

BOARD OF DIRECTORS

Mr. Mahendra K. Daga	Chairman
Mr. Madhur Daga	
Mr. R. N. Bansal	
Mr. S. K. Jatia	
Mr. N. R. Srinivasan	
Mr. Arun Sodhani	
Mr. K. M. Pai	Managing Director
Mr. Anil Agarwal	
Ms. Madhavi Kapadia	Nominee Director
Mr. S. R. Vyas	Executive Director
(Retired w.e.f. 01.04.11)	

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

COMPANY SECRETARY

Mr. S. R. Vyas (Retired w.e.f. 01.04.11)

GENERAL INVESTOR QUARRIES:

Contact Person: Mr. Samir K. Patel
 Asst. Company Secretary
 Tel. No.: +91 – 2641 – 235151, 235153
 e-mail ID: investor@bellceramic.com

BANKERS

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

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. G. Vaidyanthan	– AGM (Materials)
Mr. Jagdish Pal	– AGM (Production)

AUDITORS

M/s S. R. Dinodia & Co.
 Chartered Accountants
 K-39, Connaught Place,
 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).

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NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of Bell Ceramics Limited will be held on Saturday, the 28th May, 2011 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 December 2010, the Profit and Loss Account for the period ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without modifications.

Item No. 3 – ORDINARY RESOLUTION

“RESOLVED THAT Shri Mahendra K Daga, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom, the Company has under section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Item No. 4 – ORDINARY RESOLUTION

“RESOLVED THAT Shri Madhur Daga, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom, the Company has under section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Item No. 5 – ORDINARY RESOLUTION

“RESOLVED THAT Shri S K Jatia, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom, the Company has under section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Item No. 6 – ORDINARY RESOLUTION

“RESOLVED THAT Shri R. N. Bansal, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom, the Company has under section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Item No. 7 – ORDINARY RESOLUTION

“RESOLVED THAT Shri N R Srinivasan, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom, the Company has under section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Item No. 8 – ORDINARY RESOLUTION

“RESOLVED THAT Shri Arun Sodhani, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom, the Company has under section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Item No. 9 – ORDINARY RESOLUTION

“RESOLVED THAT Shri Anil Agarwal, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom, the Company has under section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Regd. Office:
Village Dora, Taluka Amod
District Bharuch, Gujarat
Date: 25.02.2011

By Order of the Board

K. M. Pai
Managing Director

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.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, the 23rd May, 2011 to Saturday, the 28th May, 2011 (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.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:

Item No. 3

Shri Mahendra K Daga, was appointed by the Board of Directors as an Additional Director of the Company with effect from 24.11.2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") read with Article 104 of the Articles of Association of the Company, Shri Mahendra K Daga holds office up to the date of this Annual General Meeting of the Company. Notice under Section 257 of the Act, has been received from a member of the Company proposing him as a candidate for the office of Director, liable to retire by rotation.

Shri Mahendra K Daga is a graduate with an Arts Degree from St. Xavier's College, Kolkata and is a fellow member of the Institute of Materials, U.K. He is the Chairman & Managing Director of Orient Ceramics And Industries Limited (OCIL), the holding company of Bell Ceramics Limited. Besides OCIL, he holds directorship in various companies as also a Board member of Indian council of Ceramic Tiles and Sanitarywares. He has over 42 years experience in Ceramic industry.

The Board of Directors is of the view that having such a long and rich experience in the ceramic tile industry, the services and guidance of Shri Mahendra K Daga will be of immense value to the company.

None of the Directors except Shri Mahendra K Daga himself and Shri Madhur Daga his relative on the Board, is in any way concerned or interested in this resolution.

The Board recommends the resolution at Item No. 3 for your approval.

Item No. 4

Shri Madhur Daga, was appointed by the Board of Directors as an Additional Director of the Company with effect from 24.11.2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") read with Article 104 of the Articles of Association of the Company, Shri Madhur Daga holds office up to the date of this Annual General Meeting of the Company. Notice under Section 257 of the Act, has been received from a member of the Company proposing him as a candidate for the office of Director, liable to retire by rotation.

