders brokers and agents, exporters and importers, stockists and distributors and dealers of and in all kinds of forest products, industrial products, agricultural products, food products, whether processed, semi-processed or otherwise, wood articles and metals, minerals, industrial and other wastes and by-products, industrial and other gases, Alcohol, edible and non-edible oils, fats and consumer goods, house-hold goods, hardware and stores, plant and machinery, stores, all types of ball and rollers bearings, spare parts and accessories, commercial and manmade fibres, textiles of all kinds, readymade garments, silk, hemp, wool and flax and other fibres substances, blankets and any products of cotton and yard and woollen textile, raw jute and jute products, cement, plastics, chemicals, building materials, bullion, belting, batteries, bronzes, canned and tinned goods, curios, cotton, crockery, cutlery, caramels, cozebinders, cashewnuts, confectionery, coffee, coir, coal and chemicals, iron and steel, casting of metals and alloys, carpets, cosmetics, cine-matograph films, corks and crown corks, dextrans, drugs and medicines, dressing materials, dyes and dyestuffs, essence, electrical goods and accessories, engineering goods, fertilizers, fodder, flour, furfural, fibres and wastes, furniture and upholstery, grain and fruits, jaggery, cardamoms, ginger, stone, gum, gums and resins, glass and glassware, gramophone records, hides and skins, hemp, handicrafts, handlooms, hardware, ivory, electrical, mechanical, photographic, surgical, scientific and other instruments, apparatus and appliances, leather goods, lac, linoleum, liquid gold, linen, manures, machine tools, metals, motor cars, milling stones, Nut and Bolts, Ores, Oils and oil cakes, Ornaments, Pulses, printing and drawing materials, provisions, perfumes, spirits, pulp

of wood, pharmaceuticals, precious stones, pearls, plants, paints, papers, patent, synthetic fuel, quartz, crystals, rags, rubbers, spices, sports goods, sugar and molasses, scrap, metallurgical residues, seeds, shellac, artificial and silk fabrics, soap, small tools, stationery, tobacco, toys, umbrellas, vegetables, varnishes, vanaspati, wood and timber wax woolen and all sorts of apparels, wigs, yarns, sizing, vehicles of all kinds and accessories thereof, pigments, polymers and PVC goods, all kinds of gloves marine products, Electronics goods including Computer, TV, VCR/VCP, antiques, precious and semi precious stones, goods and products and compounds of any and every description and kinds.

Changes in Memorandum of Association

There have been no changes in the Memorandum of Association

Subsidiaries of our Company

Our Company has no subsidiaries.

Shareholders Agreement

There is no separate Shareholders Agreement executed between any shareholder and our Company.

Strategic / Financial Partners and other Material Contracts

Our Company does not have any strategic/financial partners and has not entered into any material contracts other than in the ordinary course of business.

OUR PROMOTERS

The promoters of our Company are:

1. Mr. Shri Gopal Rajgarhia

Mr. Shri Gopal Rajgarhia aged 65 years is a chemical engineer by profession. He completed his Bachelor in Technology (B. Tech) (Hons.) from IIT, Khragpur and Master of Science from Massachusetts Institute of Technology, USA. He began his career promoting Orient Abrasives Limited alongwith his father late Sh. R L Rajgarhia since it was incorporated in 1971. Mr. Shri Gopal Rajgarhia has an industry experience of over 40 years. He set up the first plant of Orient Abrasives Limited at Porbander for manufacture of aluminum oxide abrasive grains and calcined products in January 1975. Subsequently, two separate manufacturing divisions were set up at Bhiwadi, Rajasthan, the first being the Bonded Abrasives Division for manufacture of bonded abrasives, commonly called the grinding wheels. The plant was set up in technical association with an Austrian company and started its commercial production in November, 1980. The Refractory Division started commercial production in November 1985. He has vastly contributed to the growth of the OAL over the years. As managing director of OAL he oversees all the functional areas of OAL including the refractory division. He has good technical knowledge and expertise regarding our Company's products. He also has knowledge and experience of commercial, legal and statutory affairs of our Company. He is also the promoter of an NBFC called Rovo Marketing Private Limited which is registered with the RBI. Its main activities are financing and investment. It does not accept deposits from the public.

2. Orient Abrasives Limited (OAL)

OAL was incorporated on November 12, 1971 in New Delhi in the name and style of Orient Abrasives Limited under the Companies Act, 1956 with the Registrar of Companies, New Delhi, having its registered office at 1307, Chiranjiv Tower, 43 Nehru Place, New Delhi-110019.

The first industrial unit of OAL was set up in 1974 at Porbander, in technical collaboration with Karborundum, Bentueky, Czechoslovakia by the Rajgarhia group of industries as a venture to manufacture Calcined and Fused Alumina products. Today, OAL enjoys the position of being the largest producer of Calcined and Fused Products in India.

OAL had, before this scheme of demerger became effective, a wide range of refractory and monolithic products for the iron and steel industry and enjoys large domestic and international clientele. An in-house R&D facility supports the product development initiatives.

OAL decided to demerge its Refractory Undertaking situated at SP-148, RIICO Industrial Area, Bhiwadi, Rajasthan with a view to de-risk and segregate the refractory business from the other two businesses viz. abrasive grains and power generation as the economic and market factors guiding the refractory business are distinct from those applicable to the other two. The demerger will also allow a focused strategy in operations of the Refractory Undertaking along with providing scope for independent collaboration and expansion without committing the existing organization in its entirety.

With respect to the power division, OAL 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 Porbander. Besides, OAL also has wind power generation capacity of 11.1 mw. It comprises of 4 nos. of wind turbines of 1.5 mw each commissioned at various locations in the state of Rajasthan and 3 turbiines of 1.5 mw each and a fourth turbine of 0.6 mw located at various places in the state of Karnataka. The power generated by these plants are sold to the respective state power distribution companies.

The manufacturing facilities of Orient Abrasives Limited are located at GIDC Industrial Area, Porbander, Gujarat – 360 577.

Board of Directors of Orient Abrasives Limited

Name	Age (years)	Address
Rajendra Kumar Rajgarhia (Chairman)	73	W-13, Greater Kailash – II, New Delhi-110 048
Rama Shankar Bajoria	68	A-49, Friends Colony, New Delhi - 110 065
Umesh Kumar Khaitan	62	39, Friends Colony (East), New Delhi – 110 065
Tribhuvan Nath Chaturvedi	52	House No. 884, Sector 17, Faridabad (Haryana)
Sudhir Kumar Samarendra Narayan	68	N-2/77, IRC Village, Nayapalli Bhubaneshwar, Orissa – 751 015
Shri Gopal Rajgarhia	65	33/1, Friends Colony (East), New Delhi - 110 065
Prem Prakash Khanna	72	H – 4/6, Phase I, D L F, Gurgaon (Haryana)

Shareholding Pattern

The shareholding pattern of Orient Abrasives Limited as of December 31, 2011 is as follows:

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in demat form	Total shareholding as a percentage of total number of shares
(A) Shareholding of the Promoter and Promoter Group					
1	Indian				
(a)	Individuals/ Hindu Undivided Family	8	5,76,38,333	5,76,38,333	48.18
(b)	Bodies Corporate	2	65,580	65,580	0.05
(c)	Any Others – Trust	1	2,31,000	2,31,000	0.19
	Sub Total	11	5,79,34,913	5,79,34,913	48.42
(A)	Total Shareholding of the Promoter & Promoter Group	11	5,79,34,913	5,79,34,913	48.42
(B) Public shareholding					
1	Institutions				
(a)	Mutual Funds/ UTI	1	44,000	33,500	0.04
(b)	Financial Institutions / Banks	4	19,000	2,000	0.02
	Sub-Total (B)(1)	5	63,000	35,500	0.05
2	Non-institutions				
(a)	Bodies Corporate	425	1,45,80,764	11,55,67,82	12.19
(b)	Individuals				0.00
I	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	11651	1,71,58,164	1,06,48,448	14.34
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	38	1,83,10,811	1,83,10,811	15.31
(c)	Any Other (specify)				0.00

(c-i)	NRI	167	4,07,229	3,99,229	0.34
(c-ii)	HUF/AOPs	341	1,06,49,094	1,06,49,094	0.51
(c-iii)	Clearing Member	39	5,35,225	5,35,225	
	Sub-Total (B)(2)	12,661	6,16,41,287	5,20,99,589	51.52
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	12,666	6,17,04,287	5,21,35,089	51.58
	TOTAL (A)+(B)	12,677	11,96,39,200	11,00,70,002	100.00

Note: Mr. N K Rajgarhia, Mr. P K Rajgarhia and Mr. S K Rajgarhia forming part of the promoter group of OAL together holding 1.72% shareholding in OAL have been disassociated from the promoter group effective from October 18, 2011.

Audited Financial Information of Orient Abrasives Limited for the last three years

(Rs. in lakhs)

Particulars	2010-11	2009-10	2008-09
Equity Capital	*1196.52	*1196.52	*598.33
Reserves (excluding revaluation reserve)	17,174.27	13,855.20	10,762.66
Sales	39,567.57	34,370.06	33,135.47
Profit after tax	4,683.51	5,116.50	3,184.42
Earnings per shares (EPS)	3.91	4.28	2.66
Diluted Earnings per share	3.91	4.28	2.66
Net Asset Value (NAV) per share	15.35	12.57	19.00

* includes shares forfeited (amount paid-up) Rs. 13,044/-

Note: Net Asset Value per share= Net Worth/No. of Equity shares

Share Quotation

The equity shares of OAL are listed on the BSE and NSE.

The details of the highest and lowest price on BSE and NSE during the preceding six months are as follows:

Monthly high and low price of Orient Abrasives Limited on the BSE

Month	High - Rs.	Low - Rs.
August 2011	32.85	28.05
September 2011	38.50	29.00
October 2011	37.20	33.75
November 2011	40.45	9.80
December 2011	11.80	8.90
January 2012	11.30	9.27

Monthly high and low price of Orient Abrasives Limited on the NSE

Month	High - Rs.	Low - Rs.
August 2011	32.00	27.65
September 2011	38.65	29.20
October 2011	37.00	30.40
November 2011	40.25	10.00
December 2011	12.00	8.05
January 2012	11.25	9.10

The market capitalization of OAL as on February 29, 2012 is Rs. 116.65 crores on BSE and NSE.

There have been no changes in the capital structure of OAL in the last 6 months.

We confirm that the Permanent Account Number, Bank Account Number, the company Registration Numbers and the address of the Registrar of Companies where our Promoters are registered have been submitted to the Stock Exchange at the time of filing of the Information Memorandum.

MANAGEMENT

The overall management of our Company is vested in the Board of Directors, comprised of qualified and experienced persons. In terms of our Articles of Association, our Company is required to have not less than 3 Directors and not more than 12 Directors, subject to Section 252 of the Companies Act. Currently, our Company has 6 Directors out of which 3 are Independent Directors. The composition of the Board of Directors is governed by the provisions of the Companies Act and will be governed by the Listing Agreements to be entered into by our Company with the Stock Exchanges and the norms of the code of corporate governance as applicable to listed companies in India.

Board of Directors

As on the date of this Information Memorandum, our Board comprises of:

Name, Fathers Name, Occupation, DIN No., Age and Nationality	Date of Appointment	Designation	Address	Directorship in other Companies
Rajendra Kumar Rajgaria Father's name: Late R L Rajgarhia Occupation: Industrialist DIN – 00141766 Age – 73 yrs Nationality: Indian	November 26, 2010	Director	W-13, Greater Kailash – II, New Delhi – 110 048	1. Orient Abrasives Limited 2. APM Industries Limited 3. Perfectpac Limited 4. Rajgarhia Leasing & Financial Services Pvt. Ltd.
Shri Gopal Rajgarhia Father's name: Late R L Rajgarhia Occupation: Industrialist DIN – 00002245 Age – 65 yrs Nationality: Indian	November 26, 2010	Managing Director	33/1, Friends Colony (East, New Delhi – 110 065	1. Orient Abrasives Limited 2. APM Industries Limited 3. Autometers Alliance Limited 4. Suvidha Parklift Limited 5. Rajat Leasing limited 6. Madhushree Properties Pvt. Ltd. 7. Rajgarhia Leasing & Financial Services Pvt. Ltd. 8. Sheevam Comfort Hotels Pvt. Ltd. 9. Mourya Realty Pvt. Ltd.
Keshav Kumar Thirani Father's name: Late G D Thirani Occupation: Industrialist DIN – 00280467 Age – 64 yrs Nationality: Indian	October 18, 2011	Director	B-104/2, Western Avenue, Maharani Bagh, New Delhi – 110 065	1. Autometers Ltd. 2. Goldwyn Ltd. 3. Venture Capital Leasing Ltd. 4. Autometers Alliance Ltd. 5. RMG Autometers Gas Technologies Ltd. 6. Kalyani Navyug Media Pvt. Ltd.

<p>Arun Kumar Jain</p> <p>Father's name: Uggar Sain</p> <p>Occupation: Industrialist</p> <p>DIN – 01102484</p> <p>Age – 63 yrs</p> <p>Nationality: Indian</p>	<p>October 18, 2011</p>	<p>Director</p>	<p>32, Hanuman Road New Delhi – 110 001</p>	<ol style="list-style-type: none"> 1. Hotz Industries Ltd. 2. Triumph Trading Ltd. 3. Triumph Engineering Ltd. 4. Durant Refrigeration Ltd. 5. Securities One India Ltd. 6. Invest One India Ltd. 7. Triumph Properties Ltd. 8. RTC Restaurants Ltd. 9. Lifeline Pharmacies India Ltd. 10. Sbarro Restaurants India Ltd. 11. Refron Valves Ltd. 12. HD Café Ltd. 13. Aswhin Holdings Pvt. Ltd. 14. Coronet Holdings Pvt. Ltd. 15. Walker Holdings Pvt. Ltd. 16. Sahni International Pvt. Ltd. 17. Sahni Resort Pvt. Ltd. 18. A & A Mines & Minerals Pvt. Ltd.
<p>Rama Shanker Bajoria</p> <p>Father's name: Late N K Bajoria</p> <p>Occupation: Industrialist</p> <p>DIN – 00033727</p> <p>Age – 68 yrs</p> <p>Nationality: Indian</p>	<p>October 18, 2011</p>	<p>Director</p>	<p>A-49, Friends Colony (East), new Delhi – 110 065</p>	<ol style="list-style-type: none"> 1. Orient Abrasives Limited 2. Farseen Rubber Industries Ltd. 3. Rajputana Investment & Finance Ltd. 4. Brijbhoomi Farm & Const. Private Ltd. 5. Shreedhan Investment and Trading Private Limited
<p>Subhash Chander Sarin</p> <p>Father's name: Late B R Marwaha</p> <p>Occupation: Executive</p> <p>DIN – 03641706</p> <p>Age – 66 yrs</p> <p>Nationality: Indian</p>	<p>October 18, 2011</p>	<p>Executive Director</p>	<p>228, Neelgiri Apartmen ts Alaknand a New Delhi – 110 009</p>	<p>None</p>
<p>Prem Prakash Khanna</p> <p>Father's Name : Thakur Das Khanna</p> <p>Occupation : Executive</p> <p>DIN-00570059</p> <p>Nationality: Indian</p>	<p>January 09, 2012</p>	<p>Additional Director</p>	<p>H-4/6, Phase -1 ,DLF Gurgaon, -122002 Haryana</p>	<ol style="list-style-type: none"> 1. Orient Abrasives Limited

Shareholding of Directors in our Company as on date:

Name of the Directors	Number of Shares held	Percentage of holding (%)
Shri Gopal Rajgarhia	1,77,86,430	14.80%
Rajendra Kumar Rajgarhia	6,00,766	0.50%
Subhash Chander Sarin	3,00,300	0.25%
Arun Kumar Jain	60,000	0.05%

Brief Profile of the Directors:**1. Rajendra Kumar Rajgarhia**

Mr. R K Rajgarhia is an eminent industrialist with around 48 years of experience. He is the eldest brother of Shri Gopal Rajgarhia. He has been one of the directors of OAL since 1980 and is the Chairman, since May, 1998.

2. Shri Gopal Rajgarhia

A brief profile of Mr. Shri Gopal Rajgarhia is set out in the Chapter 'Our Promoters' beginning on page no. 24 of this Information Memorandum.

3. Rama Shanker Bajoria

Mr. Rama Shanker Bajoria is an industrialist with experience of over 46 years. His flagship Company, Farseen Rubber Industries Ltd. is the leading manufacturer of automotive tubes in India which is also an ancillary unit of J K Industries, one of the leading tyre manufacturers in the country

4. Subhash Chander Sarin

Mr. S C Sarin is a qualified engineer with B. Tech. (Hons.) from IIT, Kharagpur and has been associated with Orient Abrasives Limited, our promoter, since 1990. He has an overall industry experience of about 43 years. He has extensive knowledge in the field of refractories. Previously he was employed with Steel Strips Limited.

5. Keshav Kumar Thirani

Mr. Keshav Thirani, is a commerce graduate from Calcutta University. Involved in the family business since 1968, he has promoted new business ventures in engineering and manufacturing of high technology equipments for the railways, natural gas, and lighting industry. These ventures have foreign associations in the form of technology transfers under licences and joint ventures, and have a significant market share in the sectors they operate in. In many instances, the activities of his companies have been acknowledged as important import substitution and first time technology introductions in the Indian market, as well as in some instances exported to developed countries

6. Arun Kumar Jain

Mr. Arun Kumar Jain has completed Mechanical Engineering (Honors) from Delhi College of Engineering. He has an overall industry experience of about 39 years, during which period he has managed R.C. Durant & Co., a family run business and has established two industrial units, one for production of Industrial Gases (Oxygen and Nitrogen) and the other Textile processing (Yarn & Fabric dyeing and finishing) for Hotz Industries Limited. Currently he is the Managing Director of Hotz Industries Limited.

7. Prem Prakash Khanna

Mr. Prem Prakash Khanna is a highly qualified engineer with Bachelor of Science, BE and AMIE. He has been associated with Orient Abrasives Limited for the last 38 years in various capacities. Mr. Khanna made major contributions in setting up various manufacturing divisions of OAL,

especially in setting up the division at Porbander. He was previously employed in Hindustan Motors Ltd. as a Senior Executive for 10 years.

Borrowing Powers of the Board of Directors of our Company

Our Articles of Association, subject to the provisions of the Companies Act, authorize our Board to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company provided that the total amount borrowed at any time together with monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of the business) shall not, without the consent of the shareholders of our Company in General Meeting, exceed the aggregate of the paid-up capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose. Pursuant to a resolution of the shareholders of our Company dated November 11, 2011, our Board of Directors have been authorized to borrow funds up to Rs. 150 Crores.

