



## BOARD OF DIRECTORS

Mr. K. M. Pai	Managing Director
Mr. S. R. Vyas	Executive Director
Ms. Anita Thapar	
Mr. Rameshwar Lal Maheshwari	
Mr. Pawan Agrawal	Nominee Director

## COMPANY SECRETARY

Mr. S. R. Vyas

## BANKERS

Bank of India  
Bank of Bahrain and Kuwait  
Hongkong and Shanghai Banking Corporation  
Punjab National Bank

## AUDITORS

M/s R. P. Malhan & Co.  
Chartered Accountants  
IA & C, Vandhana Building,  
11, Tolstoy Marg,  
New Delhi – 110001

## REGISTERED OFFICE

Village Dora, Taluka Amod,  
Dist. Bharuch – 392230, Gujarat (INDIA).

## WORKS

1. Village Dora, Taluka Amod,  
Dist. Bharuch – 392230, Gujarat (INDIA).
2. Village Chokkahalli,  
Taluka Hoskote, Bangalore (Rural) – 562114  
Karnataka (INDIA).

## REGISTRAR AND SHARE TRANSFER AGENT

MCS Limited  
Neelam Apartment, 88, Sampatrao Colony,  
Above Chappan Bhog Sweets,  
Alkapuri, Vadodara – 390007  
Tel. 0265 – 2339397 Fax. 0265 – 2341639  
Email : mcsbaroda@yahoo.com

## GENERAL INVESTOR QUARRIES:

Contact Person: Mr. S. R. Vyas  
Tel. No.: +91 – 2641 – 235151, 235153  
e-mail ID: investor@bellceramic.com

## MANAGEMENT TEAM

Mr. A. N. Rangaswamy	– President (Marketing)
Mr. C. S. Murthy	– Technical Advisor
Mr. G. P. Zala	– GM (Finance & Accounts)
Mr. Krishnakumar T. V.	– GM (Operations)
Mr. A. K. Pujari	– GM (Operations)
Mr. G Sudarsan	– AGM (Production)
Mr. G. Vaidyanthan	– AGM (Materials)

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## NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of Bell Ceramics Limited will be held on Saturday the 18<sup>th</sup> September 2010 at 12.00 noon at the Registered Office of the Company at Village Dora, Taluka Amod, District Bharuch - 392230, Gujarat, to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March 2010, the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Ms. Anita Thapar who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in place of Mr. Rameshwar Maheshwari who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, the 13.09.10 to Friday the 18.09.10 (both days inclusive).
4. The shareholders are requested to: -
  - a) intimate the change in their address for shares held in physical mode to the Registrar and Transfer Agent, viz, MCS Limited, Vadodara and to the concerned Depository Participants for shares held in electronic mode.
  - b) quote Ledger Folio/client ID numbers in all their correspondence.
  - c) bring copy of the Annual Report and Attendance slip with them at the AGM.
5. Members desirous of getting any information about accounts and operations of the Company are requested to address their communication well in advance so that the same reaches to the Company at least 10 days before the meeting to enable the management of the Company to keep the information required readily available.

**Regd. Office:**  
Village Dora, Taluka Amod  
District Bharuch, Gujarat  
Date: 29.05.2010

By Order of the Board  
**S. R. Vyas**  
Executive Director and  
Company Secretary

### Documents for Inspection;

Copies of the documents mentioned in the notice as above is available for inspection by the members on any working day at the Registered office of the company during office hours.

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a Proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time of holding the meeting.

**Regd. Office:**  
Village Dora, Taluka Amod  
District Bharuch, Gujarat  
Date: 29.05.2010

By Order of the Board  
**S. R. Vyas**  
Executive Director and  
Company Secretary

## DIRECTORS' REPORT

Your Directors submit herewith the Twenty Fourth Annual Report and the Audited Accounts of the Company for the financial year ended 31st March 2010.

### FINANCIAL RESULTS

	(Rs. in lacs)	
	<b>Current Year 2009-10</b>	<b>Previous Year 2008-09</b>
Sales & Other Income	<b>16666.11</b>	20248.33
Operating Profit	<b>1467.52</b>	2367.86
Interest	<b>1088.02</b>	1163.21
Profit Before Depreciation & Amortization	<b>379.50</b>	1204.65
Depreciation & Amortization of Misc. Expenses	<b>1114.60</b>	1119.27
<b>Profit/(Loss) before extra ordinary items and tax</b>	<b>-735.10</b>	85.38
Add : Prior Period Adjustments	<b>-2.54</b>	-12.62
<b>Profit/(Loss) Before Tax</b>	<b>-737.64</b>	72.76
Less : Provision for Tax		
- Current Year	<b>0.00</b>	0.00
- Earlier Year	<b>-95.65</b>	-5.35
- FBT	<b>-6.61</b>	-23.52
- Deferred Income Tax	<b>202.57</b>	-10.59
<b>Profit/(Loss) after Tax</b>	<b>-637.32</b>	33.30
Profit/(Loss) b/f from previous year	<b>-2804.90</b>	-2838.20
Amount Available for appropriation	<b>-3442.22</b>	-2804.90
Profit/(Loss) carried to Balance Sheet	<b>-3442.22</b>	-2804.90

### DIVIDENDS

In view of the losses for the year, your Directors do not recommend any dividend on the Preference and Equity Share Capital.

### Scheme of Arrangement – Restructuring of Capital

As the members are aware, the Scheme of Arrangement (the Scheme) under the provisions of Section 391 and 394 and 100 to 104 of the Companies Act, 1956 was approved by the Shareholders of the company at their EGM held on 10.11.09. The Scheme was then submitted to the Gujarat High court for its approval. The salient features of the scheme are as detailed hereunder:

- a) a sum of Rs 1434.76 lakh being 2/3<sup>rd</sup> of the total amount of Equity Share Capital as appearing in the books of the Company to be written off from the Share capital and to be credited to Capital Restructuring Account.

- b) By writing off the amount of Rs 1434.56 lakh from the share capital of the company, the equity share of Rs 10/- each fully paid up will reduce to Rs 3.33 per equity share, fully paid up.
- c) After the adjustments of writing off capital is done, the Company shall consolidate 3 equity shares of Rs. 3.33 (as reduced) each fully paid up into 1 equity share of Rs. 10/- each fully paid up;
- d) General Reserve Balance of Rs 1460.75 lakh as at 31.03.08 to be transferred to Capital Restructuring Account.
- e) the Company shall set off its accumulated losses of Rs 2838.20 lakh as at 31<sup>st</sup> March, 2008 against the Capital Restructuring account of the Company created from the paid up capital of the Company pursuant to Sections 391 to 394 and other applicable provisions of the Act.
- f) The Company shall convert its 1,50,00,000 Redeemable cumulative Preference shares of Rs 10/- each fully paid up into Equity share of Rs 10/- each fully paid up at a premium of Rs 20/- per share.
- g) Accumulated amount of preference dividend aggregating to Rs. 1564.51 lakh payable as on 31.03.2008 and further amount payable to the Preference shareholders as dividend till the effective date of the scheme shall stand cancelled.

The said scheme has now been approved by the Hon'ble High Court of Gujarat, Ahmedabd vide its order dtd 02.07.2010. On filing the same with the office of Registrar of companies, Gujarat the scheme has become effective from 15.07.10. The company has intimated 27.07.2010 as the Record Date for the purpose of implementation of the Scheme.

### MANAGEMENT DISCUSSIONS & ANALYSIS

Management discussion and analysis report annexed herewith is forming part of this report inter alia adequately deals with the operation and the current and the future outlook of the Company.

### CORPORATE GOVERNANCE

As required under clause 49 of the Listing Agreement with the Stock Exchanges, the Report on "Corporate Governance" together with Auditors' Certificate regarding compliance of the code of Corporate Governance is annexed herewith.

### REDEMPTION OF PREFERENCE SHARES

As per the terms of the issue and extension granted at the previous Annual General Meeting, the (first installment @

Rs. 4/-) on the 8% (earlier 12.5%,) 1,50,00,000 Cumulative Redeemable Preference Shares ("the preference shares") of Rs. 10/- each aggregating Rs. 1500 lakhs have become due for redemption during this financial year starting from February 2010.

However, as per the Scheme of Arrangement entered into between the company and its shareholders, the entire Preference Capital of Rs 1500 lakhs is to be converted into Equity share capital at a premium of Rs 20/- per share. The preference shareholders of the company have consented for the said conversion as also for waiver of their right of accumulated Preference dividend till the effective date of the Scheme. Now the scheme has been approved by the Hon'ble High Court of Gujarat vide its order dtd 02.07.10. With the above development there will not be any Redemption of Preference shares.

#### **DIRECTORS' RESONSIBILITY STATEMENT**

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, your directors hereby confirm that:

- a) in the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the accounting policies selected had been applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31 March 2010 and of the loss for that period;
- c) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the annual accounts had been prepared on a going concern basis.

#### **AUDITORS' REPORT**

Referring to the remarks printed in italic in the para (v) and (vi) of the Auditors Report, the Directors would like to submit as under:

##### **Note to remark in para (v) of the audit report:**

Due to the financial difficulties experienced by the Company there was a continuous default in repayment of the installments of NCDs placed by IDBI Bank Ltd with the company. This default continued for more than a year as at 31.03.2008. By virtue of the provisions of Section 274(1) (g)

of the Companies Act 1956, all the members on the Board as at 31.03.2008 except the Nominee Director were declared disqualified for their re-appointment on the Board of this company as also for their appointment on the Board of other Public limited companies for a period of five years.

During the year 2008-09, IDBI Bank Ltd had restructured the entire liability of the company. The NCDs privately placed with IDBI Bank were converted into Rupee Term Loan effective 01.04.2008. With this the disqualification has been removed. Accordingly the Company has submitted an application with Central government for removal of the disqualification of Shri K M Pai, the Managing Director and Shri S R Vyas, Executive Director.

The Company has been also legally advised about removal of disqualification on IDBI Bank converted the liability of NCDs into Rupee Term Loan effective 01.04.2008.

##### **Note to remark in para (vi) of the audit report:**

As per the terms of the issue and extension granted at the previous Annual General Meeting, certain installments aggregating Rs. 480 lakh on the 8% (earlier 12.5%) 1,50,00,000 Cumulative Redeemable Preference Shares ("the preference shares") of Rs. 10/- each have become due for redemption during this financial year.

As explained hereinabove, a Scheme of Arrangement has been entered into between the company and its shareholders for:

- (a) Reduction in the Equity share capital of the company by writing off a sum of Rs 1434.76 lakh being 2/3<sup>rd</sup> of the total amount of Equity Share Capital as appearing in the books of the Company and
- (b) Conversion of the entire Preference Capital of Rs 1500 lakhs into Equity share capital at a premium of Rs 20/- per share.

The scheme was approved by the shareholders at their EGM held on 10.11.09. The Preference shareholders of the company have also consented for the conversion of Preference capital into Equity capital as also for waiver of their right of accumulated Preference dividend till the effective date of the Scheme.

Now the scheme has been approved by the Hon'ble High Court of Gujarat vide its order dtd 02.07.10. With the above development there will not be any Redemption of Preference shares.

##### **Note to remark in para 9(a) to Annexure to Auditors' Report :**

Regarding dues of the Tax Deducted at Source and Fringe Benefit Tax liability outstanding for the period of more than six months, the Directors expect to clear the liability on improvement in operations. Delay is on account of continuous losses incurred by the company.

**PUBLIC DEPOSITS**

The Company has not accepted any deposits from the Public during the financial year ended 31 March 2010.

**DIRECTORS**

At the ensuing Annual General meeting, Ms. Anita Thapar and Mr. Rameshwar Lal Maheshwari, the Directors of the Company shall retire by rotation and they being eligible offer themselves for re-appointment.

**PARTICULARS OF EMPLOYEES**

The information required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report.