Shri Madhur Daga is a Science graduate and holding a Master Degree in Business Administration with Finance. He is the Executive Director of Orient Ceramics And Industries Limited (OCIL), the holding company of Bell Ceramics Limited. Besides OCIL, he holds directorship in one another company. He has over 15 years experience in Ceramic industry.

The Board of Directors is of the view that having a very rich experience in Marketing and finance in the ceramic tile industry, the services and guidance of Shri Madhur Daga will be of immense value to the company.

None of the Directors except Shri Madhur Daga himself and Shri Mahendra K Daga his relative on the Board, is in any way concerned or interested in this resolution.

The Board recommends the resolution at Item No. 4 for your approval.

Item No. 5

Shri S K Jatia, was appointed by the Board of Directors as an Additional Director of the Company with effect from 24.11.2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") read with Article 104 of the Articles of Association of the Company, Shri S K Jatia holds office up to the date of this Annual General Meeting of the Company. Notice under Section 257 of the Act, has been received from a member of the Company proposing him as a candidate for the office of Director, liable to retire by rotation.

Shri S K Jatia is a commerce graduate having a very rich and long experience of managing companies engaged in the manufacturing and service providing. He has been associated with the company management since last 25 years. He holds directorship in various other companies. He has over 30 years experience in various fields of management.

The Board of Directors is of the view that the services and guidance of Shri S K Jatia will be of immense value to the company.

None of the Directors except Shri S K Jatia himself is in any way concerned or interested in this resolution.

The Board recommends the resolution at Item No. 5 for your approval.

Item No. 6

Shri R. N. Bansal, was appointed by the Board of Directors as an Additional Director of the Company with effect from 24.11.2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") read with Article 104 of the Articles of Association of the Company, Shri R. N. Bansal holds office up to the date of this Annual General Meeting of the Company. Notice under Section 257 of the Act, has been received from a member of the Company proposing him as a candidate for the office of Director, liable to retire by rotation.

Shri R. N. Bansal is holding a master degree in Arts and a Fellow Member of the Institute of Chartered Accountants of India as also the Associate Member of the Institute of Company Secretaries of India. He is having almost more than 56 years, a very rich and long experience in various fields of management. He has been associated with the management of OCIL, the holding company since 1989. He also holds directorship in various other companies as also members of committees of Directors including chairmanship of audit committees and remuneration committees.

The Board of Directors is of the view that the services and guidance of Shri R. N. Bansal will be of immense value to the company.

None of the Directors except Shri R. N. Bansal himself is in any way concerned or interested in this resolution.

The Board recommends the resolution at Item No. 6 for your approval.

Item No. 7

Shri N. R. Srinivasan, was appointed by the Board of Directors as an Additional Director of the Company with effect from 24.11.2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") read with Article 104 of the Articles of Association of the Company, Shri N. R. Srinivasan holds office up to the date of this Annual General Meeting of the Company. Notice under Section 257 of the Act, has been received from a member of the Company proposing him as a candidate for the office of Director, liable to retire by rotation.

Shri N. R. Srinivasan is M.Sc. in Tech Ceramic Technology. He is having almost more than 59 years, a very rich and long experience in the fields of ceramic technology. He has been associated with the management of OCIL, the holding company since 1988. He also holds directorship in various other companies as also members of committees of Directors.

The Board of Directors is of the view that the services and guidance of Shri N. R. Srinivasan will be of immense value to the company.

None of the Directors except Shri N. R. Srinivasan himself is in any way concerned or interested in this resolution.

The Board recommends the resolution at Item No.7 for your approval.

Item No. 8

Shri Arun Sodhani, was appointed by the Board of Directors as an Additional Director of the Company with effect from 24.11.2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") read with Article 104 of the Articles of Association of the Company, Shri Arun Sodhani holds office up to the date of this Annual General Meeting of the Company. Notice under Section 257 of the Act, has been received from a member of the Company proposing him as a candidate for the office of Director, liable to retire by rotation.

Shri Arun Sodhani is B.A. and has done Business Management Course from London (U.K.) with almost more than 30 years, a very rich and long experience in various fields of corporate management.

The Board of Directors is of the view that the services and guidance of Shri Arun Sodhani will be of immense value to the company.