Remuneration of our whole-time Directors

All our whole-time Directors have been appointed in Fiscal 2012 and hence there was no remuneration received by them in Fiscal 2011.

Corporate Governance:

Corporate Governance is administered through our Board and the Committees of the Board. In compliance with the Clause 49 of the Listing Agreement with the Stock Exchanges, we have the following Board Level Committees in our Company:

1. Audit Committee
2. Shareholders' Grievance Committee

The role, powers, scope of functions and duties of the Audit Committee and Shareholders/Investors Grievance Committee of the Board are as per the applicable provisions of the Companies Act, 1956, Clause 49 of the Listing Agreement and the Code of Conduct of our Company.

1. Composition of the Audit Committee

The Composition of the Audit Committee is as under:

Names of the Director	Designation in the Committee	Nature of Directorship
Mr Keshav Kumar Thirani	Chairman	Independent Director
Mr. Arun Jain	Member	Independent Director
Mr. R S Bajoria	Member	Independent Director

Terms of Reference

The role of the audit committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Reviewing, with the management, the annual financial statements and quarterly financial statements before submission to the board for approval
4. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
5. Discussion with internal auditors any significant findings and follow up there on.
6. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

2. Shareholders' grievance committee

The Composition of the Shareholders' Grievance Committee is as under:

Names of the Director	Designation in the Committee	Nature of Directorship
Mr. R K Rajgarhia	Chairman	Director
Mr. Keshav Kumar Thirani	Member	Independent Director
Mr. Arun Jain	Member	Independent Director

Terms of Reference

The roles and responsibilities of the shareholders' grievance committee shall include the following:

To look into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of annual report, non-receipt of declared dividends etc.

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of remuneration and fees payable to them for services rendered as Directors of our Company such as attending meetings of the Board or a committee thereof and to the extent of other reimbursement of expenses payable to them under our Articles of Association.

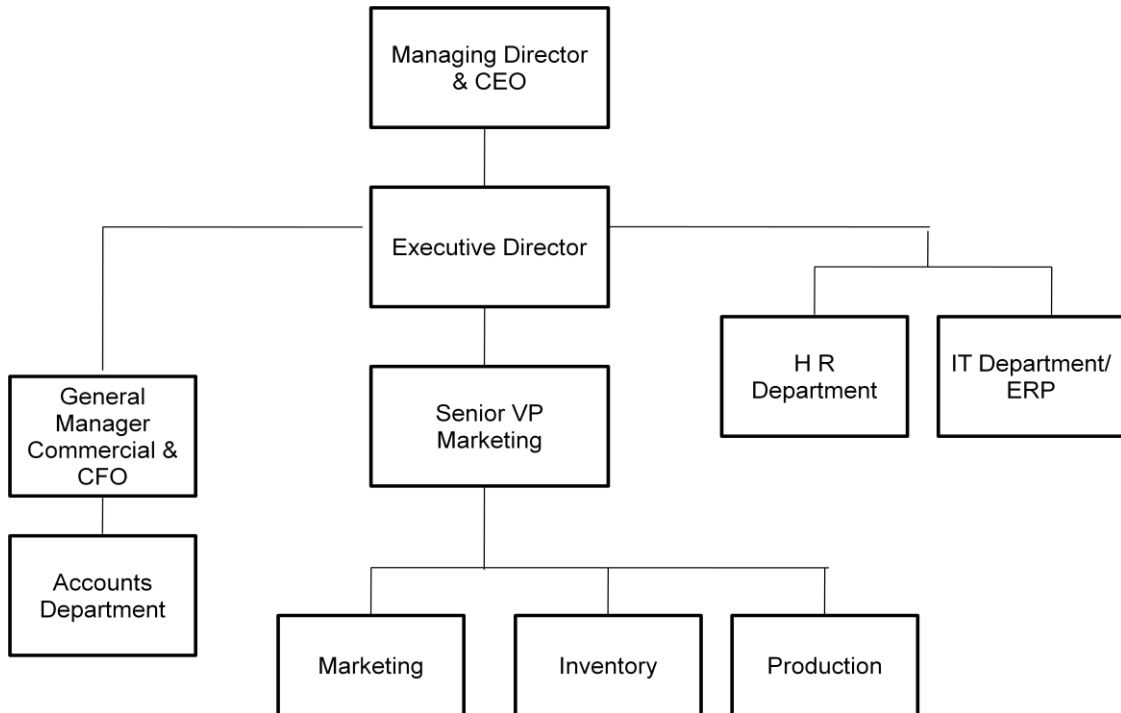
Some of our Directors also hold Equity Shares in our Company and are interested to the extent of any dividend payable to them in respect of the same.

Changes in our Board during the last three years

The changes in our Board in the last three years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Anisha Mittal	26/11/2010	18/10/2011	Resignation

Management Organisation Structure



Key Managerial Personnel

Name	Designation	Age	Date of Joining	Qualification and Experience	Particulars of last employment and Position held	Shareholding in our Company
Mr. Shri Gopal Rajgarhia	Managing Director & Chief Executive Officer (CEO)	65	18/10/2011	B Tech (Hons.), SM (MIT, USA) 40 years	Associated with OAL since its inception in 1971. Currently, Managing Director of OAL.	1,77,86,430
Mr. Subhash Chander Sarin	Executive Director	66	18/10/2011	B Tech (Hons.) 43 years	General Manager, Steel Strips Ltd.	3,00,300
Mr. Pramod Sagar	Senior Vice President Marketing	46	01/11/2011	B Tech 28 years	Steel Strips Ltd. Deputy Manager (CCM)	16,000
Mr. Manoj Gupta	General Manager (Commercial) & Chief Financial Officer	37	01/11/2011	ACA, AICWA, 13 years	Lordchloro Alkali Ltd. Deputy General Manager (Commercial)	Nil

Changes in the Key Managerial Personnel:

There are no changes in the key managerial personnel of our Company.

Employees and Employee Stock Option Scheme

Presently our Company has a strength of about 322 employees. Our Company does not have an Employee Stock Option Scheme/ Employee Stock Purchase Scheme.

CAPITAL STRUCTURE

Pre Scheme of Arrangement of Demerger

Particulars	Amount (Rs.)
Authorised Capital (12,05,00,000 equity shares @ Re. 1/- per share)	12,05,00,000
Total	12,05,00,000
Issued, Subscribed And Paid-Up Share Capital (5,00,000 equity shares @ Re. 1/- fully paid up)	5,00,000
Total	5,00,000

Post Scheme of Arrangement of Demerger

Particulars	Amount (Rs.)
Authorised Capital (12,05,00,000 equity shares @ Re. 1/- per share)	12,05,00,000
Total	12,05,00,000
Issued, Subscribed And Paid-Up Share Capital (12,01,39,200 equity shares @ Re. 1/- fully paid up)	12,01,39,200
Total	12,01,39,200

Notes to the Capital Structure:

- 1) Details of change in the Authorized capital of our Company
There is no change in the Authorized capital of our Company since inception.
- 2) Details of Capital Structure of our Company since inception are as follows:

Date of Allotment	No. of Shares	Cumulative No. of Shares	Face value (Rs.)	Cumulative Paidup Capital (Rs.)	Nature of Allotment / Remarks	Consideration
08/12 /2010	5,00,000	5,00,000	1/-	5,00,000/-	Subscribers to Memorandum	Cash
15/11 /2011	11,96,39,200	12,01,39,200	1/-	12,01,39,200	Issued pursuant to the Scheme	Pursuant to the Scheme

- 3) Promoters of our Company, their relatives and associates, and their Directors have not purchased or sold or financed, directly or indirectly, any equity shares from the date of approval of the scheme by the High Court till the date of submission of this Information Memorandum.
- 4) Details of the Scheme have been provided at 'Salient features of the Scheme' beginning on page no. 38 of this Information Memorandum
- 5) Shareholding pattern before the scheme:

Category of Shareholder	Number of Shareholders	Total number of shares	Total shareholding as a percentage of total number of shares
Shareholding of OAL and its nominees	4	4,99,700	99.94
Others	3	300	0.06
Total	7	5,00,000	100.00

- 6) Shareholding pattern of our Company as on November 15, 2011 post the allotment of the shares under the Scheme:

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in demat form	Total shareholding as a percentage of total number of shares As a % of (A+B)
(A) Shareholding of Promoter and Promoter Group					
1	Indian				
(a)	Individuals/ Hindu Undivided Family	8	5,76,00,546	5,76,00,246	47.94
(b)	Bodies Corporate	3	5,64,980	65,580	0.47
(c)	Any Others - Trust	1	2,31,000	2,31,000	0.19
	Sub Total(A)(1)	12	5,83,96,526	5,78,96,826	48.61
(A)	Total Shareholding of Promoter and Promoter Group	12	5,83,96,526	5,78,96,826	48.61
(B) Public shareholding					
1	Institutions				
(a)	Mutual Funds/ UTI	1	44,000	33,500	0.04
(b)	Financial Institutions / Banks	4	19,000	2,000	0.02
	Sub-Total (B)(1)	5	63,000	35,500	0.05
B 2	Non-institutions				
(a)	Bodies Corporate	386	143,62, 672	1,11,22,152	11.96
(b)	Individuals				0.00
I	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	11,921	1,59,10,360	1,24,53,444	13.24
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	70	2,98,59,723	2,98,59,723	24.85
(c)	Any Other (specify)				0.00
(c-i)	NRI	169	4,07,229	3,99,229	0.34
(c-ii)	HUF/AOPs	135	6,04,465	6,04,465	0.50
(c-iii)	Clearing Member	39	5,35,225	5,35,225	0.45
	Sub-Total (B)(2)	12,720	6,16,79,674	5,49,74,238	51.34
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	12,725	6,17,42,674	5,50,09,738	51.39
	TOTAL (A)+(B)	12,737	12,01,39,200	11,29,06,564	100.00

- 7) Shareholding of our Promoter and Promoter Group in our Company after allotment of shares pursuant to the Scheme

Sr. No.	Name of the shareholder	Total shares held	
		Number of shares	Percentage
1	Orient Abrasives Limited	4,99,400	0.42
2	S G Rajgarhia	1,77,86,430	14.80
3	Anisha Mittal	1,32,31,580	11.01
4	S G Rajgarhia (HUF)	80,15,930	6.67
5	Bhavna Rajgarhia	82,23,564	6.85
6	Usha Rajgarhia	65,81,882	5.48
7	Ashwin Mittal	2,00,394	0.17
8	R K Rajgarhia	6,00,766	0.50
9	Prabha Devi Rajgarhia	29,60,000	2.46
10	RKR Foundation	2,31,000	0.19
11	Rajgarhia Leasing & Fin Services Pvt. Ltd.	50,000	0.04
12	Rovo Marketing Pvt. Ltd.	15,580	0.01

- 8) There are no shares that are pledged or otherwise encumbered by the Promoters
- 9) The list of top 10 shareholders of our Company after allotment of shares pursuant to the Scheme and the number of Equity Shares held by them:

Sr. No.	Name	Shares	Percentage (%)
1	Shri Gopal Rajgarhia	1,77,86,430	14.80
2	Anisha Mittal	1,32,31,580	11.01
3	Bhavna Rajgarhia	82,23,564	6.85
4	Shri Gopal Rajgarhia (HUF)	80,15,930	6.67
5	Usha Rajgarhia	65,81,882	5.48
6	Shakuntala Devi Rajgarhia	56,13,638	4.69
7	Ajay Rajgarhia	32,20,000	2.69
8	Prabha Rajgarhia	29,40,000	2.46
9	Anjali Harlalka	20,80,000	1.74
10	Delhi Iron And Steel Co. Pvt. Ltd.	16,47,516	1.38

- 10) Our Company, its directors, its promoters have not entered into any buy-back, standby or similar arrangements to purchase equity shares of our Company from any person.
- 11) There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme by the High Court till listing of the Equity Shares allotted as per the Scheme.
- 12) There shall be only one denomination for the Equity Shares of our Company. Subject to applicable regulations, our Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.
- 13) Our Company has 12,737 members as on the Record Date.
- 14) As on the date of this Information Memorandum, there are no outstanding warrants, options or right to convert debentures, loans or other instruments into equity shares of our Company.
- 15) None of the Equity shares of our Company were under lock-in prior to the Scheme.
- 16) Our Company presently does not have an Employee Stock Option Scheme.

OBJECTS AND RATIONALE OF THE SCHEME

1. Orient Abrasives Limited was primarily engaged in three distinct and diverse business activities, namely:
 - Abrasive grains business;
 - Refractories business; and
 - Power business

2. Each of the businesses of Orient Abrasives Limited has significant potential for growth and profitability. However, since the nature of risks, considerations, factors and commercial parameters applicable to the business of refractories being different and divergent in nature in comparison to the businesses of abrasive grains and power and with an endeavour to enhance shareholder value and de-risk the businesses of Orient Abrasives Limited, it was proposed to re-organize and segregate, by way of a Demerger, the Refractory Undertaking situated at Bhiwadi from the remaining businesses and vest it in a separate company, i.e. Orient Refractories Limited ('Demerger').

3. The Demerger will result in better, efficient and economical management, control and running of the businesses and further development and growth of the businesses of both, Orient Refractories Limited as well as Orient Abrasives Limited.

4. The Demerger would allow a focused strategy in operations of the Refractory Undertaking alongwith providing scope for independent collaboration and expansion without committing the existing organization in its entirety and creating enhanced value for shareholders.

5. The Demerger will be in the larger interest of the shareholders, creditors and employees of Orient Abrasives Limited and shall be in the interest of future growth of Orient Refractories Limited.

6. The benefits of the demerger for Orient Abrasives Ltd. and Orient Refractories Ltd. are :
 - (a) providing a greater business focus for both, Orient Abrasives and Orient Refractories;
 - (b) in the interest of shareholders of Orient Abrasives Limited and will enable both Orient Abrasives Limited and Orient Refractories Limited to achieve and fulfill their objectives more efficiently and offer opportunities to the management of both the companies to vigorously pursue growth and expansion opportunities;
 - (c) results in issuance of equity shares to the shareholders of Orient Abrasives Limited by Orient Refractories Limited, thereby, resulting in unlocking and maximizing shareholder value.

SALIENT FEATURES OF THE SCHEME

Demerger of the Refractory Undertaking into Orient Refractories Limited

- 1) With effect from the Appointed Date (i.e. April 1, 2011), the Refractory Undertaking demerged and transferred to and vested in Orient Refractories Limited on a going concern basis pursuant to Scheme of Arrangement and Demerger in accordance with Sections 391 to 394 of the Act.
- 2) Provisions have also been made in the Scheme for transfer of all employees, of Orient Abrasives Limited engaged in or in relation to Refractory Undertaking as on the Effective Date to Orient Refractories Limited on terms and conditions not less favourable than those on which they are engaged in the Refractory Undertaking and without any interruption of service.
- 3) Orient Refractories Limited in consideration of the transfer of the Refractory Undertaking, issued and allotted to the equity shareholders of Orient Abrasives Limited as on the Record Date, 1 equity share of face value of Re. 1/- (credited as fully paid-up) for every 1 fully paid-up equity shares of Re. 1/- each held by them in Orient Abrasives Limited.
- 4) All equity shares in Orient Refractories Limited issued and allotted to the shareholders of Orient Abrasives Limited pursuant to the Scheme shall rank *pari passu* in all respects to the existing equity shares of the Orient Refractories Limited. Further such equity shares shall pursuant to circular issued by the Securities Exchange Board of India (SEBI) on September 3, 2009 bearing No.SEBI/CFD/SCRR/01/2009/03/09 and subject to compliance with requisite formalities be listed and/or admitted to trading on the relevant stock exchange(s) where the existing Equity Shares of Orient Abrasives Limited are listed and/or admitted to trading.
- 5) Each equity shareholder of Orient Abrasives Limited shall have the option, to be exercised by way of giving a notice to Orient Refractories Limited, on or before such date, as may be determined by the Board of Directors of Orient Refractories Limited, to receive the equity shares of Orient Refractories Limited, either in certificate form or in dematerialized form.
- 6) The equity shares in Orient Refractories Limited allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the stock exchanges.
- 7) Till listing of the equity shares of Orient Refractories Limited, issued pursuant to this Scheme, there shall be no change in the shareholding pattern or control in Orient Refractories Limited between the record date and the date of listing of the shares of Orient Refractories Limited on the Stock Exchanges.

Sequence of events of Scheme of Arrangement:

1. Board of directors approved the Scheme of Arrangement at its Meeting held on December 8, 2010.
2. Our Company has received in-principle approval for Listing from BSE bearing no. DCS/AMAL/SP/24(f)/998/210-11 dated December 29, 2010 and from NSE bearing no. NSE/LIST/154318-Q dated December 22, 2010.
3. Application under Sections 391(1) and 393 of the Companies Act, 1956 filed with the Hon'ble High court at Delhi on January 3, 2011 for the following:
 - a) Convening Equity Shareholders meeting, secured and unsecured creditors meeting of Orient Abrasives Limited
 - b) Dispensing with the meeting of Equity Shareholders, secured and unsecured creditors meeting of Orient Refractories Limited.

4. The Hon'ble High Court issued its order on January 11, 2011 for the following:
 - a) Convening Equity Shareholders meeting, secured and unsecured creditors meeting of Orient Abrasives Limited.
 - b) Exemption for Convening of Equity Shareholders meeting, secured and unsecured creditors meeting of Orient Refractories Limited.
5. Orient Abrasives Limited held shareholders meeting on February 26, 2011, secured creditors meeting on February 26, 2011 and unsecured creditors meeting on February 26, 2011. Scheme of Arrangement approved by requisite majority at the meeting.
6. Orient Refractories Limited filed the consequential petition for sanction of the Scheme by the High Court under Sections 391(2) and 394 of the Companies Act, 1956 on March 11, 2011.
7. The Court admitted the petition on March 14, 2011 and issued orders for giving notice to the Regional director, publishing advertisement of notice of hearing in the newspapers and fixing the matter for final hearing on September 19, 2011.
8. The Scheme of Arrangement sanctioned by the Honorable High Court of Judicature of Delhi vide order dated September 19, 2011.
9. The certified true copy of the final order of the High Court of Delhi was received on October 17, 2011.
10. The certified copies of the order filed with the ROC, New Delhi on October 31, 2011. Upon filing of such certified copies, the Scheme comes into effect and the Refractory Division of Orient Abrasives Limited stands transferred to Orient Refractories Limited from the Appointed Date, i.e. April 1, 2011.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Orient Refractories Limited

Dear Sirs,

Statement of Possible Tax Benefits available to Orient Refractories Limited and its shareholders

A. Benefits under the Income Tax Act (IT Act), 1961

(i) Special Tax Benefits

1. Special Tax Benefits available to the Company

There are no special tax benefits available to the Company.