However, as per the provisions of Section 219(1)(b) of the Companies Act, 1956, the Report and Accounts are being circulated to the shareholders do not include the Statement of Particulars of Employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office.

**PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY ETC.**

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in respect of the Board of Directors) Rules, 1988 and forming part of this report is annexed to and forming part of this report.

**AUDITORS**

The Auditors of the Company M/s. R. P. Malhan & Company, Chartered Accountants, New Delhi, shall retire at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment. A confirmation has been received from them that if reappointed, their reappointment shall be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

**ACKNOWLEDGEMENT**

Yours Directors place on record their sincere appreciation of the continued co-operation and support extended by financial institutions more particularly to IDBI Bank Ltd, other banks, suppliers, dealers, C&F Agents, customers, employees and various Central and State Government Agencies. The Directors also take this opportunity to thank the shareholders for their continued confidence reposed in the Management of the Company.

For and on behalf of the Board

Place : Mumbai  
Date : 20.05.2010

**K. M. Pai**  
Managing Director

**ANNEXURE TO THE DIRECTOR'S REPORT****Conservation of Energy:****A. Energy Conservation measure taken:**

During the year the operation of 1000 KVA Generating Set taken on BOOT remained satisfactory for generation of electricity.

**B. Technology absorption:**

Despite lower capacity utilization at the Bangalore plant, the per unit consumption of LPG could be controlled by effectively managing the process parameter.

**C. Research and Development (R&D):**

No major R & D activities were carried out. However efforts continued to improve the process parameters for better quality of the products.

**a) Production Development:**

- Efforts continued for development of wall tiles & floor tiles with new tones/hues in popular designs, new textures as per the requirement of the market.
- development of local sources for spares for the imported machines to reduce dependence on import.

**b) Cost Reduction:**

- Efforts made to source alternative raw materials for reduction in the cost as also flexibility in the input materials.

**c) Benefits derived as a result of the above R&D:**

- Due to under utilization of the plant capacity , the benefits could not be noticed of the various steps taken in the process.

**d) Future Plan of Action:**

- Efforts continue to increase the production level and to concentrate on quality products.

**e) Expenditure on R&D:**

- During the year Company has spent nominal amount on R&D.

**f) Foreign Exchange Earnings & Outgo:**

- The information of foreign exchange earnings & outgo are contained in para 13, 14 and 15 of the notes to accounts in Schedule 17.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industrial Scenario

Though it has been reported that the world economy started witnessing signs of recovery from the global recession from the second quarter of the current year, the market remained volatile for most part of the year due to disturbances in various part of the world. In the earlier part of the year, the economic crises of Dubai market had impacted the recovery process. In the later part of the year, the financial situation in the European countries have gone out of control. Efforts are still on to improve the situations but the conditions are so bad that it may take long time for normalcy in the situation.

Being a part of the global operations, the Indian economy also experienced volatility in its efforts of achieving desired growth in GDP. Desired results are yet to be seen in improving the export earning of the country. The relief experienced by the developing countries during the previous year in the form fall in the prices of Crude in the international market did not continue for a long time. The prices of crude have once again been looking up. The Indian Government is forced to withdraw the relief package granted to the industry in the previous year to overcome the situation of recession. The very high inflationary trend in the prices of basic food grains have forced the government to take hard decisions in other sectors. The appreciation of the Indian currency to the extent of about 10% as compared to the exchange rate prevailed in the last year resulted into lower earning in the export market as compared to the domestic market. High volatility in the international market more particularly in the economies of developed countries like USA and Europe resulted into increase in the prices of major minerals. There is still uncertainty prevailing in the international market. In the circumstances, more efforts would be required to sustain the Industrial growth at the desired rate.

### Outlook of the Industry

During the year, there is an improvement in the real estate market of the country more particularly due to the support extended by the Central and state Government agencies in the form of huge spending on infrastructures. Improvement in the demand of housing and commercial complexes in the private sector still needs to be looked upon. The concessions in the rate of interest on housing granted in the previous year have been withdrawn by most of the banks as a part of precautionary measure to avoid the situation of high ratio of NPA in their real estate financing. Ceramic tiles industry in India continues to face the problem of overcapacity situation. With huge default on financial commitments in the international market, the export of ceramic tiles have drastically come down. There was always a pressure in

selling the products resulting into lower sales realizations. The industry has to carry higher inventory of the finished goods which resulted into additional working capital requirement and higher finance cost. Declining per unit sales realizations coupled with increase in the cost of production have kept a pressure on profit margins for most of the players in the industry.

During the 2<sup>nd</sup> half of the financial year 2009-10 the industry has witnessed growth from the domestic market. However increase in the prices of land in the B And C class towns during the year would again be a negative factor for the industry. The major demand driver for the recovery in the economy is expected to come from the spending on infrastructures by the Government in the years to come as also from improvement in the Agricultural sector.

### Review of Company's operation:

On account of reduction in the market share of the company's product, there was fall in the capacity utilization of the plants. During the year the production was reduced by 23% in terms of quantity whereas the sales reduced by 15% in terms of quantity.

### DORA (Baroda) Unit

Due to lower off take in the market, there was always a shortage in the availability of the working capital finance. The company was forced to reduce the production resulting into under utilization of the plant. The unit opted for repair of the plant and machinery by spending sizable amounts to improve the health. With this the unit achieved production for the year at 34.54 lakh m2 against the production of 48.98 lakh M2 during the previous year which shows reduction of 30%. However the sales was lower by 16% as compared to previous year which was possible by reducing the inventory of the Finished goods. Due to under utilization of the plant capacity, the fixed cost could not be amortised resulting into the higher effective per unit cost of production. The company has already started taking steps to regain the earlier situation by up gradation in the existing product and by improving the product mix to suit the market requirements. These efforts would result into higher capacity utilization.

### HOSKOTE (Bangalore) Unit

The product from this unit have been well accepted in the market of the southern part of the country. The financial crises in the gulf countries impacted the activities in the south India market. The kerala market was highly affected as the major income in the state was from the NRIs working in the gulf countries. The performance for the first six months of the year were comparable with the performance of the previous year. However due to lower off take in market, the inventory increased and the unit was forced to lower its capacity

utilization. The production and sales at this unit reduced by 17% and 14% respectively over the previous year. This unit was operated at 85% of the installed capacity. In the second half of the year there was steep increase in the prices of LPG which has been used as fuel at this unit. This has reduced the operating margin considerably. Some relief in the cost was due to the ability to use higher % of electricity from the grid as compared to generation of electricity. The unit is looking for the opportunity to replace use of LPG (a costly fuel) by availability of natural gas in years to come through proposed pipe line from GAIL. The company has diversified in its marketing activities to achieve higher utilization of the plant .

### Risks and Concerns

- (a) On account of the gradual depletion in the availability of natural gas from the domestic sources, GAIL has now been supplying imported LNG (Liquefied Natural Gas) along with the gas from the domestic supply. The prices of the natural gas supplied from the domestic source have been revised upward during the year. This has increased the cost of fuel at the Gujarat plant of the Company. The gap in the demand supply position of natural gas (including the imported gas) is widening and this is adversely affecting the supply of gas on a continuous basis.
- (b) The disturbance in the European market due their inability to meet the financial obligation in the international market, would impact the working of the ceramic tile industry in India which is more dependent on these countries for its requirements of machinery parts, some raw materials and the capital equipments.
- (c) Dumping of ceramic tiles from China at a very low price is a big threat to the industry.
- (d) In the international market the crude prices continued to be on the upward trend. Frequent increase in the prices of crude in the international market results into increase in the diesel and petrol prices in the Indian market. This has direct impact on the freight cost for both the incoming and outgoing materials. Power and fuel cost being a major component in ceramic tile manufacturing, the cost of production is also being affected due to frequent increase in the prices of HSD and LPG. The position on the supply price of crude is not likely to improve in the near future.

### Internal Control System and their adequacy

The various internal control systems prevalent in the Company include:

- (a) Implementation of an ERP System for out bound logistic (sales & marketing), Company's accounting systems and for manufacturing activities have strengthened the Management information system.
- (b) Periodical verification of assets at both the plants of the Company and stocks of finished goods at warehouses as well as at the depots through out the country were carried out at a regular interval both internally as well as through independent firms of Chartered Accountants.
- (c) Generation of periodic management reports to monitor the statutory and other compliance.
- (d) Review of the internal audit system and compliance of the accounting standards prescribed by the Institute of Chartered Accountants of India by an independent audit committee.

### Discussion on financial performance with respect to the operations of the Company

Your Company achieved the turnover of Rs. 16456 lakhs during the year against the turnover of Rs. 20063 lakhs for the previous year which shows reduction in turnover by 18% over the previous year.

For the year ended 31.03.2010, the Company has incurred cash profit of Rs. 380 lakhs (previous year cash profit of Rs.1205 lakhs) and incurred net loss before Extra ordinary items and tax of Rs. 738 lakhs (previous year profit of Rs. 73 lakhs).

During the year under review, there was some delay in meeting the financial obligations with IDBI Bank and other banks .

Due to shortfall in meeting the projections of financials, the working capital banks though apprised enhancement in the requirement have not provided required fund resulted into lower productivity during the year.

### Material developments in human resources and Industrial Relations

The Company has been regularly monitoring its policy for enhancement in the skills of its employees by providing need based training.

Industrial Relations continued to be cordial during the year resulting in constant co-operation by all the employees in day-to-day work and implementing policies of your Company.



## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company strongly believes that good Corporate Governance is a pre-requisite for enhancing shareholders' long term value. The Company's policies and practices are aimed at efficient conduct of business and effectively meeting its obligations to shareholders. The Company has been consistently improving transparency and accountability to all its stakeholders.

### 2. BOARD OF DIRECTORS

#### Composition and Category of Directors

As per the Corporate Governance, the Company has an appropriate mix of Executive and Independent Directors to maintain the independence of the Board and to separate the Board functions of Governance and management. The Board consists of 5 Directors, 2 of whom are Executive or Whole time Directors (WTD) and 3 are Independent Directors.

Table hereunder gives the composition of Board.

Sr. No.	Category	Name of Director
I.	Promoter and Non-Executive Directors	Nil
	Promoter and Executive Director	Nil
II.	Executive Directors	1. Shri K.M. Pai – Managing Director (Reappointed w.e.f. 01.01.2010) 2. Shri S. R. Vyas – Executive Director (Reappointed w.e.f. 01.01.2010)
III.	Independent and Non-Executive Directors	1. Ms Anita Thapar (appointed w.e.f 30.09.08) 2. Shri Rameshwar Lal Maheshwari (appointed w.e.f. 30.09.08)
IV.	Nominee Director	1. Shri Pawan Agrawal - Nominee of IDBI Bank Ltd. (appointed w.e.f. 15.09.08)

Attendance of Directors at the Meeting of Board of Directors (BoD) held during the financial year 2009-2010 and the Annual General Meeting (AGM) held on 29<sup>th</sup> July 2009 are as follows:

#### Details of Meeting of Board of Directors and AGM held during the year 2009 – 2010.

Meeting	Date	No. of Directors Present
Board	12.05.2009	3 - Three
Board	29.05.2009	3 - Three
Board	29.07.2009	4 - Four
Board	30.10.2009	4 - Four
Board	30.01.2010	4 - Four
AGM	29.07.2009	3 - Three
EGM	10.11.2009	1 - One

**The record of attendance of Directors at Board Meetings and AGM and the details of their directorship, Membership and chairmanship of other Public Limited companies**

Name of Director	No. of Board Meetings attended	Attendance at the AGM	No. of other directorship and Committee Membership/Chairmanship		
			Other Directorship	Committee Membership	Committee Chairmanship
Shri K. M. Pai	5- Five	Yes	Nil	Nil	Nil
Shri S. R. Vyas	5- Five	Yes	Nil	Nil	Nil
Ms. Anita Thapar	4- Four	Yes	Nil	Nil	Nil
Shri Rameshwar Lal Meheshwari	Nil	No	Nil	Nil	Nil
Shri Pawan Agrawal	4- Four	Yes	Nil	Nil	Nil

# **Other Directorship**- It includes directorship of public limited companies only (either listed or not)

\$ **Committee Membership and Committee Chairmanship**- only membership and chairmanship of Audit committee and Shareholders/ Investors' Grievance Committee have been considered

**Code of Conduct**

Pursuant to clause 49.I.D.(i) of the listing Agreement, the Board has laid down the Code of Conduct for all the members of the Board and the senior management of the company. The same have been posted on the website of the Company. Further the Company has received confirmation from all the members of the Board and the senior management regarding compliance of the code for the year ended 31.03.2010.

