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ANNUAL REPORT 2010-2011

ORIENT CERAMICS LAUNCHES

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international

PREMIUM IMPORTED TILES

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Our Parent and the most popular Brand

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Our Sub Brand for High End Tiles

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“Accreditations”



BOARD OF DIRECTORS

Mr. Mahendra K. Daga, Chairman & Managing Director
Mr. R. N. Bansal
Mr. Madhur Daga, Executive Director
Mr. Dhruv M. Sawhney
Mr. N. R. Srinivasan

CHIEF EXECUTIVE OFFICER

Mr. Vijay Shankar Sharma

AUDIT COMMITTEE

Mr. R. N. Bansal, Chairman
Mr. N. R. Srinivasan
Mr. Mahendra K. Daga

SHAREHOLDERS / INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE

Mr. N. R. Srinivasan, Chairman
Mr. Mahendra K. Daga
Mr. Madhur Daga

REMUNERATION COMMITTEE

Mr. N. R. Srinivasan, Chairman
Mr. Dhruv M. Sawhney
Mr. R. N. Bansal

COMPANY SECRETARY

Mr. Yogesh Mendiratta

STATUTORY AUDITORS

M/s. S.R. Dinodia & Co. , New Delhi

BANKERS

State Bank of India
Punjab National Bank
Barclays Bank PLC
Axis Bank
IDBI Bank

CORPORATE OFFICE

Iris House
16, Business Centre, Nangal Raya
New Delhi-110 046

REGISTERED OFFICE

8, Industrial Area Sikandrabad-203 205
Distt. Bulandshahr (U.P.)

PLANTS

8, A-75 to A-80 & A-84 Industrial Area
Sikandrabad-203 205, Distt. Bulandshahr (U.P.)

REGISTRAR & SHARE TRANSFER AGENT

M/s. MCS Limited
F-65, Okhla Industrial Area, Phase-I,
New Delhi-110 020

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Notice is hereby given that the 34th Annual General Meeting of the members of Orient Ceramics And Industries Ltd. will be held on Friday, the 02nd day of September, 2011 at 11.30 a.m. at the Registered Office of the Company at 8, Industrial Area, Sikandrabad-203 205, Distt. Bulandshahr (U.P.) to transact the following business:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2011, the Profit & Loss Account for the year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To declare dividend for the financial year ended 31st March, 2011.
3. To appoint a Director in place of Mr. N.R. Srinivasan who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

"Resolved that Messers S.R. Dinodia & Co., Chartered Accountants, be and are hereby re-appointed statutory auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be fixed by the Board of Directors/Audit Committee plus reimbursement of travelling and other incidental expenses, if any, incurred in connection with the audit."

By order of the Board
For Orient Ceramics And Industries Ltd.

Place: New Delhi
Dated: 19th July, 2011

Yogesh Mendiratta
Company Secretary

NOTES:

- i. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote (On a Poll) instead of himself/ herself and the proxy need not be a member of the Company. The proxies in order to be effective must be lodged at the Corporate Office of the Company not less than 48 hours before the commencement of meeting.
- ii. The Register of Members and Share Transfer Books will remain closed from 26th August, 2011 to 02nd September, 2011 (both days inclusive) for the purpose of payment of Dividend on the equity shares for the financial year ended 31st March, 2011, if declared by the members at the Annual General Meeting.
- iii. Final dividend of Rs.2/- per share (20%) has been recommended by the Board of Directors and subject to the approval of the members at the Annual General Meeting, will be paid to those members whose name appear on the Register of Members of the Company after giving effect to all valid transfers in physical form lodged with the Company on or before 26th August, 2011 or in respect of shares held in electronic form, to those whose name appear as Beneficial Owners as at the end of business hours on 26th August, 2011 as per the list to be furnished by the Depositories.
- iv. The Company's equity shares are compulsorily traded in demat form. Members who are holding equity shares in physical form are requested to get them dematerialized.
- v. Members holding equity shares in physical form are requested to notify change of address, if any, to the Company at its Corporate Office at IRIS House, 16, Business Centre, Nangal Raya, New Delhi-110 046 or to the Company's Registrar & Share Transfer Agent, M/s MCS Limited, F-65, Okhla Industrial Area, Phase-I, New Delhi – 110 020 quoting their folio numbers.
- vi. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days except Sundays and Holidays between 10 a.m. and 1 p.m. only up to the date of Annual General Meeting.
- vii. Members who wish to obtain information on the Company/Subsidiary Company or view the Accounts for the financial year ended 31st March, 2011, may visit the Company's website www.orienttiles.com or send their queries at least 7 days before the Annual General Meeting to the Company Secretary at the Corporate Office of the Company.