2. Special Tax Benefits available to the shareholders of the Company

There are no special tax benefits available to the shareholders of the Company.

(ii) General Tax Benefits

1. To the Company

- a) Under section 10(34) of the IT Act, any income by way of dividends referred to in Section 115O received on the shares of any company is exempt from tax.
- b) Under Section 32 of the IT Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses, etc. if acquired after March 31, 1998.
- c) In terms of sub section (2) of 32 of the IT Act, the company is entitled to carry forward and set off the unabsorbed depreciation arising due to absence / insufficiency of profits or gains chargeable for the previous year. The amount is allowed to be carried forward and set off for the succeeding previous years until the amount is exhausted without any time limit. d) Under Section 35D of the IT Act, the Company will be entitled to a deduction equal to 1/5th of the expenditure incurred of the nature specified in the said section, by way of amortization over a period of 5 successive years, beginning with the previous year in which the public issue is subscribed, subject to the stipulated limits.
- e) As per provisions of section 72 of the IT Act, the company is entitled to carry forward business losses for a period of 8 consecutive assessment years commencing from the assessment year when the losses were first computed and set off such losses from income chargeable under the head "Profits and gains from business or profession".
- f) Under Section 10(38) of the IT Act, long term capital gain arising to the company from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. However, as per Finance Act 2006 long term capital gains of a company shall be taken into account in computing tax payable under section 115JB.
- g) Under Section 112 of the IT Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the IT Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on

- income-tax) (without indexation), at the option of the Company. h) Under section 48 of the IT Act, 1961, if any shares or units of mutual fund specified under clause (23D) of section 10 are sold by the Company after being held for more than twelve months, the gains (in cases not covered under section 10 (38) of the IT Act) if any will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition. i) As per the provisions of section 24(a) of the IT Act, the company is eligible for deduction of thirty percent of the annual value of the property (i.e. annual rent received or receivable on property or any part of the property which is let out) in computing the income from house property.
- j) As per the provisions of section 24(b) of the IT Act, where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing the income from house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.
- k) Under Section 54EC of the IT Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain is invested within a period of six months from the date of transfer, subject to maximum limit of Rs. Fifty Lacs during any financial year if the investment is made on or after 1st April 2007, in the bonds redeemable after three years and issued by –
- (i) National Highways Authority of India (“NHAI”) constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section;
 - (ii) Rural Electrification Corporation Limited (“RECL”), a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section; If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if such bonds are transferred or converted into money within three years from the date of their acquisition.
- l) Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head “Profits and gains from business and profession” the securities transaction tax paid on such transactions will be allowed as deduction from income under the head “Profits and gains of business or profession” under clause (xv) to sub section (1) of section 36 of the IT Act.
- m) Under section 115JAA of IT Act, credit is allowed of the amount of tax paid under section 115JB (1) of IT Act (i.e. Minimum Alternate Tax, MAT) in excess of tax calculated under normal provisions of the IT Act. Such credit can be availed of in subsequent years in which the tax as per normal provisions exceed tax as per MAT provisions (115JB), subject to, maximum being the difference between tax as per normal provisions and tax as per MAT provisions of such year. The unutilized credit shall be allowed to be carried forward till tenth assessment year immediately succeeding the assessment year in which tax credit becomes allowable.

2. To the Members of the Company

2.1 Resident Shareholders

- a) Under Section 10(34) of the IT Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income-tax in the hands of the shareholders.
- b) Under Section 10(38) of the IT Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

- c) Under Section 111A of the IT Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax, will be taxable under the Act @ 15% (Plus applicable surcharge and educational cess. However, w.e.f A.Y 2010-11 surcharge is now applicable only on corporate entities and not on individuals, HUFs etc).
- d) Under Section 112 of the IT Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the IT Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income tax*) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax *) (without indexation), at the option of the Shareholders. * W.e.f A.Y 2010-11 surcharge is now applicable only on corporate entities and not on individuals, HUFs etc.
- e) Under section 48 of the Income Tax, 1961, if any shares or units of mutual fund specified under clause (23D) of section 10 are sold by the shareholder after being held for more than twelve months, the gains (in cases not covered under section 10 (38) of the IT Act) if any will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
- f) Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head "Profits and gains from business and profession" the securities transaction tax paid on such transactions will be allowed as deduction from income under the head "Profits and gains of business or profession" under clause (xv) to sub section (1) of section 36 of the IT Act.

2.2 Non Resident Shareholders/ Non- Resident Indian Shareholders (other than Foreign Institutional Investors and Foreign Venture Capital Investors)

- a) By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the Act, is exempt from tax in the hands of the recipients.
- b) Under Section 10(38) of the IT Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.
- c) Under the first proviso to section 48 of the IT Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- d) Under Section 111A of the IT Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the IT Act @ 15% (plus applicable surcharge and educational cess *).
* W.e.f A.Y 2010-11 surcharge is now applicable only on corporate entities (including foreign companies) and not on individuals, HUFs etc.
- e) Under Section 112 of the IT Act , long term capital gains [not covered under Section 10(38) of the IT Act] would be subject to tax at the rate of 20 percent (plus applicable surcharge and education cess *). However, as per the proviso to Section 112 (1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on such gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess *).
* W.e.f A.Y 2010-11 surcharge is now applicable only on corporate entities (including foreign companies) and not on individuals, HUFs etc.
- f) Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head "Profits and gains from business and profession" the securities transaction tax paid on

such transactions will be allowed as deduction from income under the head "Profits and gains of business or profession" under clause (xv) to sub section (1) of section 36 of the IT Act.

- g) Where shares of the Company have been subscribed in convertible foreign exchange, Non Resident Indians have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:
- i. Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under Section 10(38) of the IT Act] be concessionaly taxed at a flat rate of 10% (plus applicable surcharge and educational cess *) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act. * W.e.f A.Y 2010-11 surcharge is now applicable only on corporate entities (including foreign companies) and not on individuals, HUFs etc.
 - ii. Under provisions of section 115F of the IT Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
 - iii. Under provisions of Section 115-G of the IT Act, it shall not be necessary for a nonresident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.
 - iv. Under Section 115-I of the IT Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the IT Act for any assessment year by furnishing his return of income under section 139 of the IT Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the IT Act.
- h) As per section 90(2) of the IT Act, provisions of the Double taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non-Resident Indian would prevail over the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident Indian.

2.3 Foreign Institutional Investors (FIIs)

- a) By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the institutional investor.
- b) Under Section 10(38) of the IT Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.
- c) Under Section 111A of the IT Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the IT Act at the rate of 15% (plus applicable surcharge and educational cess*).
- d) Under Section 115AD of the IT Act, income of FIIs arising from securities (other than income by way of dividends referred to in section 115O of the IT Act) would be taxed at concessional rates as follows:

Nature of Income Rate of Tax (%)**

Income in respect of securities 20
Long term capital gains 10
Short term capital gains * 30

* However , short term capital gains referred to in section 111A shall be at the rate of 15 %**

** The above tax rates would be increased by the applicable surcharge and education cess.

The benefits of indexation and foreign currency fluctuations protection as provided under section 48 of the IT Act are not available to an FII.

- e) Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head "Profits and gains from business and profession" the securities transaction tax paid on such transactions will be allowed as deduction from income under the head "Profits and gains of business or profession" under clause (xv) to sub section (1) of section 36 of the IT Act.
- f) As per section 90(2) of the IT Act, provisions of the Double taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non-Resident Indian would prevail over the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident Indian.

2.4 Venture Capital Companies / Funds

As per the provisions of section 10(23FB) of the IT Act, income of 1) Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and 2) Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act,

1992 and fulfilling such conditions as may be notified in the Official Gazette, set up for raising funds for investment in a Venture Capital Undertaking, is exempt from income tax. However, income received by a person out of investment made in a venture capital company or in a venture capital fund shall be chargeable to tax in the hands of such person.

2.5 Benefits available to Mutual funds

As per the provisions of section 10(23D) of the IT Act, subject to provisions of Chapter XII - E, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by the Public Sector Banks or Public Financial Institution or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from the income tax on their income, including income from investment in shares of a company.

B. BENEFITS UNDER WEALTH TAX ACT, 1957

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth-tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

Notes

- The above statement of Possible Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
- The above statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
- In respect to non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

- The statement of possible income tax benefits enumerated above is as per the Income Tax Act, 1961 as amended by the Finance Act, 2009.

For Jitender Khurana & Associates
Chartered Accountants

Sd/-
Jitender Kumar Khurana
Proprietor
M. No. 095279
Place: New Delhi
Date: 15/11/2011

CURRENCY OF PRESENTATION

In this Information Memorandum all references to Rupees or Rs. or INR are to Indian Rupees, the official currency of the Republic of India. The words “Lakh” or “Lac” mean “100 thousand” and the word “million” means “10 Lakh” and the word “crore” means “10 million” or “100 Lakhs” and the word “billion” means “1,000 million” or “100 crores”.

DIVIDEND POLICY

Our Company does not have any formal dividend policy for the equity shares. The declaration and payment of equity dividend in our Company is recommended by our Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Company has not paid any dividend on its equity shares so far.

SECTION – 4 - FINANCIAL INFORMATION

AUDITOR'S REPORT

To the Board of Directors of Orient Refractories Limited

We have audited the accompanying financial statements of Orient Refractories Limited (“the Company”), which comprise the Balance Sheet as at September 30, 2011, and the Statement of Profit and Loss and Cash Flow Statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2011;
- (b) in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Other matters – restriction of use

The accompanying financial statements have been prepared, and this report thereon issued, solely for the purpose of inclusion in the information memorandum to be submitted to Securities and Exchange Board of India for listing of shares. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

For S. R. Batliboi & Co.
Chartered Accountants
Firm's Registration Number: 301003E

Sd/-
Per Vikas Mehra
Partner
Membership Number: 94421
Place: Gurgaon (Haryana)
Date: November 15, 2011

Balance Sheet of the Orient Refractories Limited as on September 30, 2011

(Rs. in lakhs)

Particulars	Schedules	As at September 30, 2011	As at March 31, 2011
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,201.39	5.00
Reserves and Surplus	2	5,858.61	-
		7,060.00	5.00
Loan funds			
Secured Loans	3	3,327.49	-
		3,327.49	-
Deferred Tax Liability (Net)	4	113.55	-
Total		10,501.04	5.00
APPLICATION OF FUNDS			
Fixed Assets (including Intangible Assets)			
Gross Block	5	3,661.46	-
Less: Accumulated Depreciation/amortization		1,674.13	-
Net Block		1,987.33	-
Capital Work-in-Progress (including Capital Advances)		643.99	-
		2,631.32	-
Investments	6	0.27	-
Current Assets, Loans and Advances			
Inventories	7	5,187.64	-
Sundry Debtors	8	5,604.66	-
Cash and Bank Balances	9	80.39	4.99
Other Current Assets	10	344.12	-
Loans and Advances	11	178.11	-
(A)		11394.92	4.99
Less: Current Liabilities and Provisions			
Current Liabilities	12	3167.18	9.31
Provisions	13	358.29	-
(B)		3525.47	9.31
Net Current Assets (A-B)		7,869.45	(4.32)
Debit balance of profit and loss account		-	9.32
Total		10,501.04	5.00
Notes to Accounts	22		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.
As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors
of Orient Refractories Limited

Sd/-
Per Vikas Mehra
Partner

Membership No. 94421
Place: Gurgaon (Haryana)

Date: November 15, 2011

Sd/-
S.G.Rajgarhia
[Managing
Director]

Place :
Date :

Sd/-
R.K.Rajgarhia
[Chairman]

New Delhi
November 15,
2011

Sd/-
S.C.Sarin
[Executive
Director]

Profit and Loss Account of Orient Refractories Limited for the six months ended September 30, 2011

(Rs. in lakhs)

Particulars	Schedules	For the period ended September 30, 2011	For the period November 26, 2010 to March 31, 2011
INCOME			
Turnover (Gross)	14	15,208.99	-
Less : Excise duty		984.84	-
Turnover (Net)		14,224.15	-
Other Income	15	227.68	-
Total		14,451.83	-
EXPENDITURE			
Purchase of Trading Goods		2,292.69	-
Raw Materials Consumed	16	6,266.18	-
Personnel Expenses	17	1,132.85	-
Operating and Other Expenses	18	2,726.30	9.31
Increase in Inventories	19	(253.43)	-
Depreciation/amortization	5	132.64	-
Exceptional item (Refer Note 10 to schedule 22)		107.76	-
Financial Expenses	20	207.03	0.01
Total		12,612.02	9.32
Profit before Taxation		1,839.81	(9.32)
Tax Expense :			
Current tax		619.00	-
Deferred tax credit		(9.56)	-
Total Tax Expense		609.44	-
Profit after tax		1,230.37	(9.32)
Balance brought forward from previous period		(9.32)	-
Profit available for appropriation		1,221.05	(9.32)
Surplus/(Deficit) carried to Balance Sheet		1,221.05	(9.32)
Basic and Diluted Earnings per Share (in Rs.)	21	1.02	(5.97)
Nominal value of shares Re.1 (Previous Year Re.1)			
Notes to Accounts	22		

The schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account
As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors
of Orient Refractories Limited

Sd/-
Per Vikas Mehra
Partner

Sd/-
S.G.Rajgarhia
[Managing
Director]

Sd/-
R.K.Rajgarhia
[Chairman]

Sd/-
S.C.Sarin
[Executive
Director]

Membership No. 94421
Place: Gurgaon (Haryana)
Date: November 15, 2011

Place : New Delhi
Date : November 15,
2011

Cash Flow Statement for the year ended September 30, 2011

(Rs. in lakhs)

Particulars	For the period ended September 30, 2011	For the period November 26, 2010 to March 31, 2011
A. Cash Flow From Operating Activities		
Net Profit before taxation	1,839.81	(9.33)
Adjustments for :		
Depreciation/amortization	132.64	-
Loss on Disposal of Fixed Assets	5.02	-
Provision for Doubtful Debts and Advances	31.35	-
Provision for Export Incentive receivables	5.00	-
Interest Income	(3.54)	-
Unrealised foreign exchange Loss / (gain) (Net)	(34.26)	-
Interest Expense	178.86	-
Operating Profit before Working Capital changes	2,154.88	(9.33)
Movements in Working Capital		
Decrease/(Increase) in sundry debtors	(568.13)	-
Increase in loans and advances	70.46	-
Increase in other current assets	12.02	-
Increase in Inventories	(754.06)	-
Increase in current liabilities and provisions	38.12	9.32
Cash generated from operations	953.29	-0.01
Direct taxes paid (net of refunds)	(388.62)	-
Net Cash from Operating Activities	564.67	-0.01
B. Cash Flow From Investing Activities		
Purchase of fixed assets	(252.30)	-
Increase in Capital Work in Progress including Capital advances	(75.02)	-
Proceeds from sale of fixed assets	10.11	-
Interest received	3.15	-
Deposits (with maturity more than three months)	(3.61)	-
Net cash (used in) Investing Activities	(317.67)	-
C. Cash Flow From Financing Activities		
(Repayment) of long term borrowings	(72.51)	-
Issue of Share Capital	-	5.00
Interest Paid	(151.37)	-
Net Cash used in Financing Activities	(223.88)	5.00
Net Increase in cash and cash equivalents (A+B+C)	23.12	4.99
Cash and cash equivalents at the beginning of the period *	4.99	-
Cash acquired pursuant to demerger scheme (Refer note 4 to Schedule 22)	48.67	-
Cash and cash equivalents at the end of the period	76.78	4.99
		162.44
Component of cash and cash equivalent:		
Cash and Cheques on hand	1.02	

		-
With banks:		
On Current Account	5.12	4.99
On Fixed Deposit Account	74.16	-
Post Office Savings Bank Account	0.09	-
Cash and Bank Balance as per Schedule 11	80.39	4.99
Less : Fixed Deposit not considered as cash equivalents	3.61	
Cash & Cash Equivalents in Cash Flow Statement:	76.78	4.99
Note: Assets and liabilities (other than cash) acquired from Orient Abrasives Limited under demerger scheme have not been considered.		
Notes:		
a) The cash flow statement has been prepared under "Indirect method" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.		
b) Negative figures have been shown in brackets.		

As per our report of even date
For S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors
of Orient Refractories Limited

Sd/-
Per Vikas Mehra
Partner

Membership No. 94421
Place: Gurgaon (Haryana)
Date: November 15, 2011

Sd/-
S.G.Rajgarhia
[Managing
Director]

Place :
Date :

Sd/-
R.K.Rajgarhia
[Chairman]

New Delhi
November 15,
2011

Sd/-
S.C.Sarin
[Executive
Director]

Schedules to the Accounts

(Rs. in lakhs)

Schedule 1 : Share Capital	As at September 30, 2011	As at March 31, 2011
Authorised		
120,500,000 (Previous period 120,500,000) Equity Shares of Re. 1/- each	1,205.00	1,205.00
	1,205.00	1,205.00
Issued, Subscribed and Paid up		
500,000 (Previous period 500,000) Equity Shares of Re. 1/- each	5.00	5.00
Equity Shares yet to be issued in pursuant to demerger scheme* (Refer note 4 to Schedule 22)*	1,196.39	-
	1,201.39	5.00
*Represent 119,639,200 shares of Re.1/- each to be issued for consideration other than cash.		