None of the Directors except Shri Arun Sodhani himself is in any way concerned or interested in this resolution.

The Board recommends the resolution at Item No.8 for your approval.

Item No. 9

Shri Anil Agarwal, was appointed by the Board of Directors as an Additional Director of the Company with effect from 24.11.2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") read with Article 104 of the Articles of Association of the Company, Shri Anil Agarwal holds office up to the date of this Annual General Meeting of the Company. Notice under Section 257 of the Act, has been received from a member of the Company proposing him as a candidate for the office of Director, liable to retire by rotation.

Shri Anil Agarwal is a graduate in Mechanical Engineering. He is having almost more than 24 years, a very rich and long experience successfully operating the ceramic tile plants. He has been associated as President Operations with OCIL, the holding company.

The Board of Directors is of the view that the services and guidance of Shri Anil Agarwal will be of immense value to the company.

None of the Directors except Shri Anil Agarwal himself is in any way concerned or interested in this resolution.

The Board recommends the resolution at Item No.9 for your approval.

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.

Regd. Office:
Village Dora, Taluka Amod
District Bharuch, Gujarat
Date: 25.02.2011

By Order of the Board

K. M. Pai
Managing Director

Details of Directors seeking re-appointment (appointment at the Annual General Meeting) (In pursuance of clause 49 of the Listing Agreement)

- 1. Name of the Director:** Shri Mahendra K Daga, **Age;** 72Years, **Qualification:** BA,FIM (UK), **Date of Appointment:** 24.11.2010, **Expertise:** Having rich and vast experience in ceramic tile industry, **Directorships as on 31.12.10:** Orient Ceramics And Industries limited (Chairman & Managing Director) , Good Team Investment & Trading Co. Pvt Ltd, Freesia Investment & Trading Co Ltd, Triveni Engineering & Industries Ltd, Indian Council of Ceramic Tiles and Snitarywares, Bell Ceramics Limited- Chairman, **Chairman/ member of Audit committees;** Orient Ceramics and Industries Ltd -Member, **Chairman/ member of Shareholders'/ Investors Grievance committees;** Orient Ceramics and Industries Ltd - Member, **Shareholding in the Company:** 14759 Equity shares of Rs 10/- each
- 2. Name of the Director:** Shri Madhur Daga, **Age;** 38Years, **Qualification:** B.Sc (Mktg & Fin), MBA (Finance) , **Date of Appointment:** 24.11.2010, **Expertise:** Having rich and vast experience in ceramic tile industry, **Directorships as on 31.12.10:** Orient Ceramics And Industries limited (Executive Director) , Good Team Investment & Trading Co. Pvt Ltd, Bell Ceramics Limited, **Chairman/ member of Audit committees;** Nil, **Chairman/ member of Shareholders'/ Investors Grievance committees;** Orient Ceramics and Industries Ltd - Member, **Shareholding in the Company:** Nil
- 3. Name of the Director:** Shri S.K.Jatia, **Age;** 58 Years, **Qualification:** B.Com, **Date of Appointment:** 24.11.2010, **Expertise:** Having rich and vast experience in ceramic and Hotel industry, **Directorships as on 31.12.10:** Asian Hotel (North) Ltd., Chairman & Managing Director, Energy Infrastructure (I) Ltd., Chairman, Foods Fats & Fertilisers Ltd., Gurgaon Recreation Park Ltd., Magus Estates & Hotels Ltd., Leading Hotels Ltd. Asian Holdings Pvt. Ltd., Chanakya Hotels Pvt. Ltd., Country Development & Management Services Pvt. Ltd., Pergo India Pvt. Ltd., Danisco Ingredients (I) Pvt. Ltd., Rose Serviced Apt. India Pvt. Ltd., Hind Broadcasting Co. Pvt. Ltd., Bollywood

Broadcasting Co. Pvt. Ltd., Smart Realtors Pvt. Ltd., Amazing Academics Pvt. Ltd., Amazing Energy Pvt. Ltd., Smart Tourism Pvt. Ltd., R S J Developers Pvt. Ltd., Keppel Magus Development Pvt. Ltd., Prudential Hotels Pvt. Ltd., Ascent Hotels Pvt. Ltd., Newtown Leisure Pvt. Ltd., Axis Commercial Pvt. Ltd., **Chairman/ member of Audit committees; Nil, Chairman/ member of Shareholders'/ Investors Grievance committees;, , Shareholding in the Company: 28383**