- viii. Pursuant to section 205A of the Companies Act, 1956 any money transferred to unpaid dividend, which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred to the Investor Education and Protection Fund established under section 205C of the Companies Act, 1956. Accordingly, the money will be transferred to the said fund as and when it becomes due and no claim shall lie against the Company or the said fund after such transfer.

The details of unpaid dividend / payment towards fractional bonus shares issued, which is due for transfer in the next three years, are as follows:

Period	Date of Declaration	Due date for Transfer
2004-2005	28.09.2005	27.10.2012
2005-2006	26.09.2006	25.10.2013
2006-2007*	05.05.2007	04.05.2014
2006-2007	17.09.2007	16.10.2014

Members who have not encashed their dividend cheques(s)/ warrant(s) pertaining to the aforesaid years may approach the Company's Corporate Office.

*Note: * This relates payment towards the fractional bonus shares issued in the year 2007.*

- ix. Members are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nomination are requested to send Form 2B either to the Company or its Registrar and Share Transfer Agent. Members holding shares in demat form may contact their respective depository participant for recording nomination in respect of their shares.
- x. Pursuant to amended clause 11 of the Listing Agreement only those share transfer applications shall be entertained which are accompanied with the copy of PAN card of the transferee(s).
- xi. Members holding shares in physical form who have not yet provided the Bank details are requested to provide the Bank Account Number, name of Bank and address of the Branch, quoting their folio number, so that the same can be printed on dividend Instrument, to avoid the incidence of fraudulent encashment of the instrument. In respect of the members holding shares in electronic mode, bank details as are furnished by the depositories will be printed on the dividend Instrument.
- xii. As a Green initiative in corporate governance, the Ministry of Corporate Affairs by circular no. 17/2011 dated 21.04.2011 has allowed companies to send official documents to their shareholders through email by giving an advance opportunity to every shareholder to register their email address and changes therein from time to time with the Company's Share Transfer Agent/ Depository Participant concerned. Accordingly, the members are requested to intimate their e-mail address/changes if any therein to the Company's Share Transfer Agent, M/s MCS Ltd, or to their Depository Participants. Interested members may fill in the E-Communication Registration form appended to this Annual Report and send to the Company at its Corporate Office address or to its Share Transfer Agent, M/s MCS Ltd., F-65, Okhla Industrial Area, Phase-I, New Delhi – 110 020. The members may also download the E-Communication Registration form available on Company's website www.orienttiles.com.
- xiii. Members are requested to send their queries, if any, to the Company Secretary at Corporate Office at least 7 days before the date of the Annual General Meeting.

By order of the Board
For Orient Ceramics And Industries Ltd.