Schedule 2 : Reserves and Surplus	As at September 30, 2011	As at March 31, 2011
General Reserve		
Balance as per last account	-	-

Add: Reserves transferred from Orient Abrasives Limited on demerger on appointed date	4,637.56	-
Profit and Loss Account	1,221.05	-
	5,858.61	-

Schedule 3 : Secured Loans	As at September 30, 2011	As at March 31, 2011
Working Capital Facilities from Banks	3,300.00	-
Interest Accrued and due on Working capital Loan from Banks	27.49	-
	3,327.49	-
(For Securities refer note 4 to Schedule 22)		

Schedule 4 : Deferred Tax Liability (net)	As at September 30, 2011	As at March 31, 2011
Deferred Tax Liabilities		
Difference in depreciation and other differences in block of fixed assets as per tax books and financial books	199.23	-
Income accrued but taxable on receipt	2.94	-
Gross Deferred Tax Liabilities	202.17	-
Deferred Tax Assets		
Effect of expenditure debited to profit and loss account in the current period/earlier years but allowable for tax purposes in following years	53.23	-
Provision for doubtful debts	35.37	-
Gross Deferred Tax Assets	88.60	-
Net Deferred Tax Liability	113.57	-

Schedule 5 : Fixed Assets											
Particulars	Land - Freehold	Land - Leasehold	Lease Hold Improvement	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipment	Vehicles	Software	Total	Previous Period
Gross Block											
At 01.04.2011	-	-	-	-	-	-	-	-	-		
Transferred from Orient Abrasives Limited pursuant to Demerger Scheme	-	20.79	1.72	321.07	2,615.74	26.98	120.48	275.30	55.31	3,437.39	-
Additions	-	36.00	-	4.62	168.94	-	2.38	40.36	-	252.30	-
Deductions	-	-	-	-	-	-	-	28.23	-	28.23	-
At 30.09.2011	-	56.79	1.72	325.69	2,784.68	26.98	122.86	287.43	55.31	3,661.46	-
Depreciation											
At 01.04.2011	-	-	-	-	-	-	-	-	-	-	-
Transferred from Orient Abrasives Limited pursuant to Demerger Scheme	-	6.46	0.38	177.58	1,213.96	13.60	50.31	59.92	32.38	1,554.59	-
For the year	-	0.10	0.01	4.19	101.13	0.62	8.24	12.82	5.53	132.64	-
Deductions	-	-	-	-	-	-	-	13.10	-	13.10	-
At 30.09.2011	-	6.56	0.39	181.77	1,315.09	14.22	58.55	59.64	37.91	1,674.13	-
Net Block											
At 30.09.2011	-	50.23	1.33	143.92	1,469.59	12.75	64.31	227.79	17.40	1,987.33	-

Capital Work in Progress										631.34	-
Capital Advances (Unsecured and considered good)										12.65	-
										643.99	-

Schedule 6 : Investments	As at September 30, 2011	As at March 31, 2011
Long Term Investments (At cost) (Unquoted- non trade)		
Government Securities		
7 year National Savings Certificates	0.27	-
(Certificates pledged with Sales Tax Authorities Rs.0.27 lacs)		
	0.27	-

Schedule 7 : Inventories	As at September 30, 2011	As at March 31, 2011
Raw Materials (including stock in transit Rs.359.23 lacs, Previous Year Nil)	2,330.73	-
Stores and Spare parts	240.85	-
Goods Purchased for Resale	247.12	-
Work-in-Progress	762.92	-
Finished Goods	1,606.02	-
	5,187.64	-

Schedule 8 : Sundry Debtors (Unsecured)	As at September 30, 2011	As at March 31, 2011
Debts outstanding for a period exceeding six months		
Considered Good	277.38	-
Considered Doubtful	109.05	-
Other debts		
Considered Good	5,327.28	-
	5,713.71	-
Less : Provision for Doubtful Debts	109.05	-
	5,604.66	-

Schedule 9 : Cash and Bank Balances	As at September 30, 2011	As at March 31, 2011
Cash on hand	1.02	-
Balances with Scheduled Banks:		
On Current accounts	5.12	4.99
On Deposit accounts	74.16	-
Post Office Savings Bank account	0.09	-
	80.39	4.99

Schedule 10 : Other Current Assets	As at September 30, 2011	As at March 31, 2011
Surrender Value of Keyman Insurance Policies	9.05	-
Interest Receivable on Deposits	5.49	-
Export Benefits Receivable	365.74	-
	380.28	-
Less: Provision for Doubtful Export Benefits Receivable	36.16	-
	344.12	-

Schedule 11 : Loans and Advances (Unsecured)	As at September 30, 2011	As at March 31, 2011

Considered Good		
Advances recoverable in cash or in kind or for value to be received	105.72	-
Balances with customs, excise, etc	21.83	-
Deposits	50.56	-
	178.11	-

Schedule 12 : Current Liabilities	As at September 30, 2011	As at March 31, 2011
Sundry creditors		
(a) total outstanding dues of Micro and small Enterprises (Refer Note No.8 of Schedule 22).	69.63	-
(b) total outstanding dues of Creditors other than Micro and small Enterprises.	2871.49	9.31
Advance from Customers	108.42	-
Sundry Deposits	69.36	-
Other Current Liabilities	48.28	-
	3167.18	9.31

Schedule 13 : Provisions	As at September 30, 2011	As at March 31, 2011
For Current Tax (Net of advance tax payments)	230.38	-
For Gratuity	46.97	-
For Leave Encashment	80.94	-
	358.29	-

Schedule 14 : Turnover (Gross)	For the period ended September 30, 2011	For the period November 26, 2010 to March 31, 2011
Sale of Finished Goods (Including sale of goods purchased for resale of Rs.3,628.37 lacs (Previous period Nil))	14,785.70	-
Sale of Raw Material	115.50	-
Service Revenue	307.79	-
	15,208.99	-

Schedule 15 : Other Income	For the period ended September 30, 2011	For the period November 26, 2010 to March 31, 2011
Interest (Gross)		
From Banks	3.54	-
(Tax Deducted at Source Rs 0.36 lacs, Previous period Nil)		
Exchange Difference (net)	93.17	-
Surrender value of Keyman Insurance Policies	0.32	-
Export Incentive	120.28	-
Royalty Income	8.58	-
Miscellaneous income	1.79	-
	227.68	-

Schedule 16 : Raw Materials Consumed	For the period ended September 30, 2011	For the period November 26, 2010 to March 31, 2011
Inventories as at April 1, 2011	-	-
Add: acquired under demerger scheme (also refer note 4 of schedule 22)	1,844.46	-
Add: Purchases during the period	6,848.85	-
	8,693.31	-
Less: Inventories as at September 30, 2011	2,330.73	-

	6,362.58	-
Less: Loss of stock due to fire (refer note 10 of Schedule 22)	96.40	-
	6,266.18	-

Schedule 17 : Personnel Expenses	For the period ended September 30, 2011	For the period November 26, 2010 to March 31, 2011
Salaries, Wages and Bonus	988.79	-
Gratuity expenses (Refer Note No.9 to Schedule 22)	35.41	-
Contribution to Provident and other funds	49.88	-
Workmen and Staff Welfare Expenses	58.77	-
	1,132.85	-

Schedule 18 : Operating and Other Expenses	For the period ended September 30, 2011	For the period November 26, 2010 to March 31, 2011
Consumption of Stores and Spare parts	597.67	-
Power and Fuel	634.06	-
Job Work and Processing Charges	273.70	-
Freight and Forwarding Charges	382.82	-
Rent	14.19	-
Packing Expenses (includes Rs.11.36 on account of loss by fire - Refer Note 10 of Schedule 22)	293.04	-
Rates and Taxes	5.75	-
Insurance	18.52	-
Repairs and Maintenance		
Plant & Machinery	48.06	-
Buildings	14.87	-
Others	1.76	-
Legal and Professional expenses	31.67	9.13
Vehicle Running and Maintenance	11.16	-
Commission on Sales (Other than sole selling agents)	224.36	-
Cash Discount on Sales	1.71	-
Other Selling Expenses	13.15	-
Traveling and conveyance	59.83	-
Printing and Stationery	26.31	0.03
Payment to Auditors		
As Auditor:		
Audit Fee	7.50	0.15
Donations and Contributions to charitable institutions	2.57	-
Provision for doubtful debts	31.35	-
Provision for Export Incentive receivables	5.00	-
Loss on Disposal/Discard of Fixed Assets	5.02	-
Miscellaneous Expenses	22.23	-
	2,726.30	9.31

Schedule 19 : Decrease/(Increase) in Inventories	For the period ended September 30, 2011	For the period November 26, 2010 to March 31, 2011
Inventories as at September 30, 2011	-	-
- Goods Purchased for Resale	247.12	-
- Work-in-progress	762.92	-
- Finished goods	1,606.02	-
	2,616.06	-

Acquired under Demerger Scheme		
- Goods Purchased for Resale	157.93	-
- Work-in-progress	722.70	-
- Finished goods	1,484.23	-
	2,364.86	-
(Increase)/Decrease of Excise Duty on Increase/Decrease in Inventory (Refer Note No. 13 to Schedule 22)	(2.23)	-
	(253.43)	-

Schedule 20 : Financial Expenses	For the period ended September 30, 2011	For the period November 26, 2010 to March 31, 2011
Interest		
- to banks	178.86	-
Bank charges	28.17	0.01
	207.03	0.01

Schedule 21 : Earnings Per Share (EPS)	For the period ended September 30, 2011	For the period November 26, 2010 to March 31, 2011
Net profit as per profit and loss account	1,230.37	(9.32)
Net Profit available for equity shareholders	1,230.37	(9.32)
Weighted average number of Equity Shares considered for Calculating Basic and Diluted EPS*	120,139,200	156,164
Basic and Diluted Earnings per Share (In Rs.) (nominal value Re.1 each)	1.02	(5.97)
*(Includes shares 119,639,200 to be issued in pursuant to demerger scheme)		

Schedule 22: Notes to Accounts

1. Nature of Operations

Orient Refractories Limited ('The Company'), incorporated on November 26, 2010 is engaged in manufacturing, production and distribution of Refractories, Monolithics and Ceramic Paper and have manufacturing facilities in Bhiwadi (Rajasthan), (Also Refer Note 4).

2. Statement of Significant Accounting Policies

(a) Basis of preparation

The accompanying financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 25, Interim Financial Reporting, notified pursuant to the Companies (Accounting Standards) Rules, 2006, solely for inclusion in the information memorandum to be submitted to the SEBI for listing of shares. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies are consistent with those used in the previous period.

(b) Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles requiring management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed assets and intangible assets

Fixed assets and intangible assets are stated at cost less accumulated depreciation/amortization and impairment losses, if any. Cost comprises the Purchase Price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

(d) Depreciation/amortization

Depreciation on leasehold land is provided over the unexpired period of lease and depreciation on leasehold improvements which includes temporary structures is provided over unexpired period of lease or estimated useful life whichever is lower.

Depreciation on all other fixed assets is provided on Straight Line Method as per rates computed based on estimated useful lives, which are equal to the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956.

Software are amortized using the straight-line method over a period of 5 years.

Depreciation on assets costing below Rs.5,000 are depreciated at the rate of 100%.

(e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(f) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss Account on a straight-line basis over the lease term.

(g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments

(h) Inventories

Raw materials, goods purchased for resale, stores and spare parts	Lower of cost and net realizable value. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on weighted average basis.
Work-in-progress and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty, wherever applicable. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make sale.

(i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from Turnover (gross) is the amount that is included in the amount of Turnover (gross) and not the entire amount of liability accrued during the year.

(ii) Income from services

Revenue from services is accounted for in accordance with the terms of contracts, as and when these services are rendered

(iii) Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable

(iv) Export benefits

Export Benefits under Duty Exemption Pass Book Schemes (DEPB) are accrued in the year of export.

(v) Royalty

Revenue is recognized on an accrual basis in accordance with the terms of the relevant agreement

(j) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

(k) Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise

(iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for that year

(l) Derivative instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored

(m) Retirement and other benefits

- (i) A retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to respective funds are due. There are no other obligations other than the contribution payable to the fund.
- (ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit (PUC) method made at the end of each financial year
- (iii) Short term compensated absences are provided for on based on estimates at cost to company basis. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method
- (iv) Actuarial gains/losses are immediately taken to Profit and Loss account and are not deferred

(n) Income taxes

Tax expense comprises of current and deferred taxes. Current income tax is measured at the amount expected to be paid to the income tax authorities in accordance with Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, entire deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtual certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(o) Segment reporting policies

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the geographical location of the customers.

(p) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(q) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(r) Cash and cash equivalent

Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques in hand and short-term investments with an original maturity of three months or less

3. Segment information

Business Segments:

Since the Company's business activity falls within a single business segment, there are no additional disclosures to be provided under Accounting Standard-17 'Segment Reporting' other than those already provided in the Financial Statements.

Geographical Segments:

The analysis of geographical segment is based on the geographical location of the customers. The Company operates primarily in India and has presence in international markets as well. Its business is accordingly aligned geographically, catering to two markets i.e. India and Outside India. For customers located outside India, the Company has assessed that they carry same risk and rewards. The Company has considered domestic and exports markets as geographical segments and accordingly disclosed these as separate segments. The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

Secondary Segment Reporting (by Geographical Segments)

The following is the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced:

(Amounts in Rs. lacs)

Particulars	For the period ended September 30, 2011
Domestic Market	11,998.54
Overseas Markets	2,110.11
Total	14,108.65

The following table shows the carrying amount of segment assets by geographical markets:

(Amounts in Rs. lacs)

Particulars	As at September 30, 2011
Domestic Market	4,549.55
Overseas Markets	1,055.11
Total	5,604.66

Fixed assets used in the Company's business have not been identified to any of the reportable geographical segments, as the fixed assets are used interchangeably between segments, and accordingly, the total cost incurred during the period to acquire such assets has not been disclosed.

4. Pursuant to the scheme of arrangement between Orient Abrasives Limited (transferor company) and the Company, the Refractories business of the transferor company carried at its manufacturing unit at Bhiwadi (demerged undertaking), was transferred to the Company with effect from April 01, 2011 (the Appointed Date). The said scheme under Section 391 to 394 of the Companies Act, 1956 has been approved by the Hon'ble High Court of Delhi vide its order dated September 19, 2011 and has been effective from October 31, 2011 ("the effective date"), i.e. date of filing the above order with the Registrar of Companies.

The said scheme provides, inter alia, the transfer of demerged undertaking on a going concern basis to the company in consideration of which, each shareholder of Orient Abrasives Limited whose name appears in the register of members of Orient Abrasives Limited on the record date i.e. November 14, 2011, shall receive one fully paid equity share of face value of Re.1 each in the Company.

The scheme provides for its basis of transfer of certain specific assets and liabilities and where not specifically provided in the scheme, has authorized the 'Board of Directors' of

both the companies to mutually decide through a resolution. In terms of above, following have been done:

- (i) The book value of assets, liabilities, reserves and surplus (as agreed) of the demerged undertaking as on the Appointed Date has been accounted for as assets and liabilities and reserves in the books of the Company as on the Appointed Date. Following is the amount of such assets, liabilities and reserves:

Particulars	Amount (Rs. in Lakhs)
Reserves and Surplus	4,637.56
Secured Loans	3,400.00
Deferred Tax Liability (Net)	118.89
Fixed Assets including intangibles (net block)	1,882.80
Capital Work-in-Progress including Capital Advances	568.97
Investments	0.27
Inventories	4,433.58
Sundry Debtors	5,023.72
Cash and Bank Balances	48.67
Other Current Assets	356.25
Loans and Advances	248.57
Current Liabilities	3,106.52
Provisions	103.47

- (ii) Loans as identified for the demerged undertaking and transferred from OAL have been recorded in the books. The charge on Secured loans will be decided as per discussions with bankers.
- (iii) Aggregate face value of the new equity shares (amounting to Rs.1196.39) to be issued by the Company to the members of the Transferor Company has been credited to the share capital account on the Appointed Date. The Company in its Board Meeting dated November 15, 2011 has allotted these shares. In view of the allotment of shares, the transferor company will no longer be the Holding Company of the Company.
- (iv) The employees of the demerged undertaking have been transferred to the company on their existing terms of employment with the transferor Company.
- (v) All contingent liabilities relating to demerged undertaking have been transferred to the company on the Appointed Date.
- (vi) Deferred Tax Liability (net) pertaining to the demerged undertaking and as agreed by the Board of Directors has been transferred to the Company.
- (vii) The transferor company was carrying on business of demerged undertaking in trust on behalf of the Company for the period from the Appointed Date till the Effective Date.

5. Related Party Disclosures

Names of Related Parties	
A. Parties where control exists	
Orient Abrasives Limited	Holding Company
B. Individuals having significant influence over the company through their voting rights of 20% or more in the holding company	

Mr. S.G.Rajgarhia	Managing Director
S.G.Rajgarhia	HUF
C. Key Management personnel and their relatives	
1. Mr. S.G.Rajgarhia	Managing Director
2. Mrs. Usha Rajgarhia	Wife
3. Mr. R.K.Rajgarhia	Brother
4. Mrs. Prabhadevi Rajgarhia	Brother's Wife
5. Mr. N.K. Rajgarhia	Brother
6. Mrs. Rajkumari Rajgahia	Brother's Wife
7. Mr. S.K. Rajgarhia	Brother
8. Mrs. Sulabha Rajgarhia	Brother's Wife
9. Mr. P.K. Rajgarhia	Brother
10 .Mrs. Madhushree Rajgarhia	Brother's Wife
11. Mrs. Sunita Bagla	Sister
12. Ms Anisha Mittal	Daughter
13. Mr. Ashwin Mittal	Son-in-Law
14. Ms Bhawna Rajgarhia	Daughter
15. S G Rajgarhia (HUF)	HUF
16. R.K. Rajgarhia & Sons (HUF)	HUF
17. RKR Foundation	Trust

D. The Enterprises controlled, owned or significantly influenced by key management personnel or their relatives.	
1. Perfectpac Ltd.	7. Rajgarhia Leasing & Financial Services Pvt. Ltd.
2. APM Industries Ltd.	8. AJR Fiscal Pvt. Ltd.
3. Hindustan General Industries Ltd.	9. Faridabad Paper Mills Ltd.
4. HGI Finance & Leasing Ltd.	10. Orient Steel & Industries Ltd.
5. Rovo Marketing Pvt. Ltd.	11. Rajat Leasing Limited
6. Madhushree Properties Pvt. Ltd.	

Particulars	A. Holding Company		B. An Individual with substantial Interest		C. Key Management personnel and their relatives		D. Enterprises owned or significantly influenced by key management personnel, major shareholders or their relatives		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Sales :										
Orient Abrasives Limited.	62.16	-	-	-	-	-	-	-	62.16	-
Total Sales	62.16	-	-	-	-	-	-	-	62.16	-
Purchase of Raw Materials:										
Orient Abrasives Limited.	1,710.	-	-	-	-	-	-	-	1,710.	-
Total Purchase of Raw Materials	1,710.	-	-	-	-	-	-	-	1,710.	-
Packing Expenses										
Perfectpac Ltd.	-	-	-	-	-	-	72.2	-	72.25	-
Commission paid										

Particulars	A. Holding Company		B. An Individual with substantial Interest		C. Key Management personnel and their relatives		D. Enterprises owned or significantly influenced by key management personnel, major shareholders or their relatives		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Hindustan General Industries Ltd.	-	-	-	-	-	-	7.13	-	7.13	-
Expenses incurred on behalf of the Company[#]										-
Personnel expenses	66.03	-	-	-	-	-	-	-	66.03	-
Operating expenses	27.58	-	-	-	-	-	-	-	6.35	-
Total Expense incurred	93.61	-	-	-	-	-	-	-	93.61	-
Directors' Sitting Fees:										
R K Rajgarhia	-	-	-	-	0.10	-	-	-	0.10	-
Balance outstanding as at the year-end										
Sundry Creditors:										
Orient Abrasives Limited	920.02	-	-	-	-	-	-	-	-	-
Hindustan General Industries Ltd.	-	-	-	-	-	-	0.24	-	0.24	-
Perfectpac Ltd.	-	-	-	-	-	-	20.2	-	20.24	-
Total Sundry Creditors	-	-	-	-	-	-	20.4	-	20.48	-

6. Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of capital advances Rs.12.65 lacs (previous period Nil)), is Rs. 35.49 lacs (previous period Nil).