### 3. AUDIT COMMITTEE

**Brief description of Terms of Reference**

To oversee the Company's financial reporting process, internal control systems, review of the accounting policies and practices, reports of the Company's internal auditors and financial statements audited by the statutory auditors as also to review financial and risk management policies.

- (A) Constitution : Reconstituted by the Board of Directors at its meeting held on 30.06.2008
- (B) Composition, Names of Members and Chairperson : Consists of 2 independent Directors as under

Name of Director	No. of Meetings held	No. of Meetings attended
Ms. Anita Thapar-Chairperson	Four	Four
Shri K M Pai	Four	Four
Shri Pawan Agrawal	Four	Three

- (C) Details of Audit Committee meetings held during the year 2009-10. :

Date	No. of Directors Present
29.05.2009	2-Two
29.07.2009	3-Three
30.10.2009	3-Three
30.01.2010	3-Three

- (D) Name and designation of Compliance Officer : Shri S. R. Vyas, Executive Director and Company Secretary

#### 4. SHARE HOLDERS/INVESTORS' GREIVANCE COMMITTEE

##### Brief description of terms of Reference

To look into redressal of shareholders' / investors' complaints like transfer of shares, non-receipt of dividends, non-receipt of annual report etc. and to improve the efficiency in providing services to the shareholders/ investors , wherever possible.

- (A) Constitution : Reconstituted by the Board of Directors at its meeting held on 30.06.2008.
- (B) Composition, Names of Members and Chairperson : Consists of 3 Directors as under :

Name of Director	No. of Meetings held	No. of Meetings attended
Shri S R Vyas- Chairman	24- Twenty four	24- Twenty four
Shri K M Pai	24- Twenty four	24- Twenty four
Shri Rameshwar Lal Maheshwari	24- Twenty four	Nil

- (C) Name and designation of Compliance Officer : Shri S. R. Vyas, Executive Director and Company Secretary

##### Details of complaints received etc. during the year 2009 – 2010.

Nature of complaints / queries	Number of complaints / queries received	No. of complaints / queries not solved to the satisfaction of shareholders
Transfer and transmission of shares	Nil	N.A.
Share Certificates lost /mismatched / Request to issue fresh certificates due to Share Certificates lost /mismatched	Nil	N.A.
Request for Stop Transfer of shares	Nil	N.A.
Non – receipt of debenture redemption payment	N.A.	N.A.
Revalidation of Debenture refund orders and its interest / Dividend warrants	N.A.	N.A.
Repayment of fixed deposit, where original FDR lost	N.A.	N.A.
Non - receipt of Annual Report	5	N.A.
Non - receipt of Dividend Warrants	N.A.	N.A.
Pending requests for demat of shares or query related to demat of shares	Nil	N.A.
Pending requests for remat of shares or query related to remat of shares	Nil	N.A.
Non receipt of shares – physical shares	Nil	N.A.
Compliant from SEBI	Nil	N.A.
Compliant from BSE/ NSE	Nil	N.A.
TOTAL	05	-

Complaint through SEBI includes

As at 31.03.2010 there were no complaints pending to be resolved.

There was nil pending in the matter of physical transfer of shares and the transfer in Demat form as at 31.03.2010. All the shares in the physical form received for transfer were processed and dispatched by 01.04.2010

## 5. REMUNERATION COMMITTEE

### Brief description of terms of Reference:

To determine on behalf of the Board of Directors and the shareholders of the company, the terms of appointment / reappointment for the Working Directors of the company including their pension rights and compensation payment if any.

To approve the payment of remuneration to the Managerial Personnel as per the policy laid down by the Company.

### Constitution:

Reconstituted by the Board of Directors at its meeting held on 30.06.2008.

### Composition, Names of Members and Chairperson :

Consists of 3 Directors as under:

Name of Director	No. of Meetings held	No. of Meetings attended
Shri Rameshwar Lal Maheshwari- Chairman	1- one	1- one
Ms. Anita Thapar	1- one	1- one
Shri Pawan Agrawal	1- one	Nil

The Committee had at its meeting held on 28.05.09 approved reappointment of Shri K M Pai as the Managing Director of the company and Shri S R Vyas as Executive Director for a period of 3 years effective 01.01.2010.

### Details of remuneration paid during the FY 2009-10 to the Whole time Directors are as under:

Name of Director	Designation	Salary & Perks [Rs.]	Commission [Rs.]	Total [Rs.]
Shri K. M. Pai	Managing Director	51.77	-	51.77
Shri S. R. Vyas	Executive Director	24.54	-	24.54

During the Financial year 2009-10, no commission has been paid to any of the Directors.

During the Financial year 2009-10, the Directors other than the Working Directors as above have been paid sitting fees of Rs. 7500/- per meeting of Board of Directors and committee thereof attended by them.

## 6. OPERATION REVIEW COMMITTEE

**Brief description of terms of Reference:** To review the operation of the company if required by the Board.

Reconstituted by the Board of Directors at its meeting held on 30.06.2008.

The committee consists of 3 Directors namely Ms. Anita Thapar and Shri Rameshwar Lal Maheshwari (both Independent Directors) and Shri K M Pai the Managing Director. During the year no meeting was held.

## 7. ANNUAL GENERAL MEETING

Brief information of directors proposed for appointment / reappointment

The information of directors proposed for appointment / reappointment at the ensuing Annual general meeting is as under;

Name of Director	Directorship	Membership in Committees
Ms Anita Thapar	Nil	Chairperson - Audit Committee Remuneration Committee Operation Review Committee
Mr. Rameshwar Lal Maheshwari	Nil	Shareholders / Investors Grievances Committee Chairperson - Remuneration Committee Operation Review Committee

**Brief particulars of Last three Annual General Meetings held:**

Particulars	F.Y. 2006-2007	F.Y. 2007-2008	F.Y. 2008-2009
Day	Saturday	Tuesday	Wednesday
Date	25.08.2007 (21st AGM)	30.09.2008 (22nd AGM)	29.07.2009 (23rd AGM)
Time	12.00 noon	12.00 noon	12.00 noon
Venue	Regd. Office: Village Dora, Taluka Amod, Dist. Bharuch, Gujarat.	Regd. Office: Village Dora, Taluka Amod, Dist. Bharuch, Gujarat.	Regd. Office: Village Dora, Taluka Amod, Dist. Bharuch, Gujarat.

Brief information of special resolutions passed:

- No. of special resolutions passed.  
 2006-07 – 4 (Four)  
 2007-08 – 1 (One)  
 2008-09 – 4 (Four)
- Whether the resolutions passed were put through postal ballot? – No.

**8. DISCLOSURES**

- Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the company at large.
  - None of the transaction with any of the related parties were in conflict with the interest of the Company.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority or any matter related to Capital markets during the last three years:
  - The Company has complied with the requirements of regulatory authorities on matters related to capital markets and no penalties / strictures have been imposed against the Company during the last three years.

**Whistle Blower Policy**

The Company has established a mechanism called the “Whistle Blower Policy” which allows any employee to approach the management concerned or the audit committee without necessarily informing their supervisors to report about unethical behavior actual or suspected fraud or violation of the Company’s code of conduct or ethics policy. Further this mechanism also provides for adequate safeguard against victimization of employees who avail the mechanism.

**9. MEANS OF COMMUNICATION**

The Company publishes its financial results every quarter in leading newspapers. Therefore, communication on the half-yearly results is not sent individually to the shareholders of the Company. Further the quarterly financial results of the company have been posted by the Bombay Stock Exchange Limited and National Stock Exchange of India Limited on their websites viz [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.

**COMPLIANCE CERTIFICATE:**

The Certificate regarding compliance with the conditions of Clause 49 of the Listing Agreement from the Auditors of the Company is annexed hereto.

**10. GENERAL SHAREHOLDER INFORMATION**
**Details of the next Annual General Meeting of the company:**

Day and Date	Saturday, the 18 <sup>th</sup> September, 2010
Time	12.00 noon
Venue	Regd. Office : Village Dora, Taluka Amod, Dist. Bharuch - 392230 (Gujarat)
Date of Book Closure	From Monday the 13.09.10 to Saturday, the 18.09.10 (both days inclusive)

### Financial Year / Calendar

The company follows the period from April to March as its financial year. The unaudited financial results for the first three quarters and the audited financial results for the year ending March 31 2010 were taken on record and approved by the Board of Directors in their meetings as under:

Results for the quarter ended	Approved at the Board meeting held on
For the First Quarter – June 2009	29.07.2009
For the Second Quarter – September 2009	30.10.2009
For the Third Quarter December 2009	30.01.2010
For the Fourth Quarter & Year Ended March 2010	20.05.2010

**ISIN Number in NSDL & CDSL: INE403A01018**

### Details of listing with the Stock Exchange:

Name of Stock Exchange	Stock Code
Bombay Stock Exchange Limited (BSE)	515035
National Stock Exchange of India Limited (NSE)	BELCERAMIC

### Market Price Data during 2009- 2010

MONTH	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April 2009	5.44	3.45	5.45	3.40
May 2009	6.18	3.85	6.50	3.85
June 2009	8.92	6.48	9.00	6.50
July 2009	7.40	5.90	7.45	6.00
Aug 2009	7.55	6.27	7.55	6.15
Sept 2009	8.18	6.62	8.20	6.50
Oct 2009	9.30	6.70	9.50	6.60
Nov 2009	10.58	7.46	10.65	7.50
Dec 2009	11.85	9.41	11.80	9.45
Jan 2010	11.58	9.03	11.55	9.05
Feb 2010	10.14	7.48	10.05	7.30
March 2010	9.00	7.06	8.65	7.05

### Distribution of shareholding as on 31 March 2010.

Distribution of share (Slab wise)	No. of shareholders	Percentage to total no. of shareholders	No. of shares held	Percentage to total share capital
Upto 5000	11099	80.13	21,11,120	9.81
5001 – 10000	1451	10.48	12,62,682	5.87
10001 – 20000	638	4.61	10,17,121	4.73
20001 – 30000	206	1.49	5,35,538	2.49
30001 – 40000	87	0.63	3,15,263	1.46
40001 – 50000	108	0.78	5,19,124	2.41
50001 – 100000	136	0.98	10,11,703	4.70
100001 & above	127	0.92	1,47,48,874	68.53
<b>TOTAL</b>	<b>13852</b>	<b>100.00</b>	<b>2,15,21,425</b>	<b>100.00</b>



**Share holding pattern as on 31-03-2010**

Sr. No.	Category	SHARES HELD	
		Total	Total in %
<b>A.</b>	<b>PROMOTER HOLDING</b>		
	Indian Promoters ( Directors and their Relatives)	8,00,413	3.72
	BCL Management Welfare Trust	48,900	0.23
	Foreign Promoters	76,22,437	35.42
	<b>Sub Total (A)</b>	<b>84,71,750</b>	<b>39.36</b>
<b>B.</b>	<b>Public Holding</b>		
<b>B-1</b>	<b>Institutions:</b>		
	- Mutual Funds/ UTI	87,725	0.41
	- Financial institutions/ Banks	4,810	0.02
	- Central/ State Governments	Nil	Nil
	- Venture capital Funds	Nil	Nil
	- Insurance Companies	34,845	0.16
	- Foreign financial institutions	8,050	0.04
	- Foreign venture Capital Investors	Nil	Nil
	<b>Sub Total (B-1)</b>	<b>1,35,430</b>	<b>0.63</b>
<b>B-2</b>	<b>Non Institutions:</b>		
	- Bodies Corporates	59,05,159	27.44
	- Individuals Holding nominal capital upto Rs 1 lakh	45,39,757	21.10
	- Individuals Holding nominal capital in excess of Rs 1 lakh	20,87,640	9.70
	<b>Others</b>		
	- NRIs	1,14,279	0.53
	- Trusts	1,775	0.01
	- Hindu Undivided Families	2,65,635	1.23
	<b>Sub Total (B-2)</b>	<b>1,29,14,245</b>	<b>60.01</b>
	<b>Sub Total B</b>	<b>1,30,49,675</b>	<b>60.64</b>
	<b>GRAND TOTAL</b>	<b>2,15,21,425</b>	<b>100.00</b>

**Registrar and Transfer Agent (RTA)**

The shareholders of the company are hereby informed that M/s MCS Limited are the Registrar and Transfer Agent of the Company. They are requested to forward their communication in respect of transfer of shares or other queries, directly to them.