4. **Name of the Director:** Shri R . N . Bansal, **Age;** 80 Years, **Qualification:** MA, FCA, ACS, ACIS , **Date of Appointment:** 24.11.2010, **Expertise:** Having rich and vast experience in Finance, **Directorships as on 31.12.10:** Orient Ceramics And Industries limited, Chambal Fertilizer & Chemicals Ltd, Essar Shipping Ports & Logistics Ltd, Gobind Sugar Mills Ltd, Pushpsons Industries Ltd, The Hindoostan Spinning & Weaving Mills Ltd, The Vadinar Oil Terminal Ltd, Essar Logistics Ltd, Imaging Products Pvt Ltd , Bell Ceramics Limited, **Chairman/ member of Audit committees;** Orient Ceramics And Industries limited- Chairman, Chambal Fertilizer & Chemicals Ltd- Member, Essar Shipping Ports & Logistics Ltd- Chairman, Gobind Sugar Mills Ltd- Member, Bell Ceramics Limited- Chairman, Pushpsons Industries Ltd- Chairman, The Hindoostan Spinning & Weaving Mills Ltd-Member, Vadinar Oil Terminal Ltd- Member, **Chairman/ member of Shareholders'/ Investors Grievance committees;** Chambal Fertilizer & Chemicals Ltd-Chairman, **Shareholding in the Company:** Nil

5. **Name of the Director:** Shri N . R . Srinivasan , **Age;** 85 Years, **Qualification:** M.Sc, Tech Ceramic Technology, **Date of Appointment:** 24.11.2010, **Expertise:** Having rich and vast experience in ceramic technology, **Directorships as on 31.12.10:** Orient Ceramics And Industries limited, Bell Ceramics Limited, **Chairman/ member of Audit committees;** Orient Ceramics And Industries limited- Member , **Chairman/ member of Shareholders'/ Investors Grievance committees;** Orient Ceramics And Industries limited -Chairman , Bell Ceramics Limited- Chairman, **Shareholding in the Company:** Nil
6. **Name of the Director:** Shri Arun Kumar Sodhani , **Age;** 66 Years, **Qualification:** B.A. & Business Management Course from U.K., **Date of Appointment:** 24.11.2010, **Expertise:** Having rich and vast experience in Trading & Export, **Directorships as on 31.12.10:** Bell Ceramics Limited, **Chairman/ member of Audit committees;** Bell Ceramics Limited - Member , **Chairman/ member of Shareholders'/ Investors Grievance committees:** Nil, **Shareholding in the Company:** Nil
7. **Name of the Director:** Shri Anil Agarwal , **Age;** 45 Years, **Qualification:** BE- Mechanical , **Date of Appointment:** 24.11.2010, **Expertise:** Having rich and vast experience in Ceramic tile Industry , **Directorships as on 31.12.10:** Morning Glory Leasing and Finance Ltd, Bell Ceramics Limited, **Chairman/ member of Audit committees;** Nil, **Chairman/ member of Shareholders'/ Investors Grievance committees;** Bell Ceramics Limited- Member, **Shareholding in the Company:** Nil

DIRECTORS' REPORT

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

FINANCIAL RESULTS

	(Rs. in lacs)	
	Current Period 2010-11 (9 Months)	Previous Year 2009-10 (12 Months)
Sales & Other Income	11943.70	16666.11
Profit Before Interest, Depreciation and Taxation	1015.76	1464.98
Interest	1235.65	1088.02
Profit Before Depreciation & Amortization	-219.89	376.96
Depreciation	837.64	1114.59
Profit/(Loss) before tax	-1057.54	-737.63
Less : Provision for Tax		
- Current Year/earlier year	0.00	-95.65
- Deferred Income Tax	267.65	202.57
- FBT	-4.81	-6.61
Profit/(Loss) after Tax	-794.70	-637.32
Profit/(Loss) b/f from previous year	-3442.22	-2804.90
Less: Written off under the scheme of Arrangement & Restructuring as per order of Hon'ble High court of Gujarat	2838.18	0.00
Profit/(Loss) carried to Balance Sheet	-1398.74	-3442.22

Business Performance:

With continuous reduction in the market share of the company's product, there was further fall in the capacity utilization of the plants. During the year on an annualized basis, the production reduced by 6% in terms of quantity whereas the sales reduced by 10% in terms of quantity over the previous year performance. With the under utilization of the plant capacity, the fixed cost could not be amortised resulting into the higher effective per unit cost of production.