7. Contingent liabilities (not provided for) in respect of:

(Amounts in Rs. lacs)

Particulars	As at September 30, 2011
i) Sales tax and interest demand raised by Kolkata Sales tax authorities for non-submission of declarations forms for the year 1993-94	3.75
ii) Show cause issued by service tax authorities for input tax credit availed on foreign business auxiliary services, consulting engineer service, telephone service and insurance service.	85.48

8. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

(Amounts in Rs. lacs)

No.	Details of dues to Micro and Small Enterprises as per MSMED Act,2006	September 30, 2011	March 31, 2011
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at		

	the end of period.		
	Principal Amount Unpaid	69.63	-
	Interest Due	-	-
(ii)	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the period.		
	Payment made beyond the Appointed Date	-	-
	Interest Paid beyond the Appointed Date	-	-
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
(iv)	The amount of interest accrued and remaining unpaid at the end of the period; and	-	-
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

9. Gratuity and other Post – employment benefit plan

The Company has a defined benefit gratuity plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employees after completion of 5 years of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. At the end of accounting period actuarial valuation is done as per the projected unit credit method and any shortfall in the funding claims is further provided for.

The Company has also provided long term compensated absences which are unfunded.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the unfunded status and amounts recognized in the balance sheet for the Gratuity

Profit and Loss account

Net employee benefit expense (recognized in Employee Cost)

(Amounts in Rs. lacs)

Particulars	September 30, 2011	March 31, 2011
Current service cost	9.99	-
Interest cost on benefit obligation	9.81	-
Expected return on plan assets	(10.02)	-
Net actuarial (gain)/ loss recognized in the period	25.63	-
Past service cost	Nil	-
Net benefit expense	35.40	-
Actual return on plan assets	10.02	-

Balance Sheet

Details of Provision for Gratuity*(Amounts in Rs. lacs)*

Particulars	September 30, 2011	March 31, 2011
Defined benefit obligation	289.74	-
Fair value of plan assets	242.77	-
Deficit	46.97	-
Less: Unrecognized Past service cost	Nil	-
Plan asset / (liability)	(46.97)	-

Changes in the present value of the defined benefit obligation are as follows:*(Amounts in Rs. lacs)*

Particulars	September 30, 2011	March 31, 2011
Defined benefit obligation as at the beginning of the period	Nil	-
Acquired under demerger scheme	248.29	-
Interest cost	9.80	-
Current Service Cost	9.99	-
Benefits paid	(3.97)	-
Actuarial (gains) / losses on obligation	25.63	-
Defined benefit obligation as at the end of the	289.74	-

Changes in the fair value of plan assets for Gratuity are as follows:*(Amounts in Rs. lacs)*

Particulars	September 30, 2011	March 31, 2011
Fair value of plan assets at the beginning of the	Nil	-
Acquired under demerger scheme	216.64	-
Expected return on plan assets	10.02	-
Contributions by employer	20.08	-
Benefits paid	(3.97)	-
Actuarial gains / (losses)	Nil	-
Fair value of plan assets at the end of the period	242.77	-

The company expects to contribute Rs.21.81 lacs to gratuity in 2011-12.

The plan assets are yet to be transferred in the name of the Company. (Also refer to Note 4 above).

Particulars	September 30,	March 31, 2011
Investments with insurer – Insurance policy with Life Insurance Corporation	100%	-

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Company's plans are shown below:

{AS15 Para 120 (I) (i) to (v)}

	September 30, 2011	March 31, 2011
Discount rate	7.90%	-
Expected rate of return on plan assets	7.00%	-
Future Salary Increase	9.25%	-

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors on long term basis.

10. A fire occurred in the warehouse store in the company's factory at Bhiwadi on September 25, 2011 and inventory costing to Rs.107.76 lacs (Rs. 96.40 lacs or raw material and Rs. 11.36 lacs of packing material) was destroyed. The Company is in the process of estimating the amount of insurance claim and filing necessary claim with insurance company. In view of the above, no adjustments are done for the claim that is recoverable.

11. The Company has taken various residential, office and warehouse premises under operating lease agreements. These are cancellable and are renewable by mutual consent on mutually agreed terms. The lease payment recognized in the statement of profit and loss account for the period is Rs. 14.19 lacs (previous period Rs.46.87 lacs).

12. Particulars of Unhedged Foreign Currency Exposure at the Balance Sheet Date :

Particulars	Currency	September 30, 2011		
		Foreign currency	Rate	Amounts in Rs. Lacs
Sundry Creditors	USD	313,316	49.30	154.46
	EURO	189,800	67.29	127.72
	GBP	32,614	77.28	25.20
Sundry Debtors	USD	570,708	48.49	276.74
	EURO	1,257,735	65.70	826.33

13. In accordance with Paragraph 10 of Accounting Standard -9 on Revenue Recognition notified under Companies (Accounting Standard) Rules, 2006, excise duty on sales amounting to Rs 984.84 lacs (previous period Nil) has been reduced from sales in profit & loss account and excise duty on (increase) / decrease in stock amounting to Rs. (2.23) lacs (previous period Nil) has been considered as (income) / expense schedule 18 of the financial statements.

14. Previous period figures are for the period from November 26, 2010 to March 31, 2011 and current period figures are for the period from April 1, 2011 to September 30, 2011. Further, the company did not have any operations in the previous period, accordingly, previous period figures are not comparable with the current period. The figures of the previous year were audited by a firm of Chartered accountants other than S.R. Batliboi & Co.

As per our report of even date attached

For S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors
of Orient Refractories Limited

Sd/-
Per Vikas Mehra
Partner

Sd/-
S.G.Rajgarhia
[Managing
Director]

Sd/-
R.K.Rajgarhia
[Chairman]

Sd/-
S.C.Sarin
[Executive
Director]

Membership No. 94421
 Place: Gurgaon
 Date: November 15, 2011

Place New Delhi
 Date November 15,
 2011

FINANCIAL AND OTHER INFORMATION OF COMPANIES UNDER THE SAME MANAGEMENT

Pursuant to Clause (IX)(C)(2) of Part A of Schedule VIII of the SEBI (ICDR) Regulations, 2009, financial and other information of the five largest companies of the promoter group have been given below.

1. Orient Abrasives Limited
2. APM Industries Limited
3. Perfectpac Limited
4. Rovo Marketing Private Limited
5. Rajgarhia Leasing & Financial Services Pvt. Ltd.

1. Orient Abrasives Limited

Please refer to OAL's profile as given in the information relating to 'Our Promoters' beginning on page no. 24 of this Information Memorandum.

2. APM Industries Limited

APM Industries Limited ("AIL") was incorporated on September 21, 1973. The registered office of AIL is situated at SP-147 RIICO Industrial Area, Bhiwadi, Dist. Alwar (Rajasthan). AIL is in the business of manufacturing of man made fibres synthetic blended spun yarns.

Shareholding Pattern of AIL

The shareholding pattern of AIL as on December 31, 2011 is as follows:

Particulars	No. of Shares	% of Shareholding
Promoter & promoter group	65,04,330	30.09%
Others	151,07,030	69.91%
Total	2,16,11,360	100.00%

Board of Directors

The Board of Directors of AIL comprises of:

Sl. No.	Name	Designation
1.	Mr. R K Rajgarhia	Chairman & Managing Director
2.	Mr. R L Toshniwal	Director
3.	Mr. K R Gupta	Director
4.	Mr. R R Bagri	Director
5.	Mr. S G Rajgarhia	Director
6.	MR. H R Sharma	Executive Director

Financial Performance

The financial performance of AIL for the last three years is as follows:

Particulars	(Rs. in Lacs)		
	2010-11	2009-10	2008-09
Equity Capital	432	432	432
Reserves (excluding revaluation)	5237	4005	3346
Sales	24350	19686	18399
Profit after tax	1382	660	106
Earnings per share and Diluted Earnings Per Share	6.39	3.05*	0.49*
Net Asset Value per share	14.78	11.82	19.77

*For the year 2008-09 & 2009-10 EPS calculated on the basis of face value of Rs.2/- each.

AIL has not made a public or rights issue in the preceding three years.

The equity shares of AIL are listed on the BSE. The highest and lowest price on BSE during the preceding six months are given below:

Month	BSE	
	High (Rs.)	Low (Rs.)
August, 2011	15.51	10.96
September, 2011	13.00	11.07
October, 2011	12.80	11.01
November, 2011	14.88	11.00
December, 2011	12.75	10.00
January, 2012	13.20	10.03

AIL is not under winding up and is not a Sick Industrial Company within the meaning of the SICA.

3. PERFECTPAC Limited

PERFECTPAC Limited ("PL") was incorporated on February 7, 1972. The registered office of PL is situated at 910 - Chiranjiv Tower, 43 - Nehru Place, New Delhi- 110019. PL is in the business of manufacturing of Corrugated Fibreboard Containers and Expanded Polystyrene.

Shareholding Pattern

The shareholding pattern of PL as on December 31, 2011 is as follows:

Particulars	No. of Shares	% of Shareholding
Promoter & promoter group	3,97,992	29.88%
Others	9,33,908	70.12%
Total	13,31,900	100.00%

Board of Directors

The Board of Directors of PL comprises of:

Sl. No.	Name	Designation
1.	Shri R K Rajgarhia	Chairman
2.	Shri S. L. Keswani	Non Executive Independent
3.	Shri R K Chopra	Non Executive Independent
4.	Shri T N Chaturvedi	Non Executive Independent
5.	Shri Sanjay Rajgarhia	Managing Director

Financial Performance

The financial performance of PL for the last three years is as follows:

(Rs. in Lacs)

Particulars	2010-11	2009-10	2008-09
Equity Capital	183.26	183.26	116.67
Reserves (excluding revaluation)	801.86	675.48	471.77
Sales	9421.39	8393.66	8351.35
Profit after tax	131.03	108.51	50.77
Earnings per share and Diluted Earnings Per Share	9.49	10.78	6.42
Net Asset Value per share	5.10	4.41	4.41

Details of public or rights issue in the preceding three years made by PL - During the year 2009-2010 PL had issued 6,65,950 Equity Shares of Rs.10/- each for cash at a premium of Rs.15/- (Issue Price of Rs. 25/-) per Equity Share on rights basis to the existing Equity Shareholders in the ratio of 1(One) Equity Share for every 1 (One) Equity Share (1:1).

The equity shares of PL are listed on the BSE. The highest and lowest price on BSE during the preceding six months are given below:

Month	BSE	
	High (Rs.)	Low (Rs.)
August, 2011	35.70	34.00
September, 2011	33.70	27.75

October, 2011	30.40	27.55
November, 2011	30.30	28.90
December, 2011	31.80	28.15
January, 2012	32.85	28.45

PL is not under winding up and is not a Sick Industrial Company within the meaning of the SICA.

4. Rajgarhia Leasing & Financial Services (P) Limited

Rajgarhia Leasing & Financial Services (P) Limited ("RLFS") was incorporated on July 31, 1981. The registered office of RLFS is situated at 2, Brabourne Road, Kolkatta – 700001. RLFS is in the business of dealing in property, act as financiers, investment in shares & securities and commission agent.

Shareholding Pattern of RLFS

The shareholding pattern of RLFS as on December 31, 2011 is as follows:

Particulars	No. of Shares	% of Shareholding
Promoter & promoter group	1,07,000	22.65%
Others	3,65,480	77.35%
Total	4,72,480	100.00%

Board of Directors

The Board of Directors of RLFS comprises of:

Sl. No.	Name	Designation
1.	Sh R K Rajgarhia	Director
2.	Sh Shri Gopal Rajgarhia	Director
3.	Sh Sanjay Rajgarhia	Director
4.	Sh Sanwar Mal Banka	Director

Financial Performance

The financial performance of RLFS for the last three years is as follows:

(Rs. in Lacs)

Particulars	2010-11	2009-10	2008-09
Equity Capital	47.25	48.08	48.08
Reserves (excluding revaluation)	385.38	301.74	119.17
Sales	138.60	382.61	213.36
Profit after tax	28.15	182.57	33.42
Earnings per share and Diluted Earnings Per Share	5.96	37.97	6.95
Net Asset Value per share	9.16	7.28	3.48

RLFS has not made a public or rights issue in the preceding three years.

The equity shares of RLFS are not listed on any stock exchange

RLFS is not under winding up and is not a Sick Industrial Company within the meaning of the SICA.

5. ROVO Marketing Private Limited

ROVO Marketing Private Limited ("RMPL") was incorporated on December 1, 1987. The registered office of RMPL is situated at 1307, Chiranjiv Tower, 43, Nehru Place, New Delhi – 110 019. RMPL is in the business of investment and finance. RMPL is a NBFC registered with RBI.

Shareholding Pattern of RMPL

The shareholding pattern of RMPL as on December 31, 2011 is as follows:

Particulars	No. of Shares	% of Shareholding
Promoter & promoter group	1,01,000	99.63%
Others	372	0.37%

Total	1,01,372	100.00%
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Board of Directors

The Board of Directors of RMPL comprises of:

Sl. No.	Name	Designation
1.	Sh. B L Gupta	Chairman
2.	Smt. Anisha Mittal	Director
3.	Sh. Deepak C S	Director

Financial Performance

The financial performance of RMPL for the last three years is as follows:

(Rs. in Lacs)

Particulars	2010-11	2009-10	2008-09
Equity Capital	10.14	10.14	10.14
Reserves (excluding revaluation)	129.50	139.38	132.53
Sales	129.22	138.84	67.00
Profit after tax	(9.88)	6.84	10.68
Earnings per share and Diluted Earnings Per Share	(9.74)	6.75	10.53
Net Asset Value per share	13.77	14.74	14.07

RMPL is a private limited company.

RMPL is not under winding up and is not a Sick Industrial Company within the meaning of the SICA.

Subsidiary Companies of Orient Refractories Limited

ORL does not have a subsidiary company.

There are no companies in the promoter group which has become a sick industrial company or is under winding up or has a negative net worth

Litigation

For details relating to the legal proceeding involving the Promoters and five Group Companies, see Outstanding litigations involving the promoter and group companies under 'Outstanding Litigation and Material developments' section beginning on page no. 78 of this Information Memorandum.

Promoter disassociation

Our promoter, Shri Gopal Rajgarhia has been disassociated from the following entities:

- HGI Finance & Leasing Ltd.,
- HGI Securities Ltd. and
- Hindustan General Industries Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

General

Our Company was incorporated on November 26, 2010 in Delhi in the name of Orient Refractories Limited under the Companies Act, 1956 with the Registrar of Companies, New Delhi. Our Company received its certificate of commencement of business on December 29, 2010. The Registered Office of our Company is situated at 1307, Chiranjiv Tower, 43 Nehru Place, New Delhi-110019.

Our Company entered into a Scheme of Arrangement with Orient Abrasives Limited and their respective shareholders, which became effective on April 1, 2011. In terms of the Scheme, the refractory business of OAL, was demerged into our Company on a going concern basis.

Business Divisions/Segments

Our Company has one business division i.e. the refractory division that manufactures refractories and monolithic, situated at RIICO Industrial Area, Bhiwadi, Rajasthan - 301 019. The Bhiwadi facility is spread over 26 acres of land and is divided into 3 independent sub-divisions one each for the manufacture of slide gate refractories, continuous casting refractories and castables and pre-cast shapes. Various types of continuous casting and slide gate refractories, low cement castables etc. which are manufactured by this unit are exclusively consumed in the steel plants.

Our Company is amongst the top refractory manufactures in India. Our products are sold both in India and overseas.

Our Company provides a wide range of special refractories. The product range includes the following:

- Isostatically pressed Continuous Casting Refractories
- Slide gate plates
- Nozzles and Well Blocks
- Tundish Nozzles
- Bottom Purging Refractories and Top Purging Lances
- Slag Arresting Darts
- Basic Spray Mass for Tundish working lining
- Castables

All these products are custom made to suit the casting conditions and grade of steel being cast. To reinforce quality and development of products, we have an in-house Research and Development facility that is recognized by the Government of India.

All the products manufactured are a result of work done by an in-house research and development facility. This research and development facility is recognised by the Government of India and is fully equipped to carry out all testing and development activities with a wide range of equipment including:

- XRD Equipment
- TG – DTA
- Dialometer – RTE
- Thermal Conductivity Apparatus
- Creep Tester
- HOMR testing equipment

Financials and Internal Control

The gross turnover of our Company during the six months period ended on September 30, 2011 was Rs. 152.09 crore. Gross profit and Net profit were Rs. 18.40 crore and Rs. 12.30 crore respectively.

Our 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 our Company. Our Company has also received ISO 9001: 2000 certification for the plant at Bhiwadi.

An enterprise resource planning system ('ERP') was implemented in January, 2008 at Bhiwadi to integrate the operations of various divisions of our Company in a phased manner is operational and is yielding the desired results.

Human Resources

Our 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 our Company, constant efforts are made in developing human resources by providing necessary training and taking care of employee welfare. Our 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 sales of refractories are increasing steadily. The performance of our Company is largely dependent on the fortunes of the steel industry since it caters mainly to the steel industry. The demand for steel both on the domestic front and overseas is stable. Despite the indifferent economy scenario globally the steel producers have not cut down on their productions. Especially in India, the Government is laying a lot of emphasis on the infrastructure development. Steel is one of the key contributors to the infrastructure sector. Therefore the demand for steel products and consequently for the refractories is going to remain stable in the coming few years. Our company has adequate production capacity and technology to meet the increased demand while maintaining the quality.

The demand for refractories in the overseas markets is also stable. The export performance is likely to be sustained or increased in the coming years. There are no major threats or concerns to the refractories business except as a constituent of the general economy.

The Management's views on our Company's performance and outlook are discussed below:

Overview of the business:

Our Company's first financial year commenced on November 26, 2010 and ended on March 31, 2011.

Our company came into existence when Orient Abrasives Limited decided to demerge its refractory undertaking situated at SP-148, RIICO Industrial Area, Bhiwadi, Rajasthan with a view to de-risk and segregate the refractory business from the other two businesses viz. abrasive grains and power generation as the economic and market factors guiding the refractory business are distinct from those applicable to the other two. The refractory undertaking was transferred with effect from April 1, 2011.

Orient Abrasives Limited was set up in 1974, in technical collaboration with Karborundum, Bentueky, Czechoslovakia by the Rajgarhia group of industries as a venture to manufacture Calcined and Fused Alumina products. Today, OAL enjoys the position of being one of the largest producer of Calcined and Fused Products in India.

OAL offered a wide range of Refractory and Monolithic products for the iron and steel industry and enjoy large domestic and international clientele. An in-house R&D facility supports the division's product development initiatives.