**Share Transfer System**

The Company has, as per SEBI guidelines, offered the facility of dematerialization of physical shares and has appointed M/s. MCS Limited, Vadodara as its Registrar & Share Transfer Agent - for the purpose of electronic share transfer. Under this system, on receipt of the shares in physical form along with the demat request as generated by the Depository Participant (DP) are processed to dematerialise subject to the documents being valid and complete in all respects. The said shares in demat form is then transferred in the electronic form in the account of the respective depositories. Transfer of shares in physical form is also being carried out by the said Registrar and Share Transfer Agent.

**Dematerialisation of Shares**

- > As per the notification issued by SEBI, the shareholders were requested to dematerialise their physical shares, for trading compulsorily in dematerialised form.

- > As on 31<sup>st</sup> March, 2010 out of 21,521,425 fully paid up equity shares of Rs.10/- each, listed with the various Stock Exchanges 20,500,711 equity shares (95.26%) of the paid up capital are held in dematerialized form by 10258 beneficiaries.

Outstanding GDRs, ADRs, warrants or any Convertible Instruments etc: Nil

**Registered Office :**

Village Dora, Taluka Amod,  
Dist. Bharuch – 392 230 Gujarat (India).  
Phone : +91-2641-235151, 235153  
Fax : +91-2641-235160

**Corporate Office :**

78/79, Surya Kiran Complex, Second Floor,  
Old Padra Road, Vadodara – 390 007  
Phone : +91-265-2335844, 2330214  
Fax : +91-265-2336490  
E-mail : secretarialbaroda@bellceramic.com  
Website: www.bellceramic.com

**Plant Location :**

**Dora (Works) :**

Village Dora, Taluka Amod,  
Dist. Bharuch – 392 230 Gujarat (India).  
Phone : +91-2641-235151, 235153  
Fax : +91-2641-235160

**Hoskote (Works) :**

Village : Chokkahalli, Taluka : Hoskote,  
Bangalore (Rural) – 562 114 Karnataka (India)  
Phone : +91-80-7971571, 7971572  
Fax : +91-80-7971575

**Registrar and Share Transfer Agent :**

MCS Limited  
Neelam Apartment, 88, Sampatrao Colony,  
Above Chappan Bhog Sweets, Alkapuri,  
Vadodara-390007  
Tel. 0265-2339397 Fax. 0265-2341639  
Email : mcsbaroda@yahoo.com

**Share Department/Investors' Service Centre :**

Bell Ceramics Limited  
SECRETARIAL DEPARTMENT  
78/79, Surya Kiran Complex,  
Second Floor, Old Padra Road,  
Vadodara – 390 007  
Contact Person : Mr. S. R. Vyas  
Phone : +91-265-2335844, 2330214  
Fax : +91-265-2336490  
E-mail : secretarialbaroda@bellceramic.com

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### Declaration

As per clause 49 of the listing Agreement with the stock exchange, this is to confirm that all members of the Board of Directors and Senior Management personnel of the Company have affirmed compliance with the code of conduct of the Company for the financial year 2009-10

Place : Mumbai  
Date : 20.05.2010

**K. M. Pai**  
Managing Director

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### COMPLIANCE CERTIFICATE PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

#### CERTIFICATE

To  
THE MEMBERS OF  
BELL CERAMICS LIMITED

We have examined the compliance of conditions of corporate governance by BELL CERAMICS LIMITED for the year ended 31<sup>st</sup> March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned clause of the Listing Agreement.

We state that no Investor Grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholder / Investor Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For R. P. MALHAN & CO.**  
Chartered Accountants

Place : New Delhi  
Date : 20.05.2010

**VIKAS VIG**  
Partner  
Membership No. 16920

## AUDITORS' REPORT

### Auditor's Report to the Members of BELL CERAMICS LTD

We have audited the attached Balance Sheet of BELL CERAMICS LTD, as at 31<sup>st</sup> March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub – section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order to the extent applicable to the Company.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
- (iii) The Balance Sheet, the Profit and Loss Account and also the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and also the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) *The Company had filed an application during the year with the Central Government for seeking approval for removal of disqualification of certain Directors for subsequent appointments / reappointments that occurred on 1.04.2008 due to default in repayment of then existing debentures, which had however, during the previous year, been restructured into loan by the debenture holder(s) with effect from 1.04.2008 itself.* Subject to a favourable consideration of the above and on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) We report that *certain instalments aggregating to Rs.480 lacs of 8% Non-Convertible Redeemable Cumulative Preference Shares of Rs.10/- each had fallen due during the year which had not been repaid in view of the extension granted by the preference shareholder(s), which is however subject to approval from the shareholders at the general meeting. Moreover, during the year, the preference shareholders have given their consent for conversion of the said preference shares (3 preference shares of Rs.10/- each into 1 equity share of Rs.10/- each at a premium of Rs.20/- per share) in terms of a Scheme of Arrangement under Section 391-394 of the Companies Act, 1956, for which the Company has filed an application with the Hon'ble High Court of Gujarat (Refer Note 2). The said Scheme also provides for a reduction and reorganisation of the Equity Share Capital of the Company as approved by the Board of Directors and Shareholders.*
- (vii) In our opinion and according to the information and explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 31<sup>st</sup> March, 2010;
  - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For R P MALHAN & COMPANY**

Chartered Accountants

Firm Regn No. : 000960N

**VIKAS VIG**

Partner

Membership No : 16920

Place : New Delhi  
Date : 20.05.2010

### ANNEXURE TO THE AUDITORS' REPORT

- 1a) In our opinion and as per the information and explanation provided to us, the Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.

- 1b) A part of the fixed assets have been physically verified by the Management during the year, however, there exists a programme of verification of the assets over a period. In our opinion the frequency of verification of the fixed assets by the management is at reasonable intervals having regard to the size of the Company and nature of the assets and no material discrepancies were noticed between the book records and the physical inventory in respect of the assets physically verified.
- 1c) During the year, the Company has not disposed off a substantial part of the fixed assets. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of the fixed assets, if any, has not affected the going concern status of the Company.
- 2a) The inventories (except for clay, body and glaze material in work in process, owing to their nature), have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
- 2b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- 2c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
3. As informed to us, the Company has not taken / granted any loans, secured or unsecured from / to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control systems.
- 5a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- 5b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time where such prices are available.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits covered by the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 and hence the provisions of clause 4 (vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
7. Internal audit has been conducted by an independent firm of Chartered Accountants during the year and is commensurate with the size of the Company and nature of its business.
8. The Central Government has not prescribed for the Company the maintenance of cost records under clause (d) of Sub Section of (1) of Section 209 of the Companies Act, 1956 and hence the provisions of clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 9a) The Company has generally been regular in depositing undisputed dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and other applicable statutory dues with appropriate authorities *except delays in deposit in few cases of tax deducted at source and value added tax.*  
 According to the information and explanations given to us, *except for dues of tax deducted at source and fringe benefit tax (including interest on delay of deposit) of Rs.14,459,286/- outstanding for the period of more than six months from the date they became payable*, there are no undisputed amounts outstanding as at the year end for a period of more than six months from the date they became payable in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess.
- 9b) According to the records of the Company, there are no dues outstanding of income tax, sales tax, wealth tax, service tax, custom duty, excise duty or cess on account of any dispute except as follows:

Nature of Statute	Year to which it relates	Amount unpaid (Rs in lakhs)	Forum where dispute is pending
Karnataka Sales Tax Act, 1957	2002-03	2.83	Commissioner of Commercial Taxes, Bangalore Joint Commissioner (Appeals), Trade Tax Range – III, Lucknow High Court of Andhra Pradesh
Uttar Pradesh Trade Tax Act,	2006-07	1.88	
Andhra Pradesh Value Added Tax Act, 2005	2005-06 2006-07	4.89	

Nature of Statute	Year to which it relates	Amount unpaid (Rs in lakhs)	Forum where dispute is pending
Central Excise & Customs Act	1994-95	0.20	Customs Excise & Service Tax Appellate Tribunal (CESTAT), Mumbai
Central Excise & Customs Act	2007-08	21.54	Commissioner (Appeals), Vadodara
Central Excise & Customs Act (Service Tax)	June 2006 to January 2008	1.08	Commissioner (Central Excise & Customs) - Appeals, Bangalore
Income Tax Act, 1961	AY 1990-91	16.93	Supreme Court of India
Income Tax Act, 1961	AY 1995-96	22.37	Income Tax Appellate Tribunal, Ahmedabad
<b>TOTAL</b>		<b>71.72</b>	

10. In our opinion the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit as also during the immediately preceding financial year.
11. Based on our audit procedures and in our opinion and according to the information and explanations given by the management, the following amounts are overdue to a financial institution, bank or debenture holders as at the Balance Sheet date: -

Name of the Financial Institution	Year to which it relates	Overdue Amount (including interest) (Rs. in lakhs)
IDBI Bank Limited	2009-2010	112.53
Punjab National Bank	2009-2010	27.95
Bank of India	2009-2010	35.00

12. As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities the provisions of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society, hence the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts of dealing or trading in shares, securities, debentures and other investments and timely entries have been made in those records. We also report that the Company has held the shares, securities, debentures and other investments in its own name.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions, hence the provisions of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
16. In our opinion and according to the information and explanations furnished to us, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short- term basis have been used for long term purposes.
18. As the Company made no preferential allotment of shares to any parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, the provisions of clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
19. As the Company has not issued any debentures the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
20. As the Company has not raised any money by public issues the provisions relating to end use thereof as per clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
21. Based upon the audit procedures performed and according to the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For R P MALHAN & COMPANY**

Chartered Accountants  
Firm Regn No. : 000960N

**VIKAS VIG**

Partner

Membership No : 16920

Place : New Delhi  
Date : 20.05.2010



**BALANCE SHEET AS AT MARCH 31, 2010**

	SCHEDULE	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
<b>SOURCE OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	3652.14	3652.14
Reserves & Surplus	2	25.57	25.57
		<u>3677.71</u>	<u>3677.71</u>
<b>LOAN FUNDS</b>			
Secured Loans	3	7527.33	8217.59
Unsecured loans	4	1205.75	991.95
		<u>8733.08</u>	<u>9209.54</u>
		<u>12410.79</u>	<u>12887.25</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	5		
Gross Block		23930.81	23899.82
Less: Depreciation		13123.87	12010.55
Net Block		10806.94	11889.27
Capital Work in Progress		0.00	1.47
		<u>10806.94</u>	<u>11890.74</u>
<b>INVESTMENTS</b>	6	0.01	0.01
<b>DEFERRED TAX ASSET/(LIABILITY) (NET)</b> (Refer Note 7)		248.62	46.05
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	7		
Inventories		2984.12	3720.33
Sundry Debtors		1248.06	1225.52
Cash and Bank Balances		47.16	40.43
Loans and Advances		400.39	442.65
		<u>4679.73</u>	<u>5428.93</u>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>	8		
Current Liabilities		4306.35	4889.90
Provisions		66.91	0.00
		<u>4373.26</u>	<u>4889.90</u>
<b>NET CURRENT ASSETS</b>		<u>306.47</u>	<u>539.03</u>
<b>PROFIT AND LOSS ACCOUNT</b>	9	1048.75	411.42
		<u>12410.79</u>	<u>12887.25</u>
<b>SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES</b>	17		