With the change in the management control effected in the later part of the year, the Company has started receiving technical and marketing support from the holding company i.e. Orient Ceramics and Industries Ltd. The Company has already started witnessing improvement with reduction in the energy cost and higher yield in the form of improved percentage of first quality production. Steps are being initiated to improve the marketability of products by up

gradation in the existing product and by improving the product mix to suit the market requirements. All efforts are being made which would result into higher capacity utilization.

DIVIDENDS

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

Scheme of Arrangement – Restructuring of Capital

The Scheme of Arrangement (the Scheme) under the provisions of Section 391 and 394 and 100 to 104 of the Companies Act, 1956 as approved by the Shareholders of the company at their EGM held on 10.11.09 has been approved by the Hon'ble Gujarat High court vide its order dtd 02.07.10. The scheme has been made effective from 15.07.2010 being the date of filing the certified copy of the order with the office of the Registrar of Companies, Gujarat.

Pursuant to the approval received from the High court, the scheme has been implemented as under:

- a sum of Rs 1434.76 lakh being 2/3rd of the total amount of Equity Share Capital as appeared in the books of the Company on the effective date was written off from the Share capital and the said amount was credited to Capital Restructuring Account.
- On writing off the amount of Rs 1434.76 lakh from the share capital of the company, the paid up value of equity share of Rs 10/- each was reduced to Rs 3.33 per equity share, fully paid up.
- After the adjustments of writing off capital was made, the Company has consolidated 3 equity shares of Rs. 3.33 (as reduced) each fully paid up into 1 equity share of Rs. 10/- each fully paid up;
- General Reserve Balance of Rs 1460.75 lakh as at 31.03.08 was transferred to Capital Restructuring Account.
- The Company has set off its accumulated losses of Rs 2838.18 lakh as at 31st March, 2008 against the Capital Restructuring account of the Company created from the reduction of the paid up capital of the Company and transfer from General Reserve as above .
- The Company has converted its 1,50,00,000 Redeemable cumulative Preference shares of Rs 10/- each fully paid up into 50,00,000 Equity share of Rs 10/- each fully paid up at a premium of Rs 20/- per share.
- 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 stood cancelled.

For the purpose of issue of new Equity shares on reduction of capital, 27.07.2010 was decided as the Record Date and new share certificates were issued.

CHANGE IN THE MANAGEMENT CONTROL OF THE COMPANY AND CONSEQUENT TO THAT THE COMPANY BECOMING THE SUBSIDIARY OF ORIENT CERAMICS AND INDUSTRIES LIMITED (OCIL) :

As the members are aware, during the year, pursuant to the Share Purchase Agreement (SPA) executed on 20.09.10, between Shri Shiv Kumar Jatia, one of erstwhile promoters of the company, OCIL and Bell Ceramics Limited, OCIL has acquired from Shri Shiv Kumar Jatia, 75,87,709 (62.33%) of the Equity Shares of Rs. 10/- each fully paid up in the Company at a price of Rs. 20.69 per share. With this there was a change in the management control of the company from Shri Shiv Kumar Jatia to OCIL.

On acquisition of Equity shares from the promoters as above, pursuant to Regulation 10 & 12 of SEBI (SAST) Regulation 1997, OCIL had made an offer for purchase up to 20% of the Equity shares from the public shareholders of the company. On completion of this offer, OCIL has acquired further 6,56,475 (5.39%) Equity shares of Rs. 10/- each fully paid up in the Company at a price of Rs. 25/- per share.

With this, OCIL has acquired 82,44,184 (67.72%) Equity shares of Bell Ceramics Limited. On completion of the transaction as above, effective 29.12.2010, Bell Ceramics Limited has become the subsidiary of OCIL.