Yogesh Mendiratta
Company Secretary

Place: New Delhi
Dated: 19th July, 2011

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under clause 49 of the Listing Agreement, the particulars of Director seeking appointment / re-appointment in the forthcoming Annual General Meeting are as follows:

Name of Director	Mr. N.R. Srinivasan		
Designation	Independent Director		
Date of Birth	11.10.1925		
Shareholding of Non – Executive Director	Nil		
Date of Appointment	16.09.1988		
Expertise in Specific Functional area	Ceramic Consultant having vast experience in Ceramics Industry		
Qualification	B. Sc. Tech. / M.Sc. Tech. (Ceramic Technology)		
Company in which outside Directorship held as on 31.03.2011	Bell Ceramics Limited		
Chairman / Member of the Committee(s) of the Board of Director of other Companies in which he is a Director	Name of Company	Committee	Position
	Bell Ceramics Ltd.	Shareholders/ Investors' Grievance Committee	Chairman
	Bell Ceramics Ltd.	Remuneration Committee	Chairman

Dear Shareholders,

Your Directors are pleased to present the 34th Annual Report and the audited accounts for the financial year ended March 31, 2011.

FINANCIAL RESULTS

The financial performance of the Company, for the financial year ended March 31, 2011 is summarized below:

(Amount in Rupees lacs)		
Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Gross Sales and other operating Income	32,096	27,187
Profit before Interest, Depreciation and Taxation	3,257	3,509
Interest	832	676
Depreciation	978	1,082
Profit before Taxation	1,447	1,751
Tax Expense	470	605
Profit after tax	977	1,146
Earning per Share (Rupees)	9.28	10.88

OPERATING RESULTS

Your Company maintained its growth momentum with continuous thrust on product innovation, display and branding. Cumulative Brand recognition and wide range of product offerings in all spheres of customer segments resulted in 16% growth in terms of sales turnover making it to Rs. 31,197 lacs as compared to Rs. 26,975 lacs in previous year. During the year under review your Company's export sales showed tremendous growth and stood at Rs. 860 lacs as compare to Rs. 67 lacs in previous year.

During the financial year under review, as a significant part of Company's Marketing Strategy, In Shop Branding has been done over 25 retail outlets across the country simultaneously with hoarding and highway wall painting campaign. "Orient Europa" brand was promoted by way of print advertising in major Hindi, English and regional language dailies and as well as premium lifestyle magazines. The products of the Company were displayed at 11 Home Town locations across the Country. Complementing these activities was the launch of industry's first online marketing campaign via our Facebook site <http://www.facebook.com/WeCoverUpBeautifully>.

ESTABLISHMENT OF IMPORT BUSINESS UNDER "ORIENT INTERNATIONAL"

During the last quarter of Financial Year 2010-11, your Company has established & aggressively entered the business of imported premium tiles, under the sub brand 'Orient International'. Your company has already appointed distributor in North India and has finalized orders to be placed with some European Companies on an exclusive basis. Orient International is expected to become a significant growth & profitability driver in the years to come.

INORGANIC EXPANSION

During the financial year under review, your Company has, as a strategic step towards expansion of Company's operations, acquired 68.31% stake in Bell Ceramics Ltd. (BCL) and BCL became your Company's subsidiary w.e.f. 29th December, 2010. BCL, as a company was started in the year 1985 with an object to manufacture ceramic glazed tiles. It has two strategically located plants in Dora, Gujarat and Hozkote, Karnataka with a combined installed capacity of 144.50 lacs sq. mtrs. BCL's equity shares are listed on Bombay and National Stock Exchanges.

Your Company's plant is located at North India and has considerable market share in North and East India market whereas BCL has plants in West and South India and strong market presence there at. This translates into excellent synergy for the combined business and makes the ideal platform for your Company to gain market share rapidly and profitably in the rich tile consuming geographies of South and West India via its plants and focused distribution network.

The change in management and integration of operations of both the Companies has already started showing promising prospects as is evident from the fact that BCL has registered a growth of 14% in sales to Rs. 4,682 lacs in the quarter ended 31st March, 2011 as compared to Rs. 4,119 lacs in previous year's corresponding quarter and Net profit stood at Rs. 313 lacs as compared to a loss of Rs. 236 lacs in previous year's corresponding quarter. This is a remarkable turnaround in an extremely short period of time.