As per our Report of even date

 For & on behalf of  
**R.P.Malhan & Company**  
 Chartered Accountants

**Vikas Vig**  
 Partner

 Place : New Delhi  
 Date : 20.05.2010

ON BEHALF OF THE BOARD OF DIRECTORS

**K.M.Pai**  
 Managing Director

**S.R.Vyas**  
 Executive Director  
 & Company Secretary

 Place : Mumbai  
 Date : 20.05.2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

	SCHEDULE	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
<b>INCOME</b>			
Sales		<b>16456.47</b>	20063.34
Excise duty paid		<b>(1126.28)</b>	(1182.54)
Net Sales		<b>15330.19</b>	18880.80
Other Income	10	<b>209.65</b>	184.99
		<b>15539.84</b>	19065.79
Inventory Variance	11	<b>(616.76)</b>	693.13
		<b>14923.08</b>	19758.92
<b>EXPENDITURE</b>			
Material	12	<b>4585.74</b>	6069.02
Personnel	13	<b>1611.80</b>	1682.38
Manufacturing, Administration & Selling	14	<b>7258.02</b>	9639.66
Finance Charges	15	<b>1088.02</b>	1163.21
		<b>14543.58</b>	18554.27
<b>PROFIT BEFORE DEPRECIATION, EXTRAORDINARY ITEMS AND TAX</b>		<b>379.50</b>	1204.65
Depreciation		<b>1,114.60</b>	1,119.27
Prior Period Adjustments	16	<b>2.54</b>	12.62
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(737.64)</b>	72.76
Provision for taxation - current year/earlier year		<b>95.65</b>	5.35
- deferred income tax		<b>(202.57)</b>	10.59
- fringe benefit tax		<b>6.61</b>	23.52
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>(637.33)</b>	33.30
LOSS BROUGHT FORWARD FROM PREVIOUS YEAR		<b>(2804.90)</b>	(2838.20)
<b>LOSS CARRIED TO BALANCE SHEET</b>		<b>(3442.23)</b>	(2804.90)
Earnings/ (loss) per share - basic (Refer note 18)		<b>(3.61)</b>	(0.50)
Earnings/ (loss) per share - diluted (Refer note 18)		<b>(3.61)</b>	(0.50)
SIGNIFICANT ACCOUNTING POLICIES, AND NOTES	17		

As per our Report of even date

 For & on behalf of  
**R.P.Malhan & Company**  
 Chartered Accountants

**Vikas Vig**  
 Partner

 Place : New Delhi  
 Date : 20.05.2010

ON BEHALF OF THE BOARD OF DIRECTORS

**K.M.Pai**  
 Managing Director

**S.R.Vyas**  
 Executive Director  
 & Company Secretary

 Place : Mumbai  
 Date : 20.05.2010

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
<b>1 SHAREHOLDERS' FUNDS</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
25,000,000 Equity Shares of Rs.10/- each	<b>2500.00</b>	2500.00
15,000,000 Non-Convertible Redeemable Cumulative Preference Shares of Rs.10/- each	<b>1500.00</b>	1500.00
	<b>4000.00</b>	4000.00
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
21,521,425 Equity Shares of Rs.10/- each fully paid up	<b>2152.14</b>	2152.14
15,000,000 8% Non-Convertible Redeemable Cumulative Preference Shares of Rs.10/- each fully paid up (Refer Note 2)	<b>1500.00</b>	1500.00
	<b>3652.14</b>	3652.14
<b>2 RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
Balance Brought Forward (Refer Note 5)	<b>25.57</b>	25.57
	<b>25.57</b>	25.57
<b>DEBENTURE REDEMPTION RESERVE</b>		
Balance brought forward	<b>0.00</b>	932.73
Transferred to General Reserve	<b>0.00</b>	(932.73)
	<b>0.00</b>	0.00
<b>GENERAL RESERVE</b>		
Balance Brought Forward	<b>2393.48</b>	1460.75
Add: Transferred from Debenture redemption Reserve Allowance	<b>0.00</b>	932.73
	<b>2,393.48</b>	2,393.48
<b>Less : Debit Balance in Profit &amp; Loss Account to the extent of Uncommitted Reserve as per Contra</b>	<b>(2,393.48)</b>	(2,393.48)
	<b>25.57</b>	25.57

	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
<b>3 SECURED LOANS</b>		
<b>TERM LOANS (Refer note 3)</b>		
From Banks		
- IDBI Bank Ltd.	5465.23	5555.23
- Bank of India	240.00	340.00
- Punjab National Bank	27.95	130.33
- Yes Bank - Short term loan	0.00	83.98
From Others		
- Hire Purchase Loans	8.24	20.49
- Interest accrued & due	28.13	7.47
<b>SHORT TERM LOANS &amp; ADVANCES FROM BANKS (Refer Note 3)</b>		
- Yes Bank	0.00	300.00
- Rupee Cash Credit Loans (net of balance in collection accounts)	1757.78	1315.18
- Foreign Currency Cash Credit Loans Bank of Bahrain & Kuwait	0.00	464.91
	<b>7527.33</b>	<b>8217.59</b>
<b>4 UNSECURED LOANS</b>		
Other short term loans from companies	1005.00	895.00
Interest accrued and due	200.75	96.95
	<b>1205.75</b>	<b>991.95</b>

## 5 FIXED ASSETS

(Rs in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1.4.09	Addi- tions	Deduc- tions	As on 31.03.10	Upto 31.3.09	For the year	Deduction/ Adjustments	Upto 31.3.10	As on 31.3.10	As on 31.3.09
Land	222.65	2.00	0.00	224.65	0.00	0.00	0.00	0.00	224.65	222.65
Building	3176.36	10.68	0.00	3187.04	1103.09	100.32	0.00	1203.41	1983.63	2073.27
Plant & Machinery	19951.06	13.40	0.00	19964.46	10528.74	981.64	0.00	11510.38	8454.08	9422.32
Furniture & Equipments	117.58	3.15	0.00	120.73	79.30	11.74	0.00	91.04	29.69	38.28
Office Equipment	91.56	0.61	0.00	92.17	56.97	4.13	0.00	61.10	31.07	34.59
Computer	205.30	0.85	0.00	206.15	186.56	5.08	0.00	191.64	14.51	18.74
Vehicles	135.31	2.60	2.30	135.61	55.89	11.69	1.28	66.30	69.31	79.42
Total	23899.82	33.29	2.30	23930.81	12010.55	1114.60	1.28	13123.87	10806.94	11889.27
Previous Year	23536.16	383.35	19.69	23899.82	10902.51	1119.27	11.23	12010.55		
Capital Work-In-Progress									0.00	1.47
									10806.94	11890.74

Notes :

- 1 Net Block of Building includes 4 flats amounting to Rs. 23.03 lakhs (Rs.23.50 lakhs) on account of membership in Nand Co-operative Housing Society Ltd. established under the Co-Operative Society Act, 1961.
- 2 Net Block includes assets acquired under Hire Purchase Rs.58.46 Lakhs (Previous year Rs.67.35 lakhs)
- 3 Capital work in progress represents Plant & Machinery under erection amounting to Rs.Nil (Previous Year Rs.1.47 lakhs)

	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
<b>6 INVESTMENTS - AT COST</b>		
<b>Long Term</b>		
<b>Non Trade Investments - Unquoted</b>		
50 Equity shares of Rs 10 each in Baroda Peoples Co- Operative Bank	0.01	0.01
	<u>0.01</u>	<u>0.01</u>
<b>7 CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>INVENTORIES</b> (As taken, valued and certified by the Management)		
Raw Materials	379.53	425.89
Work in Progress	53.85	56.61
Stores and Spares	565.50	611.20
Finished Goods	1932.03	2529.02
Stock in transit   - Raw Material	27.51	54.90
- Finished Goods	25.70	42.71
	<u>2984.12</u>	<u>3720.33</u>
<b>SUNDRY DEBTORS (UNSECURED)</b>		
Outstanding for over six months		
- Considered Good	96.20	32.47
- Considered Doubtful	83.10	139.00
Others - Considered Good *	1151.86	1193.05
	<u>1331.16</u>	<u>1364.52</u>
Less : Provision for Doubtful Debts	83.10	139.00
	<u>1248.06</u>	<u>1225.52</u>
* includes due from		
- Ascent Hotels Private Limited, a Company under the same management	2.08	7.11
Maximum outstanding during the year	7.11	8.94
- Asian Hotels (North) Limited, a Company under the same management	0.22	0.00
Maximum outstanding during the year	0.68	0.00
- Omkar Traders, a firm in which relative of Director is interested	0.00	0.19
Maximum outstanding during the year	0.00	3.92
<b>CASH AND BANK BALANCES</b>		
Cash in hand	3.05	4.06
Balances with scheduled banks		
- In Current Accounts	2.02	12.26
- In Fixed / Margin money deposits*	42.09	23.05
Cheques in hand	0.00	1.06
	<u>47.16</u>	<u>40.43</u>
*Earmarked as Margin for letters of Credit / Guarantees issued	41.30	23.05
<b>LOANS AND ADVANCES</b> (Unsecured & considered good)		
Advances recoverable in cash or in kind or for value to be received (Refer Note 8)	211.51	301.50
Security Deposits	111.47	94.21
Advance Income Tax (net of provision for tax)	0.00	7.37
Deposit with Government Departments	125.21	39.49
Interest accrued on deposit	0.08	0.08
	<u>448.27</u>	<u>442.65</u>
Less : Provision for Doubtful Advances	47.88	0.00
	<u>400.39</u>	<u>442.65</u>
	<u>4679.73</u>	<u>5428.93</u>

	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
<b>8 CURRENT LIABILITIES</b>		
Acceptances	90.93	92.46
Sundry Creditors	2514.73	3012.64
Advances from customers	65.24	35.20
Security Deposits*	425.46	418.20
Other Liabilities **	951.34	824.22
Interest accrued but not due	258.36	506.89
Unclaimed Debenture Interest	0.29	0.29
	<u>4306.35</u>	<u>4889.90</u>
*includes due to		
- Omkar Traders, a firm in which relative of Director is interested	0.00	0.17
**includes due to		
- Directors	3.43	0.74
<b>PROVISIONS</b>		
Taxation (including Fringe Benefit Tax) (net of Advance Tax)	66.91	0.00
	<u>66.91</u>	<u>0.00</u>
	<u>4373.26</u>	<u>4889.90</u>
<b>9 PROFIT AND LOSS ACCOUNT</b>		
Loss Carried Forward as per Profit & Loss Account	3442.23	2804.90
Less : General Reserve as per Contra	(2393.48)	(2393.48)
	<u>1048.75</u>	<u>411.42</u>