SCHEME OF AMALGAMATION / MERGER OF BELL CERAMICS LIMITED (BCL) WITH ORIENT CERAMICS AND INDUSTRIES LIMITED (OCIL)

As explained hereinabove, effective 29.12.2010, BCL has become the subsidiary of OCIL.

Both BCL and OCIL are in similar line of business and OCIL believes that it can derive significant synergy with the business of BCL. It further believes that BCL has plants and strong presence in South and West India whereas OCIL has plant in North India and strong presence in North and East Indian markets which is a good business synergy. To the extent required and to optimise the value to the shareholders of both BCL and OCIL, it has been thought in the interest of both the companies to amalgamate/ merger of BCL with OCIL.

Since last few years, BCL has been incurring losses and facing financial difficulties to run its operations smoothly. The amalgamation will enable OCIL to make BCL a financially viable unit which would facilitate rehabilitation or revival of the business of BCL, to diversify its activities and to explore the possibility of expanding its production capacity. Apart from the usual benefits and economics of amalgamation, reduction in overhead expenses, costs of management and administration, the business of the said

companies can be conveniently and advantageously combined together.

The proposed Amalgamation / Merger will enable the aforesaid two companies to rationalize and streamline their management and finance so as to enable them to successfully withstand the recession and competition.

The proposed Scheme of Amalgamation/ Merger of BCL with OCIL will however be subject to the required statutory and other approvals.

CHANGE IN THE CURRENT FINANCIAL YEAR OF THE COMPANY

As mentioned hereinabove, effective 29.12.2010, BCL has become the subsidiary of OCIL. The Board of the Directors have subject to necessary approvals, proposed amalgamation / merger of BCL with OCIL.

For the purpose of implementing the proposal of amalgamation / merger, it is necessary to decide the exchange ratio of Equity shares of the transferor company (BCL) with that of the transferee company (OCIL). For this purpose it was felt necessary to get the accounts of the Transferor Company (BCL) audited as early as possible.

As per the earlier practice the accounts of BCL were being prepared and audited for a financial year of 12 months commencing from 1st April and ending at 31st March of the subsequent calendar year. It was recommended to close the current financial year of the company for a period of 9 months. Accordingly the current financial year of BCL has been changed from 01.04.2010 to 31.03.2011 (12 months) to 01.04.2010 to 31.12.2010 (9 months).

Pursuant to the provisions of Section 210 of the Companies Act, 1956, at every Annual General Meeting of the company the Board of Directors of the company shall lay before the company a balance sheet and Profit and loss Account for the period beginning with the day immediately after the period for which the account was last submitted and ending with a day which shall not precede the day of the meeting by more than six months or if extension granted than by more than six months and the extension so granted. Further pursuant to Section 210(4) of the said Act, the period of financial year to which the account relates may be less or more than a calendar year but not exceed 15 months or for a period of 18 months with ROC permission. Accordingly it is permissible to have accounts of the company for the period of 9 months also.

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.

DIRECTORS' RESONSIBILITY STATEMENT

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

- in the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 December 2010 and of the loss for that period;
- 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
- the annual accounts have been prepared on a going concern basis.

AUDITORS' REPORT

Referring to the remark printed in italic in para (v) of the Auditors Report, the Directors would like to submit that the request of the company for removal of the disqualification of the Directors have been favourably considered by the Central Government and the approval to this effect has been received by the company on 25.02.11.

Referring to the remark printed in italic in para 9a) in the Annexure of the Auditors Report, the Directors would like to submit that on account of poor financials of the company there were delay in few cases in making the payment of tax deducted at source and the value added tax. The dues of tax deducted at source and fringe benefit tax aggregating to Rs. 169.77 lakhs have since been settled by making payment of Rs. 160.43 lakhs after adjusting the extra provision.

PUBLIC DEPOSITS

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

DIRECTORS

The Company's applications for removal of the disqualification of its Directors under the provisions of Section 274 (1) (g) of the Companies Act, 1956 have been considered by the Central government and with this the said disqualification have now been removed.