Headquartered in New Delhi, India, OAL's manufacturing facilities are located in Porbandar, Gujarat and Bhiwadi, Rajasthan and have the distinction of being ISO - 9001 quality certified.

The demerger of the refractories business from OAL will allow a focused strategy in operations of the Refractory Undertaking along with providing scope for independent collaboration and expansion\ without committing the existing organization in its entirety.

In 2010, the industry comprised of over 100 established units, with 911 large plants, 274 medium-scale units and the rest in the small-scale sector.

In 2010, the Indian refractory industry had an aggregate production capacity of 20.15 lakh tonnes per annum. The capacity utilization, however, stood at approximately 60 percent or 11.5-12 lakh tones per annum.

The main strength of the refractory industry in India has been its ability to make cost-effective, good quality refractories by virtue of its assets like: availability of adequate raw materials in the country itself and availability of skilled and qualified manpower at a cheap rate.

Growth prospects are high for monolithic refractories that feature higher performance and flexibility than other refractory forms. Also, significant growth potential is expected in zircon/zirconia, silicon carbide extra-high alumina, and other more specialized refractory materials that offer strong performance in specific applications.

ORL operates primarily in the specialized refractories space and currently all its customers are from the iron and steel industry which includes the complete spectrum of steel producers in India from the large domestic integrated steel producers to the small mini steel plants.

Significant developments subsequent to the last financial year:

There has not been any significant development since the end of last financial year (September 30, 2011) which could materially and adversely affect or is likely to affect the financial condition of our company.

Factors that may affect Results of the Operations:

We believe that the following factors may affect our future results of operations, financial condition and cash flow:

- Decrease in the demand for steel
- Increase in competition due to capacity expansion of existing players or entry of new players
- Change in business plans of our current partners
- Changes in government legislations on tax incentives

For more information on these and other factors which have or may affect our financial conditions, please refer to the section entitled "Risk Factors" section beginning on page no. 7 of this Information Memorandum.

Discussion of Results operations:

The refractory business has been transferred into our company with effect from April 1, 2011. Hence, our company does not have any significant operating history.

Adequacy of Internal Control Systems

At present our Company does not have large scale operations. The present internal control system is sufficient to for the present level of operations. Our Company remains committed to maintaining internal controls designed to safeguard the efficiency of operations and security of our assets. Accounting records are adequate for preparation of financial statements and other financial information. The adequacy and effectiveness of internal controls across the various functional levels, as well as compliance with laid down systems and policies are monitored both by Company's internal control systems and Audit Committee on a regular basis.

Basis of presentation

Our financial statements have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

Critical Accounting Policies

For details of the significant accounting policies of our Company please refer to the section titled “Financial Information” beginning on page no. 48 of this Information Memorandum.

Description of Income and Expenditure Items

Income

Our total income for the period ended September 30, 2011 amounts to Rs. 152.09 crores. Our total income mainly comprises of (i) net turnover of Rs. 142.24 crores from sale of finished goods, and the rest comprises of (ii) sale of raw material and (iii) service revenue.

Other Income: Our other income for the period ended September 30, 2011 amounts to Rs. 2.28 crores. Our other income mainly comprises of (i) export incentive of Rs. 1.20 crores, and the rest comprises of (ii) exchange differences; (iii) surrender value of keyman insurance policies; (iv) interest from banks; (v) royalty income and (vi) miscellaneous income;

Expenditure Items

Our total expenditure for the period ended September 30, 2011 amounts to Rs. 126.12 crores. Our total expenditure mainly comprises of (i) raw material consumed of Rs. 62.66 crores; (ii) purchase of trading goods of Rs. 22.93 crores; (iii) personnel expenses of Rs. 11.33 crores; (iv) operating and other expenses of Rs. 27.26 crores; and the rest comprises of (v) depreciation/amortization; (vi) Certain exceptional item – loss caused due to fire; and (vi) financial expenses.

For details of our financial results, please refer to the section titled “Financial Information” beginning on page no. 48 of this Information Memorandum.

SECTION – 5 - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

This section should be read in conjunction with the Section “Risk Factors”.

Outstanding litigations and Material developments involving Orient Refractories Limited

There are no litigations against Orient Refractories Limited or against any other company whose outcome could have a materially adverse effect on the position of Orient Refractories Limited, no litigations against the directors involving violation of statutory regulations or alleging criminal offence, criminal/ civil prosecution against the directors for any litigation towards tax liabilities, no pending proceedings initiated for economic offences against Orient Refractories Limited or its directors, adverse findings in respect of Orient Refractories Limited as regards compliance with the securities laws, no penalties that were imposed by the authorities concerned on Orient Refractories Limited or its directors; no Outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of Orient Refractories Limited, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc. no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences or civil offences (including the past cases, if found guilty), no disciplinary action taken by the Board or stock exchanges against Orient Refractories Limited or its directors except as mentioned in this chapter of the Information Memorandum..

Amounts owed to small scale undertaking(s) as on September 30, 2011 exceeding Rupees one lakh which is outstanding for more than thirty days:

Entities registered under The Micro, Small & Medium Enterprises Development Act, 2006 (“MSMED”):

1. Baljeet Engineering Pvt. Ltd.
2. Baljeet Iron Pvt. Ltd.

Amounts owed to any other creditors as on September 30, 2011 exceeding Rupees one lakh which is outstanding for more than thirty days:

As on September 30, 2011, our Company owed amounts exceeding Rs.100,000 to 171 sundry creditors, which is outstanding for more than 30 days.

Outstanding Litigations against the directors

Mr. Rajendra Kumar Rajgarhia, Chairman

There is no litigation pending against Mr. Rajendra Kumar Rajgarhia in his personal capacity except as the Director of Orient Abrasives Limited in the following matters:

1. Case no. 521/2010 before Judicial Magistrate Sessions Court, Kalyanpur, Distt. Jamnagar, Gujarat between Gujarat Pollution Control Board and Orient Abrasives Limited and others including 5 directors, one of whom is Mr. R K Rajgarhia, on an alleged violation of pollution norms regarding operations at one of our Company’s mines.
2. CRA (Criminal Revision Application) No. 405/2007 between Gujarat Pollution Control Board and Orient Abrasives Limited and others including 5 of its directors, one of whom is Mr R K Rajgarhia at the High Court, Gujarat on an alleged violation of pollution norms regarding operations at our Company’s plant at GIDC Industrial Area, Porbander, Gujarat.

Mr. Rama Shanker Bajoria, Director

There is no litigation pending against Mr. Rama Shanker Bajoria in his personal capacity except as the Director of Orient Abrasives Limited in the following matters:

1. Case no. 521/2010 before Judicial Magistrate Sessions Court, Kalyanpur, Distt. Jamnagar, Gujarat between Gujarat Pollution Control Board and Orient Abrasives Limited and others including 5 directors, one of whom is Mr R S Bajoria, on an alleged violation of pollution norms regarding operations at one of our Company’s mines.

2. CRA (Criminal Revision Application) No. 405/2007 between Gujarat Pollution Control Board and Orient Abrasives Limited and others including 5 of its directors, one of whom is Mr R S Bajoria at the High Court, Gujarat on an alleged violation of pollution norms regarding operations at our Company's plant at GIDC Industrial Area, Porbander, Gujarat.

Mr. Shri Gopal Rajgarhia, Managing Director

There is no litigation pending against Mr. S G Rajgarhia in his personal capacity except as the Director of Orient Abrasives Limited in the following matters:

1. Case no. 521/2010 before Judicial Magistrate Sessions Court, Kalyanpur, Distt. Jamnagar, Gujarat between Gujarat Pollution Control Board and Orient Abrasives Limited and others including 5 directors, one of whom is Mr S G Rajgarhia, on an alleged violation of pollution norms regarding operations at one of our Company's mines.
2. CRA (Criminal Revision Application) No. 405/2007 between Gujarat Pollution Control Board and Orient Abrasives Limited and others including 5 of its directors, one of whom is Mr S G Rajgarhia at the High Court, Gujarat on an alleged violation of pollution norms regarding operations at our Company's plant at GIDC Industrial Area, Porbander, Gujarat.

Mr Subhash Chander Sarin, Executive Director

Mr Subhash Chander Sarin had been asked to produce certain details regarding his investment in the equity shares of Orient Abrasives Limited in connection with an ongoing enquiry conducted by the SEBI in the case of buying, selling and dealing in the equity shares of Orient Abrasives Limited during May and June 2009. In this regard, SEBI has been communicating and requesting for information and other details from Mr. S C Sarin from time to time and the same have been provided by him. A summons to appear in person before the investigating authority under Section 11C(5) of the Securities and Exchange Board of India Act, 1992 (Act 15 of 1992) dated September 9, 2011 was issued to Mr. Subhash Chander Sarin by SEBI requiring him to furnish certain information and appear before the investigating officer. Mr. Subhash Chander Sarin met the SEBI officials concerned on October 4, 2011. The investigations are pending.

There is no litigation pending against Mr. Arun Kumar Jain, Mr. Prem Prakash Khanna and Mr Keshav Kumar Thirani, the directors of the ORL.

Outstanding litigations involving the promoter and promoter group companies

There are no outstanding litigations, disputes, non-payment of statutory dues, overdues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares issued, defaults in creation of full security as per terms of issue, other liabilities, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act, 1956) against the promoter and the group companies (based on market capitalization), except the following:

Litigation involving the Promoter – Orient Abrasives Limited

Name of the Statute	Nature of dues	Amount (Rs. in lacs)	Forum where dispute is pending
West Bengal Sales Tax Act, 1994	Sales tax and Interest demand for non submission of sales tax declaration forms for the financial year 1993-94	3.75	Sales Tax Commissioner (Appeal)
Sales Tax Act, 1944	Entry tax demand for entry of goods in Rajasthan for the financial year 2006-07	36.06	Hon'ble High Court of Rajasthan, Jodhpur
Service Tax Act, 1994	Service tax demand for input tax credit availed on foreign business auxiliary services and other	85.48	Joint Commissioner Excise, Jaipur

	consulting services for various years.		
Income Tax Act, 1961	Disallowance of various expenses / deductions (under section 80IA) claimed by OAL for the financial years 2001-02 to 2007-08	1,685.43	High Court, Delhi

Disputes disclosed as contingent liability in the books of OAL	Amount (Rs. in lacs)
i) Power claim matters decided in favour of OAL by the District Court (Civil Court, Senior Division, Porbandar) but Paschim Gujarat Vidyut Company Limited has gone into further appeal before Hon,ble High Court of Gujarat.*	338.02
ii) Sales tax and interest demand raised by Kolkata Sales tax authorities for non-submission of declarations forms for the year 1993-94	3.75
iii) Demand raised by the Income Tax Authorities, being disputed by OAL (Refer Note A below)	1,756.69
iv) Show cause issued by service tax authorities for input tax credit availed on foreign business auxiliary services, consulting engineer service, Telephone service and insurance service.	85.48
v) Demand for payment of royalty (Refer Note below)	1,289.07

*In view of decision already in favour of company by the District Court (Civil Court, Senior Division, Porbandar) and based on discussion with the solicitors, the management believes that OAL has a strong chance and hence no provision there against is considered necessary

Note - OAL also received various demand notices for payment of differential royalty on raw bauxite extracted and dispatched from OAL owned mines. The amount involved is Rs 1,289.07 lacs. OAL has disputed this demand and, has paid Rs.100 lacs as deposit. Further, OAL, on the basis of legal advice is of the view that no provision is necessary for the present demand.

Other disputes involving OAL

1. Case no. 521/2010 before Judicial Magistrate Sessions Court, Kalyanpur, Distt. Jamnagar, Gujarat between Gujarat Pollution Control Board and Orient Abrasives Limited and others including 5 directors on an alleged violation of pollution norms regarding operations at one of OAL's mines.
2. CRA (Criminal Revision Application) No. 405/2007 between Gujarat Pollution Control Board and Orient Abrasives Limited and others including 5 of its directors at the High Court, Gujarat on an alleged violation of pollution norms regarding operations at OAL's plant at GIDC Industrial Area, Porbander, Gujarat.
3. An enquiry has been initiated by SEBI in relation to buying, selling and dealing in the equity shares of Orient Abrasives Limited during May and June 2009. In this regard, SEBI has been communicating and requesting for information and other details from OAL from time to time and the same have been provided by OAL. A summons to appear in person before the investigating authority under Section 11C (5) of the Securities and Exchange Board of India Act, 1992 (Act 15 of 1992) dated September 9, 2011 was issued to Shri Gopal Rajgarhia by SEBI requiring him to furnish certain information and appear before the investigating officer in his capacity as Managing Director of Orient Abrasives Limited. Shri Gopal Rajgarhia met the SEBI officials concerned on October 3, 2011. The investigations are pending.

Litigation involving the promoter – Shri Gopal Rajgarhia – For details of litigations involving Shri Gopal Rajgarhia, please refer to Outstanding litigations against the directors provided beginning on page no. 78 of this Information Memorandum.

Litigations involving Group Companies:

Details of court cases filed by APM Industries Ltd.

Sr. No.	Authority before which pending	Nature of the case	Amount of claim involved (Rs.)
1.	Civil Judge & Judicial Magistrate, Tijara, Alwar, Rajasthan	Case filed against M/s Chetak Textiles, Bhilwara for dishonour of cheque	50,000
2.	Addl. District Magistrate I, Bhilwara, Rajasthan	Case filed against M/s. Salasar Textile, Bhilwara for winding up	2,17,391
3.	Upper Civil Judge & Sr Divisional Court I, Meerut, UP	Case filed against M/s Mikano Fabric, Meerut for civil recovery	6,24,647
4.	Upper Civil Judge & Sr Divisional Court I, Meerut, UP	Case filed against M/s Kaushik Enterprises, Meerut for civil recovery	16,09,555

Details of court cases - Perfectpac Limited

Pending Civil Cases filed by Perfectpac Limited

S.No.	Authority before which pending	Nature of the case	Amount of claim involved (Rs.)
1	Court of Civil Judge, Sr. Division, Sector 12, Faridabad Perfectpac Limited V/S Nuchem Wier India Limited	Case filed against M/s Nuchem Wier India Limited for getting the RO system installed at Faridabad plant repaired/ replaced	990,000/-
2	Bharatpur Court	Recovery Suit filed against M/s Dalmia Dairy and Industries Limited and a Decree Awarded in Favour of Perfectpac and the execution proceedings are pending before the Court at Bharatpur, Rajasthan.	347,715/-

Pending Civil Cases filed against Perfectpac Limited

Sr. No.	Authority before which pending	Nature of the case	Amount of claim involved (Rs.)
1	High Court Punjab & Haryana at Chandigarh ESIC V/s Perfectpac Limited	Case filed by ESIC for demand of Rs. 309,000/- excluding interest, the matter decided in favour of ESIC by ESIC Court, Faridabad on 29.10.2003. An amount of Rs.154,000/- is under protest. An appeal filed against the order of ESIC Court at the High Court Punjab & Haryana at Chandigarh	309,000/- (Rs.154,000/- already paid under protest)
2	Supreme Court Of India	Case for the recovery of the Local Area Development Tax- HUDA. The Supreme Court of India stayed the recovery of the Local Area Development Tax against the entire Industry	183,000/-

Pending Criminal Matters filed by Perfectpac Limited

Sr. NO.	Authority before which pending	Nature of the case	Amount of claim involved (Rs.)
1	Court of Judicial Magistrate (I Class)	Complaint filed by Perfectpac against M/s High Land House (P)	26,000/-

	Faridabad, Haryana	Limited for dishonor of cheques u/s 138 of Negotiable Instruments of Act.	
2	Before Judicial Magistrate (I Class), Faridabad, Haryana	Ten Recovery suits filed by Perfectpac against M/s. Alcome Perfumes & Cosmetics Private Limited under section 138 of the negotiable instruments act for total 2 cheques	2,53,471

Details of pending Labour Litigations against Perfectpac Limited

Sr. No.	Name of the Workman	Nature of the Case	Amount of claim involved (Rs.)
A. Cases pending at Labour Court-II, Faridabad			
1	Madan Kumar	Demand notice filed by worker for reinstatement with full back wages	8,348/-
2	Dharam Pal		4,700/-
3	Vinod Kumar		4,994/-
4	Dashrath		4,454/-
5	Shyambir		Not ascertained
6	Rajender- li	For reinstatement with full back wages	Not ascertained
B. Cases pending at Noida Labour Court			
1	Sukhendra Prasad	Demand notice filed by worker for due payment for certain period	Not ascertained
2	Vinod Kumar Shukla	Demand notice filed by worker for due payment for certain period	Not ascertained
3	Vinod Kumar	Demand partly admitted by the court to the extent of compensation, Perfectpac has moved the review petition.	Not ascertained
4	Vijay Singh	Demand notice filed by worker for reinstatement with full back wages	82,329/-

GOVERNMENT APPROVALS

Pursuant to the Scheme, all the permissions, approvals, licenses etc. granted by the Government and Government agencies in connection with or relating to the refractory business shall be transferred to and vested in and/or deemed to be transferred to and vested in our Company.

The list of the registrations received by Orient Refractories Limited is provided below:

Description	Registration Number	Authority
Sales Tax-CST	08794201770(Central)	CTO Bhiwadi
VAT	08794201770	CTO Bhiwadi
Excise	AABCO3850AEM001	Superintendent - Central Excise Range-I Bhiwadi
Service Tax	AABCO3850ASD001	Superintendent - Central Excise Range-I Bhiwadi

SECTION – 6 REGULATORY AND STATUTORY DISCLOSURES

REGULATORY AND STATUTORY DISCLOSURES

Authority for the scheme

The Hon'ble High Court of Delhi, by its order dated September 19, 2011 has approved the Scheme of Arrangement between Orient Abrasives Limited, Orient Refractories Limited and their respective shareholders and creditors. In accordance with the Scheme, the Refractory Undertaking of Orient Abrasives Limited shall stand transferred to and vested with Orient Refractories Limited, w.e.f. April 1, 2011 (the appointed date under the Scheme) pursuant to Section 391 to 394 of the Companies Act, 1956. In accordance with the said scheme, the Equity shares of our Company to be issued pursuant to the Scheme shall be listed and admitted to trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to fulfillment by our Company of listing criteria of BSE and NSE and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of application by our Company seeking listing.

Eligibility Criterion

There being no initial public offering or rights issue, the eligibility criteria of SEBI (ICDR) Regulations 2009 do not become applicable. However, SEBI has vide its letter No. CFD/DIL/SK/PHV/OW/4206/2012 dated February 17, 2012, granted for relaxing strict enforcement of clause (b) to sub-rule (2) of rule 19 thereof by making an application to the Board under sub-rule (7) of rule 19 of the SCRR. Our Company has submitted its Information Memorandum, containing information about itself, making disclosure in line with the disclosure requirement for public issues, as applicable to BSE and NSE for making the said Information Memorandum available to public through their websites viz. www.bseindia.com. Our Company has made the said Information Memorandum available on its website viz www.orientrefractories.com. Our Company has published an advertisement in the news papers containing its details in line with the details required as per the above mentioned circular. The advertisement draws specific reference to the availability of this Information Memorandum on its website.

