



NOTE ON THE SCHEME OF DEMERGER

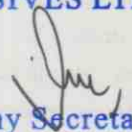
1. The Scheme is for the Demerger of the Refractory Business of Orient Abrasives Limited situated at SP-148, RIICO Industrial Area, Bhiwadi, Distt. Alwar, Rajasthan – 301 019 and vesting into a newly incorporated subsidiary - Orient Refractories Limited (Incorporated on 26/11/2010), the resultant Company.
2. The other businesses of Orient Abrasives Limited are abrasive grains situated at GIDC Industrial Area, Porbandr, Gujarat – 360 577 and the power business comprising of 18 mw thermal power plant situated at the same premises as above at Porbander and 11.1 mw of wind turbines situated in various parts of Karnataka and Rajasthan. The two said businesses shall be retained by Orient Abrasives Limited, the demerged Company.
3. The Scheme of Demerger has been approved by the Hon'ble High Court of Delhi vide order dated September 19, 2011. Earlier the said Scheme had been approved by the shareholders, secured creditors and unsecured creditors of both the Transferor company and the Transferee Company, wherever applicable, on February 26, 2011.
4. The main objects of the Scheme are :
 - (i) The Proposed 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.
 - (ii) The Proposed 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.
 - (iii) 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.
 - (iv) The benefits of the demerger for Orient Abrasives Ltd. and Orient Refractories Ltd. are :
 - the demerger will provide greater business focus for both, Orient Abrasives and Orient Refractories;



ORIENT ABRASIVES LTD.

- the demerger is 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;
 - the demerger of Refractory Undertaking would result in issuance of equity shares to the shareholders of Orient Abrasives Limited by Orient Refractories Limited, thereby, resulting in unlocking and maximizing shareholder value.
5. The appointed date of the Scheme is April 1, 2011 and the effective date is October 31, 2011, the date on which the order of the Hon'ble High Court was filed with the Registrar of Companies, New Delhi.
6. With effect from the Appointed Date (i.e. April 1, 2011), the refractory business including all assets and liabilities and permanent employees ("Refractory Undertaking") of Orient Abrasives Limited stand 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 Companies Act, 1956.
7. Orient Refractories Limited shall, in consideration of the transfer of the Refractory Undertaking, issue and allot 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 as on the Record Date. Accordingly, an equity shareholder holding 100 equity shares of Orient Abrasives Limited as on record date, shall be allotted 100 equity shares of Re. 1 each of Orient Refractories Limited, which shares are proposed to be listed on the BSE and the NSE.
8. There will be no fractional entitlement pursuant to the scheme since the allotment ratio is 1 :1. Further, no capital reduction is also envisaged under the Scheme of Demerger.

For ORIENT ABRASIVES LTD.


Company Secretary

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Abrasives Grains Division :

G.I.D.C. Industrial Area,
Porbandar, Gujarat
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