At the ensuing Annual General meeting, none of the Directors shall retire by rotation. Till 24.11.2010, the Company had five Directors on the Board including two Whole-time Directors and one Nominee Director from IDBI Bank Ltd. The other two directors out of the total five Directors namely Ms Anita Thaper and Shri Rameshwar Lal Maheshwari, who were liable to retire by rotation resigned from the Board effective 24.11.2010.

During the year, on account of change in the management control of the company from Shri Shiv Kumar Jatia (the erstwhile promoter of the company) to Orient Ceramics And Industries limited, seven new Directors namely Shri Mahendra K Daga, Shri Madhur Daga, Shri S K Jatia, Shri R N Bansal, Shri NR Srinivasan, Shri Arun Sodhani and Shri Anil Agrawal were appointed as Additional Directors on the Board effective 24.11.10. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") read with Article 104 of the Articles of Association of the Company, all the seven Additional Directors hold office up to the date of the ensuing Annual General Meeting of the Company. Notices under Section 257 of the Act, have been received proposing all of them as candidates for the office of Directors, liable to retire by rotation.

Effective 07.02.11, IDBI Bank has changed its nomination on the Board and in place of Shri Pawan Agarwal, Ms Madhavi Kapadia has been appointed as Nominee Director of IDBI Bank Ltd.

The Board welcome all the new Directors on the Board and with a sense of appreciation take note of the co operation and guidance extended by all the three outgoing Directors namely, Ms Anita Thaper, Shri Rameshwar Lal Maheshwari and Shri Pawan Agarwal during their association with the company.

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

As per the resolution approved at the previous Annual General Meeting of the company held on 18.09.2010, M/s. R. P. Malhan & Company, Chartered Accountants, New Delhi, were appointed as Auditors of the Company for the period till the conclusion of the ensuing Annual General Meeting. They have however resigned from the office of Auditors effective 25.02.2011.

The Board of Directors have subject to the approval of the shareholders at their Extra Ordinary General Meeting scheduled to be held on 16.04.11, considered appointment of M/s. S. R. Dinodia & Co., Chartered Accountants, New Delhi, as the Statutory Auditors of the Company in place of M/s. R. P. Malhan & Co. A consent from M/s. S. R. Dinodia & Co., was received along with a certificate from them pursuant to the provisions of Section 224(1B) of the Companies Act, 1956. Their present appointment in the office of the auditors is for the period till the date of ensuing Annual General Meeting. A fresh certificate from them is also received under the provisions of section 224(1B) of the Companies Act, 1956 for considering their reappointment as the auditors of the company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

The Board with a sense of appreciation took note of the valuable services and the co-operation extended by M/s. R. P. Malhan & Co., Chartered Accountants during their association as auditors of the Company.

ACKNOWLEDGEMENT

Yours Directors place on record their sincere appreciation of the continued co-operation and support extended by IDBI Bank Ltd. and 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 : New Delhi
Date : 25.02.2011

Mahendra K Daga
Chairman

ANNEXURE TO THE DIRECTOR'S REPORT

Conservation of Energy:

A. Energy Conservation measure taken:

With the support of technical team of the holding company, focus is given on the various energy saving measures. This group identifies potential areas for improvement, scan environment for innovative and reliable solutions and considers proposals for implementation. Efforts are being taken to reduce energy

consumption in both the plants of the company. Steps have been taken to optimize the operation of 1000 KVA Generating Set taken on BOOT 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):

I. Specific areas in which R & D is carried out by the company;

a) Production Development:

- Efforts are in the pipe line to improve the surface of the tiles to provide a longer life to the finish of the product and have higher resistance.
- 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.
- Improvement in the process parameters for better quality of the products.

b) Cost Reduction:

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

II. 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. However in the later part of the year improvement in the product quality and per unit energy consumption could be noticed.

III. Future Plan of Action:

- To install heat recovery system
- To upgrade the equipments to conserve the energy
- To focus on improving the production to an optimum level and to concentrate on quality products.

IV. Expenditure on R&D:

- Expenses on the development being nominal, no separate records of these expenditure have been maintained.

C. Foreign Exchange Earnings & Outgo:

The information of foreign exchange earnings & outgo are contained in para 16, 17 and 18 of the notes to accounts in Schedule 17.