Prohibition by SEBI

Our Company, its directors, its promoters, other companies promoted by the promoters and companies with which our Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Disclaimer Statement by our Company

Our Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of SEBI circular no. SEBI/CFD/SCRR/01/2009/03/09 dated September 03, 2009 or any other material issued by or at the instance of our Company and that any one placing reliance on any other source of information would be doing so at his own risk should be incorporated. All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Listing

Application has been made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of our Company. Our Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of shares. Our Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above within such period as approved by SEBI.

In Principle Approval from BSE and NSE

Our Company has received in-principle approval for listing from BSE bearing no. DCS/AMAL/SP/24(f)/998/210-11 dated December 29, 2010 and listing approval from BSE bearing

no. DCS/AMAL/PR/IP/739/2011-12 dated January 30, 2012 and in-principle approval from NSE bearing no. NSE/LIST/154318-Q dated December 22, 2010 and listing approval from NSE bearing no. NSE/LIST/160581-R dated February 23, 2012.

SEBI Relaxation of Rule 19(2) (b) of the Securities Contracts (Regulation) Rules, 1957

The Securities and Exchange Board of India has given relaxation of Rule 19(2) (b) of the Securities Contracts (Regulation) Rules, 1957 to our company vide the letter no. CFD/DIL/SK/PHV/OW/4206/2012 dated February 17, 2012.

Disclaimer Clause – BSE

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE has vide its letter dated December 29, 2010 approved the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of that approval, the BSE's name is included in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- take any responsibility for the financial or other soundness of this Company; and
- it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause - NSE

As required, a copy of this Information Memorandum has been submitted to NSE. NSE has vide its letter dated December 22, 2010, approved the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of the said approval NSE's name is included in this Information memorandum as one of the stock exchanges on which this Company's securities are proposed to be listed.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Information Memorandum has been cleared or approved by NSE; nor does NSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that the Company's securities will be listed or continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of the Company. Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition, whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

Copy of this Information Memorandum has been filed with BSE and NSE.

Demat Credit

Our Company has executed Agreements with NSDL and CDSL for admitting its securities in demat form. The ISIN allotted to our Company's Equity Shares is INE743M01012. Shares have been allotted to those shareholders who have provided necessary details to our Company and/or who

were holding their shares in Orient Abrasives Limited in demat form as well as physical shares as on the Record Date.

Dispatch of share certificates

Pursuant to the Scheme, on November 15, 2011, our Company has issued and allotted its Shares to eligible shareholders of OAL as on the Record Date and our Company has dispatched share certificates to those shareholders who were holding shares in OAL in physical form on December 14, 2011.

Expert Opinions

Save as stated elsewhere in this Information Memorandum, we have not obtained an expert opinions.

Previous Rights and Public Issues

Our Company has not made any public or rights issue since incorporation.

Commission and Brokerage on previous issues

Since our Company has not issued shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

Companies under the same management

There are no companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 other than the ones disclosed elsewhere in the Information Memorandum.

Promise vis-a-vis Performance

This is for the first time our Company is getting listed on the Stock Exchange.

Outstanding Debenture or Bonds and Redeemable Preference Shares and Other Instruments Issued by our Company

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by our Company.

Stock Market Data for Equity Shares of our Company

Equity shares of our Company are not listed on any stock exchanges. Our Company is seeking approval for listing of shares through this Information Memorandum.

Disposal of Investor Grievances

Skyline Financial Services Pvt. Ltd. is the Registrar and Transfer Agent of our Company to accept the documents/requests/complaints from the investors/shareholders of our Company. All documents are received at the inward department, where the same are classified based on the nature of the queries/actions to be taken and coded accordingly. The documents are then electronically captured before forwarding in the respective processing units. The documents are processed by professionally trained personnel.

Our Company has set up service standards for each of the various processors involved such as effecting the transfer/dematerialization of securities/change of address ranging from 3-10 days. Our Company maintains an age-wise analysis of the process to ensure that the standards are duly adhered to.

Ms. Savita Valecha, the Company Secretary of our Company is vested with responsibility of addressing the Investor Grievance in coordination with Registrar & Transfer Agents.

Contact Address of the Company Secretary:

Savita Valecha

Orient Refractories Ltd.
1307, Chiranjiv Tower,
43 Nehru Place,
New Delhi-110019

Tel: +91-11-4642 5400
Fax: +91-11-26443859
E-mail: savita@orlindia.com

Change in auditors during last three years

S V Ghatalia & Associates, Chartered Accountants, Firm Registration Number - 103162W were appointed as the first auditors of our Company since December 8, 2010. Since the first Annual General Meeting of the shareholders held on November 11, 2011, S R Batliboi & Co., Chartered Accountants, Firm Registration Number - 301003E were appointed as the statutory auditors of our Company.

PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

SHARE CAPITAL

1.
 - a. The Authorised Share Capital of the company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force on that behalf with the powers to divide the share capital, whether original or increased or decreased into several classes and attach there to respectively such ordinary, preferential or special rights and conditions in such manner as may for the time being be provided by the Regulations of the Company and allowed by law.
 - b. The minimum paid up Capital of the Company will be Rs. 5,00,000/- (Rs. Five Lac).
2. Subject to the provisions of these Articles and of the Act, the shares shall be under the control of the Board of Directors, who may allot or otherwise dispose of the same to such persons, on such terms and conditions and at such time as they think fit and with full power to give any person the option to call of or be allotted shares of the Company of any class, either at a premium or at par or at a discount and for such time and for such consideration as the Board of Directors think fit (subject to the provisions of Section 78 and 79 of the Act), provided that option or right to call of shares shall not be given to any person except with the sanction of the Company in General Meeting. The Board shall cause to be made the returns as the allotment provided for in Section 75 of the Act.
3. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the register shall, for the purposes of the Articles, be a member.
4.
 - a. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up the varied with the consent in writing of the holders of three fourths of the issued shares of that class or with a sanction of a resolution passed at a separate meeting of the holders of the shares of that class.
 - b. Subject to the provisions of Section 170 (2) (a) and (b) of the Act, to every such separate meeting, the provisions of these regulations relating to meetings shall mutatis mutandis apply, but so that the necessary quorum shall be five persons at least holding or representing by proxy or one-third of the issued shares of the class in question.
5. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
6.
 - a. The company may exercise the powers of paying commissions conferred by Section 76 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Section.
 - b. The rate of commission shall not exceed the rate of 5% (five percent) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 5% (five percent) of such price, as the case may be and in the cast of debentures 2½% (two and a half per cent) of the price at which the debentures in respect whereof the same is paid are issued or an amount equal to 2½% (two and a half per cent) of such price, as the case may be.

- c. The commission may be satisfied by payment in cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.
 - d. The Company may also, on any issue of shares, pay such brokerage as may be lawful.
7. Subject to section 187-C of the Act, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent future or a partial interest in any share or any interest in any fractional part of a share or any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder
- 8.
- a) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment (or within such other period as the conditions of issue shall provide) or within one month after the application for the registration of transfer is received by the Company.
 - i. one certificate for all his shares without payment, or
 - ii. several certificates, each for one or more of his shares, provided that any subdivision, consolidation or splitting of certificates required in marketable lots shall be done by the Company free of any charges.
 - b) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon.
 - c) In respect of any shares or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
9. The Company agrees, that it will not charge any fees exceeding those which may be agreed upon with the Stock Exchange.
- d) for issue of new certificates in replacement of those that are torn, out defaced lost or destroyed :-
 - e) for sub-division and consolidation of shares and debenture certificates and for subdivision of Letters of Allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations other than those fixed for the market units of trading".
10. The Company may issue such fractional certificates as the Board may approve in respect of any of the shares of the Company on such terms as the Board thinks fit as to the period within which the fractional certificates are to be converted into share certificates.
11. If any shares stands in the names of two or more persons, the person first named in the register of members shall as regards receipt of dividends, the service of notices and subject to the provisions of these Articles, all or any other matter connected with the Company except the issue of share certificates, voting at meeting and the transfer of the share, be deemed the sole holder thereof.

LIEN

- 12.
- a. The Company shall have a first and paramount lien upon every share (not being a fully paid up share), for all money (whether presently payable or not) called or payable at a fixed time in respect of that share. Unless otherwise agreed the registration of a transfer of a share shall operate as a waiver of the Company's lien if any, on such shares. The Directors may at any time declare any shares to be wholly or in part to be exempt from the provisions of this article.
 - b. The Company's lien, if any, on a share shall extend to all dividend payable thereon subject to section 205A of the Act

13. The Company may sell, in such manner as the Board think fit, any share on which the Company has a lien provided that no sale shall be made :-
 - a) unless a sum in respect of which the lien exists is presently payable; or
 - b) until the expiration of thirty days after a notice in writing demanding payment of such part of the amount in respect of which the lien exists as is presently payable, have been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency and stating that amount so demanded if not paid within the period specified at the Registered Office of the Company the said shares shall be sold.
14.
 - a) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
 - b) The purchaser shall be registered as the shareholder of the shares comprised in any such transfer.
 - c) The purchaser shall not be bound to see to the application of the purchase money not shall his title to the share be affected by any irregularity or invalidity in the proceedings in references to the sale.
15.
 - a) The proceeds of the sale shall be received by the company and applied in payment of the whole or part of the amount in respect of which the lien exist as is presently payable.
 - b) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares as the date of sale, be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

16.
 - a) The Board of Directors may, from time to time, make calls upon the members in respect of money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the condition of allotment thereof made payable at fixed times.
 - b) Each member shall, subject to receiving at least thirty days notice specifying the time or times and place of payment of the call money pay to the Company at the time or times and place so specified, the amount called on his shares.
 - c) A call may be revoked or postponed at the discretion of the Board.
17. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed. Call money may be required to be paid by instalments.
18. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
19.
 - a) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at eighteen percent or at such lower rate, if any as the Board may determine.
 - b) The Board shall be at liberty to waive payment of any such interest wholly or in part.
20.
 - a) Any sum which by the terms of issue of a share become payable on allotment or at any fixed date, whether on account of the nominal value of the shares or by way of premium, shall for purposes of these regulations, be deemed to be a call duty made and payable on the date on which by the terms of issue such sum becomes payable.
 - b) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
21. Subject to the provisions of Section 92 and 292 of the Act, the Board :-

- (b) May, if it thinks fit, receive from any member willing to advance all or any part of the money uncalled and unpaid upon any shares held by him; and
 - (c) If it thinks fit, may pay interest upon all or any of the moneys advanced on uncalled and unpaid shares (until the same would but for such advance become presently payable) at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 9% (nine percent) per annum as may be agreed upon between the Board and the member paying the sums or advances, Money so paid in advance shall not confer a right to dividend or to participate in profits.
22. On the trial or hearing on any suit or proceedings brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of members of the company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who resolved to make any call, nor that a quorum of Directors was present at Board Meeting at which any call was resolved to be made, nor that the meeting at which any call was resolved to be made was duly convened or constituted nor any other matter, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
23. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall, preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

TRANSFER AND TRANSMISSION OF SHARES

24. The Company shall keep a "Register of Transfers" and therein shall fairly and distinctly enter particulars of every transfer of transmission of any share.
- 25.
- a) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and the transferee.
 - b) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
26. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act 1956 and of modification thereof for the time being shall be complied with in respect of all transfers of shares and registration thereof.
27. Unless the Directors decide otherwise, when an instrument of transfer is tendered by the transferee, before registering any such transfer, the Directors shall give notice by letter sent by registered acknowledgement due post to the registered holder that such transfer has been lodged and that unless objection is taken the transfer will be registered. If such registered holder fails to lodge an objection in writing at the office within ten days from the posting of such notice to him, he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder, the Directors shall be deemed to have decided not to give notice and in any event to the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company or the Directors in respect of such non-receipt.

TRANSFER OF SHARES

28. The Board of Directors may, subject to the right of appeal conferred by Section 111 of the Companies Act, 1956 decline to register :-
- a) the transfer of a share not being a fully paid up share, to a person of whom they do not approve; or
 - b) any transfer of the share on which the Company has a lien, provided that the registration transfer shall not be refused on the ground of transferor being either alone or jointly with any person or persons indebted to the Company on any account except a lien.

29. The Board may also decline to recognise any instrument of transfer unless :-
- a) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
 - b) the instrument is in respect of only one class of shares.
30. All instruments of transfer which shall be registered shall be retained by the Company, but may be destroyed upon the expiration of such period as the Board may from time to time determine. Any instrument of transfer which the Board declines to register shall (except in any case of fraud) be returned to the person depositing the same.
- 31.
- a) the registration transfers may be suspended at such times and for such period as the Board may, from time to time, determine :
provided that such registration shall not be suspended for more than forty-five days in the aggregate in any year or for more than thirty days at any one time.
 - b) There shall be no charge for :
 - i. registration of shares or debentures.
 - ii. sub-division and/or consolidation of shares and debentures certificates and sub-division of Letters of Allotment and split consolidation, renewal and pucca transfer receipts into denominations corresponding to the market unit or trading;
 - c) sub-division of renounceable Letters of Right;
 - d) issue of new certificates in replacement of those which are decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised;
 - e) registration of any Powers of Attorney, Letter of Administration and similar other documents.

TRANSMISSION OF SHARES

- 32.
- a) On the death of a member, the survivor or survivors where the member was a joint holder and his legal representative where he was a sole holder shall be the only person recognised by the Company as having any title to his interest in the shares.
 - b) Nothing in clause (a) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
- 33.
- a) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided elect, either:-
 - i. to be registered himself as holder of the share; or
 - ii. to make such transfer of the shares as the deceased or insolvent member could have made.
 - b) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had himself transferred the share before his death or insolvency.
- 34.
- a) If the person so becoming entitled, shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
 - b) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of share.
 - c) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.

35. On the transfer of the share being registered in his name a person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share and that he shall not, before being registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

36. Where the Company has knowledge through any of its principal officers within the meaning of Section 2 of the Estate Duty Act, 1953 of the death of any member of or debenture holder in the company, it shall furnish to the controller within the meaning of such section, the prescribed particulars in accordance with that Act and the rules made thereunder and it shall not be lawful for the Company to register the transfer of any shares or debentures standing in the name of the deceased, unless the transferor has acquired such shares for valuable consideration or a certificate from the Controller is produced before the Company to the effect that the Estate Duty in respect of such shares and debentures has been paid or will be paid or that none is due, as the case may be.
37. The Company shall incur liability whatever in consequence of its registering or giving effect, to any transfer of share made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company though not bound so to do, shall be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

FORFEITURE OF SHARES

38. If a member fails to pay any call or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
39. The notice aforesaid shall :
- a) name a further day (not earlier than the expiry of 30 (thirty) day from the date of service of notice) on or before which the payment required by the notice is to be made; and
 - b) state that, in the event of non-payment on or before the days so named, the shares in respect of which the call was made, will be liable to be forfeited.
40. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time, thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the date of forfeiture, which shall be the date on which the resolution of the Board is passed forfeiting the shares.
- 41.
- a) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
 - b) At any time before a sale or disposal, as aforesaid, the Board may annul the forfeiture on such terms as it thinks fit.

- 42.
- a) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at date of forfeiture, were presently payable by him to the Company in respect of the shares together with interest thereon from the time of forfeiture until payment at the rate of 9 % (nine percent) per annum.
 - b) The Liability of such person shall cease if and when the Company shall have received payments in full of all such money in respect of the shares.
- 43.
- a) A duly verified declaration in writing that the declarant is a director or the secretary of the Company and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
 - b) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off.
 - c) The transferee shall thereupon be registered as the holder of the share.
 - d) The transferee shall not bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
44. The provisions of these regulations as to forfeiture shall apply, in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
45. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental thereto except only such of those right as by these Articles are expressly saved.
46. Upon any sale, after forfeiture or for enforcing a lien in purported exercise of powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to be application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity, of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
47. Upon any sale, re-allotment or other disposal under the provisions of these Articles relating to lien or to forfeiture, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect. When any shares, under the powers in that behalf herein contained are sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such shares, the Board may, issue a new certificate for such shares distinguishing it in such manner as it may think fit, from the certificate not so delivered.
48. The Directors may subject to the provisions of the Act, accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof.

CONVERSION OF SHARES INTO STOCK

49. The Company may, by an ordinary resolution :-
- a) convert any paid-up shares into stock; and
 - b) reconvert any stock into paid-up shares of any denomination authorised by these regulations.
50. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose

might before the conversion have been transferred or as near thereto as circumstances admit :

Provided the Board may, from time to time, fix the minimum amount of Stock transferable, so however , that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

51. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regard dividends voting and meeting of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
52. Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholders" in those regulations shall include "stock" and "stockholder" respectively.

SHARE WARRANTS

53. The Company may issue share warrant, subject to and in accordance with, the provisions of Section 114 and 115 of the Act and accordingly the Board may in its discretion with respect of any share which is fully paid up, on application in writing signed by the person registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the share; and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.\
54.
 - a) The bearer of a share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising, the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.
 - b) No more than one person shall be recognised as depositor of the share warrant.
 - c) The company shall, on two days written notice, return the deposited share warrant to the depositor.
55.
 - a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling meeting of the Company or attend or vote or exercise any other privilege of a member at a meeting of the company or be entitled to receive any notice from the Company.
 - b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he was named in the register of member as the holder of the shares including in the warrant and he shall be deemed to be a member of the Company in respect thereof.
56. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction of the original.

ALTERATION OF CAPITAL

57. The Company may, from time to time, by ordinary resolution increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall specify.
58. The Company may, by ordinary resolution in general meeting :
 - a) consolidate and divide all or any of its capital into shares of larger amounts than its existing shares :
 - b) sub-divide its shares or any of them, into shares of similar amounts than is fixed by the Memorandum of Association, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each

reduced share shall be the same as it was in the case of the share from which the reduced share is derived ;

- c) cancel any share which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
59. The Company may, from time to time, by special resolution and on compliance with the provisions of Section 100 to 105 of the Act, reduce its share capital and any capital reserve fund or share premium account.
60. The Company shall have power to establish Branch Offices, subject to the provisions of Section 8 of the Act or any statutory modifications thereof.
61. The Company shall have power to pay interest out of its capital on so much of shares which were issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provisions of any plant for the Company in accordance with the provisions of Sections 208 of the Act.
62. The Company, if authorised by a special resolution passed at a General Meeting may amalgamate or cause itself to be amalgamated with any other person, firm or body corporate, subject however, to the provisions of Section 391 to 394 of the Act.