**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS  
ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

	<b>Current Year (Rs in lakhs)</b>	<b>Previous Year (Rs in lakhs)</b>
<b>10 OTHER INCOME</b>		
Export incentive	0.00	0.07
Interest - Banks *	2.64	2.19
Interest - Others	1.19	1.27
Rent received	3.37	2.85
Credit balances written back	4.04	1.12
Provision for expenses written back	50.11	66.09
Provision for doubtful debts written back	72.47	56.39
Profit on sale / disposal of fixed assets (net)	0.10	0.00
Claims	54.34	24.59
Miscellaneous income	21.39	30.42
	<u>209.65</u>	<u>184.99</u>
* Tax deducted at source	0.31	0.45
<b>11 INVENTORY VARIANCE</b>		
Closing Stock		
Work in Progress	53.85	56.61
Finished Goods	1957.73	2571.73
	<u>2011.58</u>	<u>2628.34</u>
Less: Opening Stock		
Work in Progress	56.61	124.63
Finished Goods	2571.73	1810.58
	<u>2628.34</u>	<u>1935.21</u>
INCREASE / (DECREASE) IN INVENTORY	<u>(616.76)</u>	<u>693.13</u>
<b>12 MATERIALS</b>		
Raw material Consumed	4539.18	6006.62
Processing charges	46.56	62.40
	<u>4585.74</u>	<u>6069.02</u>
<b>13 PERSONNEL EXPENSES</b>		
Salaries & Wages	987.49	1017.68
Contribution to Provident & Other Funds	61.61	60.71
Workmen & Staff Welfare	44.87	35.45
Gratuity	13.94	23.99
Contractual Obligation	361.12	398.04
Other factory expenses	142.77	146.51
	<u>1611.80</u>	<u>1682.38</u>

	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
<b>14 MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Stores, Spares & Tools	720.91	719.09
Power & Fuel	4066.05	5856.57
Repairs & Maintenance		
- Building	80.59	23.40
- Plant & Machinery	132.79	183.07
- Others	14.38	14.61
<b>ADMINISTRATION EXPENSES</b>		
Rent	4.83	9.75
Rates & Taxes	11.29	10.01
Insurance	11.47	13.00
Travelling & Conveyance*	154.51	164.09
Communication	34.92	42.13
Printing & Stationery	14.99	17.22
Legal & Professional	94.32	199.62
Payment to Auditors		
- As Audit Fees	3.00	3.00
- For Company Law Matters	0.53	0.53
- For Quarterly Audit	0.75	0.75
Exchange Fluctuation loss (net)	0.40	5.65
Directors' Sitting fee	1.14	0.98
Debit balances / sundry balances written off	12.14	11.73
Bad debts / advances written off	70.00	76.10
Miscellaneous	43.82	48.45
Donation	0.43	0.00
Provision for bad / doubtful debts and advances	64.45	118.40
Loss on sale / disposal of fixed assets (net)	0.00	3.25
<b>SELLING EXPENSES</b>		
Advertisement & Sales Promotion	193.97	175.22
Commission	29.99	33.14
Discount	(0.06)	12.45
Clearing & Forwarding	1496.41	1897.45
	<b>7258.02</b>	<b>9639.66</b>
* includes Directors Travelling	6.59	7.70
<b>15 FINANCE CHARGES</b>		
Interest		
- On Fixed Loans	543.38	620.43
- Others	477.88	461.09
Bank Charges	42.64	50.29
Other Finance charges	24.12	31.40
	<b>1088.02</b>	<b>1163.21</b>
<b>16 PRIOR PERIOD ADJUSTMENTS</b>		
Rates and Taxes	0.00	11.02
Others	2.54	1.60
	<b>2.54</b>	<b>12.62</b>

## 17A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### A) Basis of preparation

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company, and are consistent with those used in the previous year.

### B) Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires 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 end. 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 depreciation

- (i) Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/ amortisation. Costs include financing costs of borrowed funds attributable to acquisition or construction of fixed assets, up to the date the assets are put to use. Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any, recognised.
- (ii) Depreciation/Amortisation :
  - a) Tangible assets :
    - I. Depreciation is provided on straight line method at the rates and in the manner laid down in Schedule XIV to the Companies Act, 1956 except certain plant sub assemblies having limited life span of 3 years which have been written off over such life span.
    - II. Assets individually costing Rs.5,000 or less are depreciated fully in the year when the assets are put to use.
  - b) Intangible assets: These are amortised equally over a period of three years.

### D) Impairment

The carrying amount 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 asset's net selling price and value in use. In assessing value in use, the Company measures its 'value in use' on the basis of undiscounted cash flows of next five years projections estimated based on current prices.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### E) Investments

Investments that are readily realisable 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 valued at the lower of cost and fair value. Changes in the carrying amount of current investments are recognised in the Profit and Loss Account. Long-term investments are valued at cost, less any provision for diminution, other than temporary, in the value of such investments; decline, if any, is charged to the Profit and Loss Account. Cost comprises cost of acquisition and related expenses such as brokerage and stamp duties.

### F) Inventories

Inventories are valued at the lower of cost and net realisable value, except for scrap which is taken at nil value. However, scrap sold is accounted for on realisation. Cost is ascertained on a weighted average basis except for goods in transit which is ascertained on a specific identification basis. Work-in-progress and manufactured finished goods are valued on full absorption cost basis and include material, labour and factory overheads.

### G) Foreign Currency Transactions

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 transaction.

Conversion : Foreign currency monetary items are reported using the closing rate.

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.

#### **H) 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 is recognised on shipment or dispatch to customers. "Sales" are net of sales tax/value added tax, sales returns and trade discounts.
- (ii) Claims are accounted for on ascertainment and acknowledgement of the claims by the appropriate authorities subject to Note 10 below.
- (iii) Dividend income from investments is recognised when the company's right to receive payment is established.
- (iv) Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (v) Rent is accounted for on accrual basis.

#### **I) Retirement benefits**

Retirement benefit costs for the year are determined on the following basis:

- a. All employees are covered under contributory provident fund benefit of a contribution of 12% of basic salary. Certain employees are also covered by a superannuation fund benefit of Life Insurance Corporation of India at a company contribution of 15% of basic salary. Both are defined contribution schemes and the contributions are charged to Profit and Loss Account of the year when the contribution to the fund is due. There are no obligations other than the contribution payable to the respective funds.
- b. All employees are covered under Employees' Gratuity Scheme which is a defined benefit plan of Life Insurance Corporation of India. The Company contributes to the Fund on the basis of the year-end liability actuarially determined in pursuance of the Scheme. All actuarial gains/losses arising during the accounting year are recognised immediately in the Profit and Loss Account as income or expense.
- c. Accrual for leave encashment benefit is made on the basis of a year-end actuarial valuation in pursuance of the Company's leave rules.

#### **J) Income and Deferred Taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects 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 realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company reassesses unrecognized deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### **K) Earnings per share**

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity share outstanding during the period.

#### **L) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a 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.

#### **M) Cash and Cash Equivalents**

Cash and cash equivalents in the cash flow comprise cash at bank and cash / cheques in hand and short term deposits with Banks.

**N) Contingent Liabilities & Provisions:**

In terms of the requirement of the Accounting Standard 29(AS-29) on "Provisions, Contingent liabilities and Contingent Assets ":

- 1) where, as a result of past events, there is a present obligation that probably requires an outflow of resources and reliable estimates' can be made of the amount of obligation-an appropriate provision is created and disclosed;
- 2) where as result of past events, there is a possible obligation that may, but probably will not require an outflow of resources-no provision is recognised but appropriate disclosure made as contingent liability unless the possibility of outflow is remote.

	As at 31 Mar 10 (Rs in lakhs)	As at 31 Mar 09 (Rs in lakhs)
<b>17B. CONTINGENT LIABILITIES AND NOTES</b>		
1 Contingent Liabilities		
1(a) Letters of credit opened in favour of overseas suppliers	210.35	160.48
1(b) Outstanding Bank guarantees	1.88	3.39
1(c) Exchange loss on forward contracts for future years carried forward not provided for	0.00	2.56
1(d) Arrears of fixed cumulative preference dividend *	1,804.51	1,684.51
1(e) Income Tax demands under appeal, not provided for (excluding interest and penalties, if any)		
(i) Income Tax demands	51.83	91.59
(ii) Sales tax demands	9.61	52.68
(iii) Excise demands	28.98	41.12

\* As per the proposed scheme of arrangement with Hon'ble High Court of Gujarat, waiver of arrears of preference dividend till the effective date of scheme has been envisaged.

- 2 8% Redeemable Cumulative Preference Shares of Rs.10/- each aggregating Rs.1500 lakhs on private placement basis were allotted to non resident promoter as under

Date of allotment	Amount (Rs in lakhs)
04.2.99	500.00
15.2.99	500.00
16.3.99	200.00
23.4.99	100.00
28.7.99	200.00

The said Preference Shares were redeemable in three annual instalments of Rs.4/-, Rs.3/- and Rs 3/- per share at the end of 11th, 12th and 13th year from the date of allotment as per the extension approved by the shareholders at the AGM held on 29th July 2009.

Accordingly, the first annual instalment of Rs.4/- per share had become due for redemption during the year aggregating to Rs.480 lakhs & for which the preference share holders have granted an extension, subject to necessary approval from the shareholders at the annual general meeting.

However, under a Scheme of Arrangement, the Company has received the consent of preference share holders for conversion of 15,000,000 8% Redeemable Cumulative Preference Shares of Rs.10/- each fully paid into 5,000,000 Equity Shares of Rs.10/- each fully paid at a premium of Rs.20/- per share and waiver of the arrears of the Preference Dividend.

The said arrangement along with other restructuring and reduction in equity share capital has been approved by the Board of Directors on 12th May 2009 and by the Shareholders of the Company at their EGM held on 10th November 2009 as per the direction of Hon'ble High Court of Gujarat. The company petition seeking approval of the Hon'ble High court of Gujarat has been admitted by the Court vide its order dt 23.04.2010. On receipt of the Court's approval in the matter, the scheme will be implemented.

- 3 Loans

- 3(a) Loans from IDBI Bank Ltd. are secured by first mortgage and charge on immovable properties, present and future and hypothecation of all movables (save and except book debts) subject to prior charges created in favour of Company's bankers for working capital requirements. Further secured by a letter of comfort and Personal Guarantee given to IDBI by one of the Promoters of the Company.

- 3(b) Loan from Bank of India is secured by hypothecation of all the present and future plant and machinery, stock, book debts, receivables etc. and first pari passu mortgage and charge on the block of assets of the Company and secured by Personal Guarantee of two of the Promoters of the Company.
- 3(c) Loan from Punjab National Bank is secured by hypothecation of all the present and future plant and machinery, stock, book debts, receivables etc. and first pari passu mortgage and charge on the block of assets of the Company and secured by Personal Guarantee of one of the Promoters of the Company.
- 3(d) Hire purchase loans are secured by hypothecation of the assets acquired out of the loans.
- 3(e) Short term loans from Banks are secured against hypothecation of movable assets, including stock of raw materials, finished goods, stock in process, store and spares, book debts, receivables, etc. and mortgage by way of a second charge created / to be created on immovable properties.
- 4 Acceptances given to suppliers amounting to Rs.90.93 lakhs (Previous Year Rs.92.46 lakhs) represent the bills discounted by the suppliers with the Small Industries Development Bank of India under the bill discounting facilities collaterally secured by a second charge on moveable assets / book debts, both present and future.
- 5 Capital Reserve represents :  
Central & State Subsidy Rs 25.00 lakhs (Previous Year Rs 25.00 lakhs) ; and Profit on Reissue of Forfeited Shares Rs 0.57 lakhs (Previous Year Rs 0.57 lakhs)
- 6 Balances of sundry debtors, loans and advances and sundry creditors to the extent not confirmed as on 31.3.2010 are subject to reconciliation and adjustment wherever necessary.
- 7 The Company has during the year created deferred tax asset of Rs. 202.57 lakhs (Previous Year deferred tax liability Rs 10.59 lakhs) resulting in net deferred tax asset of Rs.248.62 lakhs as at balance sheet date in respect of temporary differences as per the details hereunder:

	Created Asset / (Liability) Rs in lakhs	As at 31 Mar 10 Rs in lakhs	As at 31 Mar 09 Rs in lakhs
a) Deferred Tax Assets on account of temporary differences :			
(i) Provision for doubtful debts	(19.64)	27.60	47.24
(ii) Provision for leave encashment	2.76	32.22	29.46
(iii) Provision for Gratuity	2.24	13.49	11.25
(iv) Provision for Doubtful Debts / Advances	15.90	15.90	0.00
b) Deferred Tax Liability on account of temporary differences:			
(i) Depreciation on fixed assets	170.13	(1595.07)	(1765.20)
c) Deferred tax assets on account of :			
(i) Unabsorbed Depreciation	31.18	1754.48	1723.30
<b>DEFERRED TAX ASSET / (LIABILITY) NET</b>	<b>202.57</b>	<b>248.62</b>	<b>46.05</b>

The Company has created deferred tax assets on the Unabsorbed Depreciation as calculated under the provisions of the Income Tax Act, 1961. As confirmed by the Board and Audit Committee and based on the current performance of the Company, the Management is virtually certain that there will be sufficient profits in future to write off such deferred tax asset. The future business projections made by the Management and its commitment to the same is the basis to support the recognition of the deferred tax asset.