GENERAL MEETING

63. All General Meetings other than the Annual General Meetings of the Company shall be called Extra-ordinary General Meetings.
- 64.
- a) The Board may, whenever it thinks fit call an Extraordinary General Meeting.
 - b) If at any time there are not within India Directors capable of acting who are sufficient in number to form a quorum, any Director or any two members of the Company may call an extraordinary general meeting in the same manners, as nearly as possible, to that in which such a meeting may be called by the Board.

CONDUCT OF GENERAL MEETINGS

65. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been stated in the notice by which it was convened or called.
- 66.
- a) No business shall be transacted at any general meeting, unless a quorum or members is present at the time when the meeting proceeds to business.
 - b) Save as otherwise provided in Section 174 of the Act, a minimum of five members present in person shall be the quorum. A body corporate, being member, shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

CONDUCT OF MEETINGS

67. The Chairman, if any of the Board shall preside as Chairman at every general meeting of the company.
68. If there is no such Chairman or if he is not present within fifteen minutes of the time appointed for holding the meeting or is unwilling to act as Chairman of the meeting, the Directors present shall elect one of their members to be the Chairman of the meeting.
69. If at any meeting no Director is willing to act as Chairman or if no Director is present within 15 (fifteen) minutes of the time appointed for holding the meeting, the members present shall choose one of their members to be the Chairman of the meeting.

70. No business shall be discussed at any general meeting except the election of a Chairman, whilst the chair is vacant.
- 71.
- a) The Chairman may with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the meeting, from time to time and place to place.
 - b) No business shall be transacted at any adjourned meeting, other than the business left unfinished at the meeting from which the adjournment took place.
 - c) When a meeting is adjourned for thirty days or more, fresh notice of any adjourned meeting shall be given as in the case of an original meeting.
 - d) Save as aforesaid, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.
72. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
73. Any business other than that upon which a poll has been demanded, may be proceeded with, pending the taking of the poll.

VOTES OF MEMBERS

74. Subject to any rights or restrictions for the time being attached to any class or classes of shares :
- a) on a show of hands, every member present in person shall have one vote; and
 - b) on a poll, the voting rights of members shall be as laid down in Section 87 of the Act.
75. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of joint holders stand in the Register of members.
76. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian may on a poll, vote by proxy, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the office not less than 24 hours before the time of holding the meeting or adjourned meeting at which such person claims to vote on poll.
77. No member shall be entitled to vote at any general meeting unless all calls, and other sums presently payable by him in respect of shares in the Company or in respect of shares on which the Company has exercised any right of lien, have been paid.
- 78.
- a) No objection shall be raised to the qualification of any voter, except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.
 - b) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision thereon shall be final and conclusive.
79. The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company, not less than 48 hours before the time for holding the adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated valid.
80. An instrument appointing a proxy shall be in either of the forms in Schedule IX to the Act or in a form as near thereto as circumstances admit.

81. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer or the shares in respect of which the proxy is given, if no intimation in writing of such death, insanity revocation or transfer shall have been received by the Company at its office before commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

82. The number of Directors of the Company shall not be less than three and not more than Twelve.

83. The following shall be the first directors of the Company :-

- a) R.K. Rajgarhia
- b) Shri Gopal Rajgarhia
- c) Anisha Mittal

84. At every Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation in accordance with the provisions of Section 255 of the Act or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office in accordance with the provisions of Sections 256 of the Act.

85.

- a) Subject to the provisions of the Companies Act, 1956 and Rules made thereunder each Director shall be paid sitting fees for each meeting of the Board or a committee thereof, attended by him a sum not exceeding Rs. 2000/- (Rupees Two Thousand Only).
- b) Subject to the provisions of Section 309, 310 and 314 of the Act, the Directors shall be paid such further remuneration, whether in the form of monthly payment or by a percentage of profit or otherwise, as the Company in General Meeting may, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and in such manner as the Board may, from time to time, determine and in default of such determination, shall be divided among the directors equally or is so determined paid on a monthly basis.
- c) The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.
- d) Subject to the provisions of Sections 198, 309, 310 and 314 of the Act, if any Director be called upon to perform any extra services or make special exertions or efforts (which expression shall include work done by a Director as a member of any committee formed by the Directors) the Board may pay such Director special remuneration for such extra services or special exertions or efforts either by way of a fixed sum or by percentage of profit otherwise and may allow such Director at the cost and expense of the Company such facilities or amenities (such as rent free house, medical aid and free conveyance) as the Board may determine from time to time.
- e) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid in accordance with company's rules to be made by the Board all travelling, hotel and other expenses properly incurred by them :-
 - (i) In attending and returning from meetings or adjourned meeting of the Board of Directors or any committee thereof ; or
 - (ii) in connection with the business of the Company.

86. The Directors shall not be required to hold any qualification shares in the Company.

87. The Board of Directors shall have power to appoint additional Directors in accordance with the provisions of Section 260 of the Act.

88. If it is provided by any trust deed securing or otherwise in connection with any issue of debentures of the Company that any person or persons shall have power to nominate a Director of the Company then in the case of any and every such issue of debentures, the persons having such power may exercise such power, from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a Debenture Director. A Debenture Director may be removed from office at time by the person or

persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A debenture Director shall not be liable to retire by rotation.

89. In the course of its business and for its benefit the Company shall, subject to the provisions of the Act, be entitled to agree with any person, firm, corporation, government, financing institution or other authority that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Directors may deem fit. Such nominees and their successors in office appointed under this Article shall be called Nominee Directors. Nominee Directors shall be entitled to hold office until requested to retire by the government, authority, person, firm, institution or corporation who may have appointed them and will not be bound to retire by rotation. As and whenever a Nominee Director vacates office whether upon request as aforesaid or by death, resignation or otherwise the government, authority, person, firm, institution or corporation who appointed such Nominee Director may if the agreement so provide, appoint another Director in his place.
90. Subject to the provisions of Section 313 of the Act, the Board of Directors shall have power to appoint an alternate Director to act for a Director during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.
- (A) The Directors shall have power, at any time and from time to time, to appoint any qualified person to be a director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.
91. A Director may be or become a director of any company promoted by he company or in which it may be interested as a vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as director or shareholder of such company. Such Director, before receiving or enjoying such benefits in case in which the provisions of Section 314 of the Act are attracted will ensure that the same have been complied with.
92. Every nomination, appointment or removal of a Special Director shall be in writing and accordance with the rules and regulations of the government, corporation or any other institution. A Special Director shall be entitled to the same rights and privileges and be subject to same obligations as any other Director or the Company.
93. The office of a Director shall become vacant :-
- a. on the happening of any of the events provided for in Section 283 of the Act;
 - b. on the contravention of the provisions of Section 314 of the Act, or any statutory modifications thereof;
 - c. if a person is a Director of more than twenty Companies at a time
 - d. in the case of alternate Director on return of the original Director to the State, in terms of Section 313 of the Act; or
 - e. on resignation of his office by notice in writing and is accepted by the Board.
94. Every Director present at any meeting of the Board or a committee thereof shall sign his name in a book to be kept for that purpose, to show his attendance thereat.

POWERS OF BOARD OF DIRECTORS

95. The Board of directors may pay all expenses incurred in the formation, promotion and registration of the Company.
96. The Company may exercise the powers conferred by Section 50 of the Act, with regard to having an official seal for use abroad and such powers shall be vested in the Board.
97. The Company may exercise the powers conferred on it by Section 157 and 158 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the

provisions of those Sections) make and vary such regulations as it may think fit with respect to the keeping of any such register.

98. The Directors may enter into contracts or arrangements on behalf of the Company subject to the necessary disclosures required by the Act being made wherever any Director is in any way, whether directly or indirectly concerned or interested in the contract or arrangements.

BORROWING POWER

99. Subject to the provisions of Sections 58A, 292 and 293 of the Act, and the Regulations thereunder and Directions issued by the RBI the Directors may exercise all the powers of the company to borrow money and to mortgage or charge its undertaking, property (both present and future) and uncalled capital, or any part hereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
100. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particular by a resolution passed at a meeting of the Board (and not by circulation) by the issue of debenture or debenture stock of the Company, charged upon all or any of the property of the Company (both present and future), including its uncalled capital for the time being.
101. Any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise, may be made assignable free from any equities between the Company and person to whom the same may be issued and may be issued on the condition that they shall be convertible into shares of any authorised denomination, and with privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at general meetings, appointment of directors and otherwise provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General meeting.
102. All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person and in such manner as the Board may, from time to time, by resolution determine.

PROCEEDINGS OF THE BOARD

103. Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two Directors, whichever is higher; provided that where at any time the number of interested Directors exceeds or is equal to two thirds of the total strength, the number of the remaining Directors, that is to say, the number of directors, who are not interested, present at the meeting, being not less than two thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors, who are not interested, present at the meeting, being not less than two, shall be the quorum during such time.
104. If a meeting of the Board could not be held for want of quorum, whatever number of Directors not being less than two, shall be present at the adjourned meeting, notice where of shall be given to all the Directors, shall form a quorum.
- 105.
- a) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of vote.
 - b) In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote
106. The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or Directors may act for the purpose of increasing the

number of Directors to that fixed for the quorum or for summoning a General meeting of the Company, but for no other purpose.

- 107.
- a) Save as provide in Article 93, the Board may elect one of its members as Chairman of its meetings and determine the period for which he is to hold office as such.
 - b) If no such Chairman is elected or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be Chairman of the meeting.
108. Subject to the restrictions contained in Section 292 and 293 of the Act, the Board may delegate any of its powers to committees of the Board consisting of such member or members of its body as it think fit and it may, from time to time, revoke such delegation and discharge any such committee of the Board either wholly or in part, and either as to persons or purposes, but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
109. The meetings and proceedings of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last proceeding Article.
- 110.
- a) A committee may elect a chairman of its meetings.
 - b) If no such chairman is elected or if at any meeting the chairman is not present within five minutes of the time appointed for holding the meeting, the members present may choose one of their members to be chairman of the meeting.
- 111.
- a) A committee may meet and adjourn as it think proper.
 - b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present and in case of an equality of votes, the chairman shall have a second or casting vote.
112. All acts done by any meeting of the Board or by a committee there of by any person acting as a Director shall, not with standing that it shall afterwards be discovered that there was some defect in the appointment or continuance in office of any such Directors or persons acting as aforesaid: or that they or any of them were disqualified or had vacated office or were not entitled to act as such or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, had duly continued in office was qualified, had continued to be a Director his appointment had not been terminated and he had been entitled to be a Director provided that nothing in this Article shall be deemed to give validity to any act done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
113. Subject to Section 289 of the Act and except a resolution which the Act requires specifically to be passed in any board meeting, a resolution in writing, signed by the majority members of the Board or of a committee thereof; for the time being entitled to receive notice of a meeting of the Board or committee, shall be as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held.

MANAGING DIRECTOR(S) AND WHOLE TIME DIRECTOR(S)

114. Subject to provisions of Section 197A, 198, 269 and 309 of the Act, the Board of Directors may, from time to time, appoint one or more of their body to the office of Managing Directors or whole time Directors for a period not exceeding 5 (five) years at a time and on such terms and conditions as the Board may think fit and subject to the

terms of any agreement entered into with him, may revoke such appointment, and in making such appointments the Board shall ensure compliance with the requirements of the Companies Act, 1956 and shall seek and obtain such approvals as are prescribed by the Act, provided that a Director so appointed, shall not be whilst holding such office, be subject to retirement by rotation but his appointment shall be automatically determined if he ceases to be a Director.

115. The Board may entrust and confer upon Managing Director/s or whole time Director/s any of the powers of management which would not otherwise be exercisable by him upon such terms and conditions and with such restrictions as the Board may think fit, subject always to the superintendence, control and direction of the Board and the Board may, from time to time revoke, withdraw, alter or vary all or any of such powers.

116.

- a) Subject to section 383A of the Act, a Secretary of the Company may be appointed by the Board on such terms, at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may be removed by the Board.
- b) A Director may be appointed as a Secretary.

117. Any provision in the Act or these regulations requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of the Secretary

THE SEAL

118.

- a) The Board shall provide a common seal for the purposes of the Company and shall have power, from time to time, to vary or cancel the same and substitute a new seal in lieu thereof. The Board shall provide for the safe custody of the seal for the time being.
- b) Subject to any statutory requirements as to Share Certificates or otherwise, the seal of the company shall not be affixed to any Instrument except by authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least one Director and of the Secretary or of two Directors who shall sign every instrument to which the seal of the Company is so affixed in their presence. This is, however, subject to Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960.
- c) The Board shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory district or place outside India. The Company shall, however, comply with Rule 6 of the companies (Issue of Share Certificates) Rules, 1960.

DIVIDENDS AND RESERVES

119. The Company in General meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

120. The Board may, from time to time, pay to the members such interim dividends as appear it to be justified by the profits earned by the Company.

121.

- a) The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums, as it may think proper, as reserve or reserves which shall at the discretion of the Board, be applicable for any of the purposes to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends and pending such applications may at the like discretion either be employed in the business of the company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.

- b) The Board may also carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.
- 122.
- a) Subject to the rights of the persons, if any holding shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid.
 - b) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as having been paid on the share.
 - c) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
123. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the company subject to section 205A of the Act.
- 124.
- a) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or in case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such persons and to such address as the first named holder or joint holders may in writing direct.
 - b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
125. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonus or other moneys payable in respect of such share.
126. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
127. No dividend shall bear interest against the Company, irrespective of the reason for which it has remained unpaid.

ACCOUNTS

- 128.
- a) The Board shall cause proper books of accounts to be maintained under section 209 of the Act.
 - b) The Board shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company or any or them, shall be open to the inspection of members not being Directors.
 - c) Subject to provisions of section 209 A of the Act, no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting.

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

129. Balance sheet and Profit and Loss Account of the Company will be audited once in a year by a qualified auditor for correctness as per provision of the Act.

AUDIT

- 130.
- a) The first auditor of the Company shall be appointed by the Board of Directors within one month after its incorporation who shall hold office till the conclusion of first Annual General Meeting.

- b) The Board of Directors may fill up any casual vacancy in the office of the Auditors.
- c) The remuneration of the auditors shall be fixed by the Company in the annual general meeting except that remuneration of the first or any auditors appointed by the directors may be fixed by the directors.

CAPITALISATION OF PROFITS

131.

- a) The company in General Meeting may, upon the recommendation of the Board resolve :-
 - i. that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the Profit and Loss Account, or otherwise available for distribution; and
 - ii. that such sum be accordingly set free for distribution in the manner specified in clause (b) among the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- b) The sum aforesaid shall not be paid in cash, but shall be applied, subject to the provisions contained in clause (c), either in or towards :-
 - i. paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - ii. paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
 - iii. partly in the way specified in sub-clause (i) and partly in that is specified in sub-clause (ii).
- c) Any share premium account and any capital redemption reserve fund may, for the purpose of this regulation, only be applied in the paying up of unissued share to be issued to members of the Company as fully paid bonus shares.
- d) The Board shall give effect to the resolution passed by, the Company in pursuance of this regulation

132.

- a) Whenever such as resolution as aforesaid shall have been passed, the Board shall :-
 - i. make all appropriations and applications of the undivided profits resolved to be capitalised thereby and allotment and issue of fully paid shares, if any; and
 - ii. do all acts things required to give effect thereto.
- b) The Board shall have full power :-
 - i. to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit in the case of shares becoming distributable in fractions; and also
 - ii. to authorise any person to enter, on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which that may be entitled upon such capitalisation or (as the case may require) for the payment by the company on their behalf, by the application thereto of their respective proportions of the profit, resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares.
- c) Any agreement made under such authority shall be effective and binding on all such members.

SECRECY

133. Subject to the provisions of law of land and the Act, no member or other person (not being a Director) shall be entitled to visit or inspect the Company's works without the permission of the Board of Directors or the Managing Director to require discovery of any information respecting any details of the Company's business, trading or customers of any matter which is or may be in the nature of a trade secret, mystery of trade or secret

process or any other matter which may relate to the conduct of the business of the Company or which in the opinion of the Directors, it will be inexpedient in the interest of the Company to disclose.

WINDING UP

134.

- a) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company, and any other sanction required by the Act, divide amongst the members in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- b) For the purpose aforesaid, the liquidator may set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- c) The liquidator may, with the like sanction, vest the whole or any part of such assets trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

135. Subject to the provisions of section 201 of the Act, every Director, auditor, secretary and other officer or servant of the Company (all of whom are herein after referred to a officer or servant) shall be indemnified by the Company and it shall be the duty of the Directors out of the funds of the Company to pay, all bonafide costs, losses and expenses which any such officer or servant may incur or become liable to be reason of any contract entered into or act or thing done or omitted by him as such officer or servant or in any way in the discharge of the duties; and in particular and so as not to limit the generality of the foregoing provisions, agent any liability incurred by such officer or servant in defending any bonafide proceedings whether civil or criminal in which a judgement is given in his favour or in which he is acquitted or in discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court. The amount for which such indemnity is provided shall immediately attach as a charge on the property of the Company.

SECTION - 7 - DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of our Company on any working day (i.e. Monday to Friday and not being a bank holiday in New Delhi) between 11:00 a.m. and 1:00 p.m. from the date of filing of this Information Memorandum with the Stock Exchanges.

1. Memorandum and Articles of Association.
2. Certification of incorporation and Certificate for Commencement of the business dated November 26, 2010 and December 29, 2010 respectively.
3. Reports of the Statutory Auditors of our Company mentioned in this Information Memorandum.
4. Order dated September 19, 2011 of the Honorable High Court of Delhi approving the Scheme of Arrangement.
5. ROC filing of the Scheme as on October 31, 2011.
6. Letter under Clause 24(f) of Listing Agreement dated December 22, 2010 of NSE and that of BSE dated December 29, 2010 approving the Scheme.
7. SEBI's letter bearing No. CFD/DIL/SK/PHV/OW/4206/2012 dated February 17, 2012 granting relaxation from the strict enforcement of the requirement of Rule 19(2) (b) of the Securities Contracts (Regulation) Rules, 1957 for the purpose of listing of the shares of Orient Refractories Limited.
8. Tripartite Agreement between our Company, the RTA and NSDL dated November 14, 2011.
9. Tripartite Agreement between our Company, the RTA and CDSL dated November 24, 2011.

DECLARATION

To the best of the knowledge and belief of the Board of Directors of the Company, all statements made in this Information Memorandum are true and correct.

For and on behalf of the Board of Directors of Orient Refractories Limited

**Sd/-
Shri Gopal Rajgarhia
Managing Director**

Place: New Delhi
Date: February 29, 2012