- 8 Aggregate Directors' remuneration Rs.76.31 lakhs (Previous Year Rs.109.83 lakhs) includes Company's contribution to Provident Fund and other funds Rs.7.77 lakhs (Previous Year Rs 6.64 lakhs). The remuneration of Rs.19.74 lacs for the period January to March 2010 paid/payable to Managing Director and Executive Director is pending approval of Central Govt as per the provision of Section 311 read with Schedule XIII of Companies Act 1956. Gratuity and Leave Encashment entitlements based on actuarial valuation are not considered above.
- 9 Show cause notices have been received from Excise department amounting to Rs.6.16 lakhs (Previous Year Rs.0.16) as regards Cenvat which in the opinion of legal experts and Management are frivolous and liable to be quashed.
- 10 During the year, show cause notices have been received from Excise department amounting to Rs.0.16 lakhs (Previous Year Rs.0.89) as regards Cenvat on which in the opinion of legal experts and Management are frivolous and liable to be quashed.



## 10(a) Details of Raw Materials Consumed :

	Units	Current Year (Quantities)	Previous Year (Quantities)	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
Body Materials	MT	165,241	210,327	1,525.38	1,862.23
Glazes, Frits & Chemicals	MT	8,545	9,929	2,181.59	2,974.13
Packing Materials	Nos	7,764,846	10,699,089	601.89	836.56
Others				230.32	333.70
				4,539.18	6,006.62

## 10(b) Value of Imported &amp; Indigenous Raw Materials consumed, stores &amp; spares consumed &amp; percentages thereof

	Current Year (Percentage)	Previous Year (Percentage)	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
Raw Materials				
Imported	1	1	39.85	65.92
Indigenous	99	99	4,499.33	5,940.70
	100	100	4,539.18	6,006.62
Stores & Spares				
Imported	51	53	366.26	378.29
Indigenous	49	47	354.65	340.80
	100	100	720.91	719.09

## 11 Particulars of Sales and Stocks

Goods Manufactured:	Units	Current Year (Quantities)	Previous Year (Quantities)	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
(I) Ceramic Floor & Wall Tiles					
Opening Stock	SQ.MT	1,862,219	1,259,494	2,571.71	1,810.58
Sales	SQ.MT	9,888,772	11,580,370	16,456.47	20,063.35
Closing Stock	SQ.MT	1,422,379	1,862,219	1,957.73	2,571.71

Note : Quantities of sales include free of cost replacements, captive use, samples, shortages and damaged goods.

## 12 Details of Registered, installed capacities and production

	Units	Current Year	Previous Year
Ceramic Floor & Wall Tiles			
Registered Capacity	SQ.MTS	14,450,000	14,450,000
Installed Capacity	SQ.MTS	14,450,000	14,450,000
Production - Tiles	SQ.MTS	9,448,931	12,183,095

- Installed Capacity is as certified by the management not verified by the Auditors being a technical matter
- Actual production of tiles is reported in square meters as per approval of Ministry of Industry, Secretariat for Industrial Approvals, vide their letter dated 10.12.1998

	Current Year	Previous Year
13 CIF Value of Imports		
Capital goods	0.00	5.60
Raw Materials	32.36	20.27
Spares	186.95	227.63
14 Export earnings in Foreign Currency		
FOB Value of Exports	0.00	0.00
Freight and Insurance recovered	0.00	0.00
15 Expenditure in Foreign Currency (on payment basis)		
Travel	0.00	2.97

16 The Company is a single segment Company engaged in the business of production and sale of "Ceramic Glazed Tiles". In the opinion of the Management the risks and rewards associated with the different manufacturing units of the Company are identical, hence no further disclosures other than those already provided in the financial statements are required as per Mandatory Accounting Standard 17 (AS-17) on "Segment Reporting".

17 Details of minimum lease payments / hire purchase instalments payable by the Company and the present value thereof

	Minimum lease instalment (Rs in lakhs) Current Year	Minimum lease instalment (Rs in lakhs) Previous Year	Present value of minimum lease payments (Rs in lakhs) Current Year	Present value of minimum lease payments (Rs in lakhs) Previous Year
a) Hire Purchase Assets :				
(i) Payable not later than one year	6.08	13.84	5.36	12.25
(ii) Later than one year and not later than five years	3.06	9.14	2.87	8.24
(iii) Beyond five years	Nil	Nil	Nil	Nil
b) Assets on BOOT Basis				
(i) Payable not later than one year	90.48	90.48	83.78	83.78
(ii) Later than one year and not later than five years	67.86	158.34	58.18	131.44

18 Computation of Earnings /(Loss) Per Share

		Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
Profit/(Loss) After tax		(637.33)	33.30
Less: Preference dividends (including dividend tax)		(140.39)	(140.39)
Profit / (Loss) after tax and preference dividend (including dividend tax)		(777.72)	(107.09)
Weighted average number of equity shares outstanding during the year	Nos	21521425	21521425
Nominal value per share	Rs	10	10
Earnings/ (Loss ) per share			
- basic	Rs	(3.61)	(0.50)
- diluted	Rs	(3.61)	(0.50)

Note : The basic and diluted earning per share of the Company, as shown above, is subject to the approval of the Scheme of Arrangement by the Hon'ble High Court of Gujarat, stipulating therein conversion of preference shares into equity shares, waiver of arrears of preference dividend and reduction of equity share capital (refer note 2 above).

19. Disclosures under Accounting Standard 15 on Employee Benefits:

During the year, based on actuarial valuation, the company has created a liability for Rs.40.61 lakhs (Net of Plan Assets) (Previous year Rs.33.10 lakhs) for Gratuity and Rs.96.99 lakhs (Previous Year Rs.86.67 lakhs) for the Leave Encashment.

Disclosure in respect of Defined benefit obligations in respect of Gratuity & Leave Encashment pursuant to Accounting Standard 15.

Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

(Rs. In Lakhs)

	Gratuity Current Year	Leave Encashment Current Year	Gratuity Previous Year	Leave Encashment Previous Year
Opening defined benefit obligation	155.01	86.67	138.85	105.65
Service cost	16.31	7.07	14.56	6.91
Interest cost	12.40	6.93	11.11	7.64
Actuarial losses (gains)	(4.38)	22.31	6.23	0.47
Benefits paid	(18.12)	(25.99)	(15.75)	(34.00)
Closing defined benefit obligation	161.22	96.99	155.01	86.67

Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(Rs. In Lakhs)

	<b>Gratuity Current Year</b>	<b>Gratuity Previous Year</b>
Opening fair value of plan assets	<b>121.91</b>	94.57
Expected return	<b>9.75</b>	7.57
Actuarial gains and (losses)	<b>1.02</b>	2.31
Contributions by employer	<b>6.04</b>	33.21
Assets acquired in an amalgamation in the nature of purchase	<b>0.00</b>	-
Exchange differences on foreign plans	<b>0.00</b>	-
Benefits paid	<b>(18.12)</b>	(15.75)
Closing fair value of plan assets	<b>120.61</b>	121.91

The amounts recognized in the balance sheet are as follows:

(Rs. In Lakhs)

	<b>Gratuity Current Year</b>	<b>Leave Encashment Current Year</b>	<b>Gratuity Previous Year</b>	<b>Leave Encashment Previous Year</b>
Present value of funded obligations	<b>161.22</b>	<b>96.99</b>	155.01	86.67
Fair value of plan assets	<b>120.61</b>	-	121.91	-
Unrecognized past service cost	-	-	-	-
Net liability in the Balance Sheet	<b>40.61</b>	<b>96.99</b>	33.10	86.67

The amounts recognized in the statement of profit & loss are as follows:

(Rs. In Lakhs)

	<b>Gratuity Current Year</b>	<b>Leave Encashment Current Year</b>	<b>Gratuity Previous Year</b>	<b>Leave Encashment Previous Year</b>
Current service cost	<b>16.31</b>	<b>7.07</b>	14.56	6.91
Interest on obligation	<b>12.40</b>	<b>6.93</b>	11.11	7.64
Expected return on plan assets	<b>(9.75)</b>	-	(7.57)	-
Net actuarial losses (gains) recognized in the year	<b>(5.40)</b>	<b>22.31</b>	3.93	0.47
Past service cost	-	-	-	-
Losses (gains) on curtailments and settlements	-	-	-	-
Total included in 'employee benefit expense'	<b>13.56</b>	<b>36.31</b>	22.03	15.02

**Principal actuarial assumptions at the balance sheet date (expressed as weighted average)**

	<b>Gratuity Current Year</b>	<b>Leave Encashment Current Year</b>	<b>Gratuity Previous Year</b>	<b>Leave Encashment Previous Year</b>
Discount rate per annum as at 31st March 2010	<b>8.00%</b>	<b>8.00%</b>	8.00%	8.00%
Expected return per annum on plan assets as at 31st March'10	<b>8.00%</b>	-	8.00%	-
Salary Escalation per annum	<b>6.00%</b>	<b>6.00%</b>	7.00%	7.00%
Retirement Age	<b>60 years</b>	-	60 years	-
Mortality	<b>LIC 94-95 mortality tables</b>	-	LIC 94-95 mortality tables	-
Attrition rate	<b>1.00%</b>	-	2.00%	-

The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**20 (A) Related party disclosures:**

- (i) Names of Related Parties where control exists:  
Non Resident Promoters : Tayang Enterprises Pte Ltd, Singapore JBS Enterprises Pte Ltd, Singapore
- (ii) Key Management Personnel : Mr. K M Pai -Managing Director Mr. S R Vyas -Executive Director
- (iii) Associate Parties / Relatives of Directors of the Promoter Company which significantly influence/ are influenced by the Company (either individually or with others) with whom the Company had transactions during the year / previous year :  
Mr Ramesh Jatia  
Asian Hotels (North) Limited (formerly Asian Hotels Limited)  
Renown Pharmaceuticals Pvt. Ltd. (Formerly Renown Ceratek Pvt. Ltd.)  
WEL Intertrade Private Limited  
Omkar Traders  
Ascent Hotels Private Limited

**20 (B) Transactions with related parties during the year**

<b>Particulars</b>	<b>Associates (Current Year) (Rs. In lakhs)</b>	<b>Associates (Previous Year) (Rs. In lakhs)</b>	<b>Key Management Personnel (Current Year) (Rs. In lakhs)</b>	<b>Key Management Personnel (Previous Year) (Rs. In lakhs)</b>
<b>INCOME</b>				
Sale of Tiles	6.53	52.67		
<b>EXPENSES</b>				
Travel/Entertainment	0.00	0.12		
Director remuneration			76.31	109.83
D G Hiring Charges	90.48	90.48		
Professional Fees	53.40	53.40		
Reimbursement of expenses	25.81	19.42		
Retirement benefits	8.57	22.13		
Sales & Marketing	0.00	0.26		
Interest -others-(ICD)	119.38	106.69		
<b>Advances given</b>	21.06	21.06		
<b>Inter corporate Loans received</b>	28.00	510.00		
<b>Inter corporate Loans repaid</b>	38.0	250.00		
<b>Amount outstanding</b>				
- other liabilities	10.07	11.31	3.43	0.74
- inter corporate loans	885.00	895.00		
- interest accrued on inter corporate loans	244.72	125.33		
<b>Amount Receivable</b>	2.30	7.30		

20 (C) Disclosure in respect of transactions which are more than 10% of the total related parties transaction of the same type during the year

<b>Particulars</b>	<b>Current Year Rs. In lakhs</b>	<b>Previous Year Rs. In lakhs</b>
<b>Sales</b>		
- Omkar Traders	0.00	35.13
- Ascent Hotels Private Limited	5.50	17.54
- Asian Hotels (North) Limited	1.03	0.00
<b>Travel/Entertainment</b>		
- Asian Hotels (North) Limited	0.00	0.12
<b>Electricity-Generation Charges</b>		
- Renown Pharmaceutical Pvt. Ltd.	90.48	90.48
<b>Professional Fees/Expenses</b>		
- Mr. Ramesh Jatia - Professional Fees	53.40	53.40
- Mr. Ramesh Jatia - Reimbursement of expenses	25.81	19.42
- Mr. Ramesh Jatia - Retirement Benefits	8.57	22.13
<b>Project Commission</b>		
- Omkar Traders	0.00	0.26
<b>Interest on Loan</b>		
- Wel Intertrade Pvt. Ltd.	119.38	106.69
<b>Director Remuneration</b>		
- Mr. K M Pai	51.77	76.31
- Mr. S R Vyas	24.54	33.52
<b>Inter Corporate loans received</b>		
- Wel Intertrade Pvt. Ltd.	28.00	510.00
<b>Inter Corporate loans repaid</b>		
- Wel Intertrade Pvt. Ltd.	38.00	250.00
<b>Amount Outstanding</b>		
<b>Interest accrued</b>		
- Wel Intertrade Pvt. Ltd.	244.72	125.33
<b>Inter Corporate loans</b>		
- Wel Intertrade Pvt. Ltd.	885.0	895.00
<b>Other Liabilities</b>		
- Mr. Ramesh Jatia - Professional fees	4.45	4.45
- Mr. Ramesh Jatia - Retirement Benefits	0.00	1.07
- Mr. K M Pai - Remuneration	2.45	0.00
- Mr. S R Vyas - Remuneration	0.98	0.74
- Renown Pharmaceutical Pvt. Ltd.	5.62	5.62
- Omkar Traders - Dealer Security Deposit & Int.	0.00	0.17
<b>Advance</b>		
- Renown Pharmaceutical Pvt. Ltd.	21.06	21.06
<b>Amount Receivable</b>		
- Asian Hotels (North) Limited	0.22	0.00
- Ascent Hotels Private Limited	2.08	7.11
- Omkar Traders	0.00	0.19

21 The Assets of the Company have not been impaired during the year as certified by the management of the Company The management has conducted the test of impairment of of Assets using the Value-in-use method in accordance with the Mandatory Accounting Standard -28 (AS - 28) on Impairment of Assets. For calculation of value -in-use, discount rate of 8% per annum is used by the Management.

22 The Company has amounts due to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') as at 31st March, 2010. The disclosure pursuant to the said Act is as under :

Particulars	Current Year Rs. In lakhs	Previous Year Rs. In lakhs
- Principal Amount due to suppliers under MSMED	0	4.41
- Interest accrued and due to suppliers under MSMED on the above amount, unpaid	0	0.16
- Payment made to suppliers (other than interest) beyond the appointed day during the year	4.41	103.7
- Interest paid to suppliers under the MSMED	0	0
- Interest due & payable towards suppliers under MSMED Act towards payment already made.	2.69	2.37

23 The amount of foreign currency exposures that are not hedged by a derivative instruments or otherwise as on 31st March 2010 are as under:

Particulars	Foreign Currency Amount (in lakhs)	Rupee Amount (in lakhs)
Payables (in Euro)	0.89	54.21

Closing rate of conversion are as under:

Currency	Rate of Conversion
One Euro	61.0375

24 Previous Year figures have been regrouped wherever necessary to make them comparable with those of the current year.

Signature to the Schedule 1 to 17

As per our Report of even date

For & on behalf of  
**R.P.Malhan & Company**  
 Chartered Accountants

**Vikas Vig**  
 Partner

Place : New Delhi  
 Date : 20.05.2010

ON BEHALF OF THE BOARD OF DIRECTORS

**K.M.Pai**  
 Managing Director

**S.R.Vyas**  
 Executive Director  
 & Company Secretary

Place : Mumbai  
 Date : 20.05.2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

	Current Year Rs. in lakhs	Previous Year Rs. in lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX BUT AFTER EXCEPTIONAL/EXTRA ORDINARY ITEMS	(737.64)	72.76
Adjustments for:		
Depreciation	1,114.60	1,119.27
Interest & Finance Expense	1,088.02	1,163.21
Interest Income	(2.64)	(2.19)
Loss (Profit) on Fixed Assets sold/ discarded (net)	(0.10)	3.25
Bad Debts / Advances / Debit Balance Written off	82.14	87.83
Provision for Bad & Doubtful Debts/advances	64.45	118.40
Liability no longer required written back	(54.15)	(67.21)
Provision no longer required written back	(72.47)	(56.39)
Provision for Gratuity & Leave Encashment	49.87	37.05
Prior Period Expenses/(Income) (Net)	2.54	12.62
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,534.62</b>	<b>2,488.60</b>
Adjustments for changes in working capital :		
- (Increase)/Decrease in Sundry Debtors	(36.64)	(166.94)
- (Increase)/Decrease in Other Receivables	(24.81)	106.02
- (Increase)/Decrease in Inventories	736.20	(643.27)
- Increase/(Decrease) in Trade and Other Payables	(341.94)	(197.80)
- Unit Reco	-	-
<b>CASH GENERATED FROM OPERATIONS</b>	<b>1,867.43</b>	<b>1,586.61</b>
- Taxes (Paid) / Received {Net of withholding taxes(TDS)}	(27.99)	(24.90)
- Prior Period (Expenses)/Income (Net)	(2.54)	(12.62)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,836.90</b>	<b>1,549.09</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets		
Additions during the period	(22.07)	(337.77)
Capital Work in Progress		
Deductions/(additions) during the year	1.47	10.24
Proceeds from Sale of fixed assets	1.12	4.94
Interest Received (Revenue)	2.32	2.22
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(17.16)</b>	<b>(320.37)</b>



	Current Year Rs. in lakhs	Previous Year Rs. in lakhs
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings		
RECEIPTS	-	177.00
PAYMENTS	(367.95)	(549.86)
Proceeds from short term borrowings		
RECEIPTS	-	-
PAYMENTS	213.80	279.51
Interest & Finance charges Paid	(1,336.55)	(941.76)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,490.70)</b>	<b>(1,035.11)</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	329.04	193.61
CASH AND CASH EQUIVALENTS - OPENING	(2,039.66)	(2,233.27)
CASH AND CASH EQUIVALENTS - CLOSING	(1,710.62)	(2,039.66)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>329.04</b>	<b>193.61</b>

**NOTES:**

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 on Cash Flow Statement.
- Cash and Cash Equivalents at the end of the year consist of cash in hand and Balance with Banks and are net of short term loans and advances from banks as follows:

	As at 31st March 2010	As at 31st March 2009
Cash, Cheques & Drafts (in hand) and Remittances in transit	3.05	5.12
Short term loans and advances from banks	(1,757.78)	(2,080.09)
Balance with Scheduled Banks	44.11	35.31
	<b>(1,710.62)</b>	<b>(2,039.66)</b>

**AUDITORS' CERTIFICATE**

This is the Cash Flow Statement referred to in our report of even date

For & on behalf of  
**R.P.Malhan & Company**  
 Chartered Accountants

**Vikas Vig**  
 Partner

Place : New Delhi  
 Date : 20.05.2010

ON BEHALF OF THE BOARD OF DIRECTORS

**K.M.Pai**  
 Managing Director

**S.R.Vyas**  
 Executive Director  
 & Company Secretary

Place : Mumbai  
 Date : 20.05.2010

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.	08196	State Code	04
Balance Sheet date	31st March 2010		

### II. Capital raised during the year (Amount in Rs.thousand)

Public Issue	Nil	Bonus Issue	Nil
Rights Issue	Nil	Private Placement	Nil

### III. Position of Mobilisation and Deployment of Funds (Amounts in Rs. thousand)

Total Liabilities	1241079	Total Assets	1241079
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#### Source of Funds

Paid Up Capital	365214	Secured Loans	752733
Reserve & Surplus	2557	Unsecured Loans	120575

#### Application of Funds

Net Fixed Assets	1080694	Misc. Expenditure (including deferred	24862
Investment	1	Losses tax asset/liability net)	
Net Current Assets	30647	Profit & Loss Account	104875

### IV. Performance of Company (Amount in Rs. thousands)

Turnover	1492308	+/- Profit/Loss Before Tax	(73764)
Total Expenditure	1566072	+/- Profit/Loss After Tax	(63733)
Earnings per share in Rs.	(3.61)	Dividend Rate %	NIL

### V. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No: (ITC Code)	Products Description:
690500	Ceramic Glazed Tiles

ON BEHALF OF THE BOARD OF DIRECTORS

Place : Mumbai  
Date : 20.05.2010

**K.M.Pai**  
Managing Director

**S.R.Vyas**  
Executive Director  
& Company Secretary



**Bell**  
CERAMICS LIMITED

## BELL CERAMICS LIMITED

**Regd. Office :** Village : Dora, Tal. Amod, Dist. Bharuch, Gujarat

### ATTENDANCE SLIP FOR TWENTY FOURTH ANNUAL GENERAL MEETING

Please fill in Attendance Slip and hand over at the entrance of meeting place. Joint Shareholders may obtain Attendance Slip on request.

D.P. ID*	
Client ID*	

Regd. Folio No.	
No. of Shares held	

I hereby record my presence at the Twenty Fourth Annual General Meeting of the Company held on Saturday, the 18th September, 2010 at 12.00 Noon at the Registered Office of the Company situated at Village Dora, Taluka Amod, District Bharuch, Gujarat.

Signature of the  
Shareholder or Proxy \_\_\_\_\_

\* Applicable for shareholders holding shares in demat form.

----- TEAR HERE -----

## BELL CERAMICS LIMITED

**Regd. Office :** Village : Dora, Tal. Amod, Dist. Bharuch, Gujarat

### PROXY

D.P. ID*	
Client ID*	

Regd. Folio No.	
No. of Shares held	

I/We \_\_\_\_\_  
of \_\_\_\_\_ being member(s) of Bell  
Ceramics Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me / us on my / our behalf at the Twenty Fourth Annual General Meeting of the Company to be held on Saturday the 18th September, 2010 and at any adjournment thereof.

Signed \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Signature of Shareholder \_\_\_\_\_

Affix  
Revenue  
Stamp

#### Note :

The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

**THE PROXY NEED NOT BE A MEMBER OF THE COMPANY**

BOOK-POST

To,

If undelivered please return to :



***An ISO 9001 & 14001 Company***

**Corporate Office : 78/79, Surya Kiran Complex, 2nd Floor,  
Old Padra Road, Vadodara - 390 007.**

**Tel. : 0265-2335844, 2356341 Fax : 0265-2336490**

**E-mail : [secretarialbaroda@bellceramic.com](mailto:secretarialbaroda@bellceramic.com)**

**Visit us at [www.bellceramic.com](http://www.bellceramic.com)**

**Homes made beautiful**