To avail the maximum benefits out of this acquisition and for strengthening leadership in the industry, in terms of the asset base, revenues, product range, production volumes and market share of the combined entity, the Board of Directors of your Company has approved a Scheme of Amalgamation of Bell Ceramics Ltd. with the Company. This amalgamation will also result in greater efficiency in cash management & will maximize overall shareholder value.

DIVIDEND

For the year under review, your Directors has recommended for consideration of the shareholders at the Annual General Meeting, a dividend of Rs.2/- per share (20%) for the year ended 31st March, 2011. The total outgo of dividend inclusive of corporate tax on dividend thereon would remain same as was in the previous year i.e. Rs.245.58 lacs.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

'Management Discussion and Analysis Report', as stipulated under clause 49 of the Listing Agreement with Stock Exchanges forms part of this report, has been given under separate section in the Annual Report.

CORPORATE GOVERNANCE REPORT

The Company has implemented the mandatory as well as certain non mandatory requirements of corporate governance as per clause 49 of the Listing Agreement. A report on Corporate Governance with detailed compliance is given under a separate section in this Annual Report. The Company has also obtained a certificate on compliance of the provisions of Corporate Governance from the Statutory Auditors which is reproduced at the end of Corporate Governance report as its Annexure-A.

SUBSIDIARY COMPANY

During the financial year under review, your Company has acquired 83,16,400 equity shares of face value Rs. 10/- each of Bell Ceramics Limited constituting a majority stake of 68.31% of the total paid up capital of the Bell Ceramics Ltd. making it as its subsidiary company*. In accordance with the general circular nos. 2/2011 and 3/2011 issued by the Ministry of Corporate Affairs, Government of India, the individual Annual Accounts of the subsidiary, Bell Ceramics Ltd. for the year ended 31st March, 2011, have not been attached with the Balance Sheet of the Company. Copies of the Annual Accounts of Bell Ceramics Ltd. and related information will be made available on request. The Annual Accounts of the subsidiary company will also be kept for inspection by any shareholders in the Corporate Office of the Company and also at the venue during the Annual General Meeting.

**Out of 83,16,400 equity shares, 72,216 equity shares are pledged with IDBI Bank by the erstwhile promoters of BCL and will form part of total shareholding of your company on release of pledge as per share purchase agreement signed during acquisition with the said erstwhile promoters.*

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates Consolidated Financial Statements are provided in the Annual Report.

PUBLIC DEPOSITS

Pursuant to section 58A of Companies Act 1956, during the year your Company has neither invited nor accepted deposits from the public.

INFORMATION PURSUANT TO SECTION 217(1) (e)

The information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto as Annexure-I to this Report.

PARTICULARS OF EMPLOYEES

Information as per section 217(2A) of the Companies Act, 1956 (hereafter referred to as "the Act"), read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to all the members excluding the statement containing the statement of particulars of employees to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy at the Corporate Office of the Company.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Mr. N.R. Srinivasan retires by rotation and being eligible offers himself for re-appointment at the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care 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;
- (iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

AUDITORS

M/s S. R. Dinodia & Co, Chartered Accountants, New Delhi Statutory Auditors of the Company, retire in accordance with the provisions of the Companies Act, 1956 at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

AUDITOR'S REPORT

The Auditor's Report read with notes to the accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and dealers during the financial year 31st March, 2011. Your directors wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company and our gratitude towards the shareholders for reposing faith in the management of the Company.

On behalf of the Board

Place: New Delhi
Date: 19th July, 2011

Mahendra K. Daga
Chairman & Managing Director

ANNEXURE - I

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of Directors' Report.

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

1. Recycling of waste hot air at vertical dryer for removing the moisture from green tile.
2. Use of Variable frequency drives in GP ball mill and press dryer to save electrical energy.
3. Replaced under load motors by lower capacity of motors to save electrical energy.
4. Modified conveyor system for Press powder feeding to save electrical Energy.
5. Modified motor connection from delta to star to reduce power consumption.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

The Company has installed energy efficient machines and equipments for use in the manufacturing activities.

(c) Impact of measures at (a) and (b) above for reduction of energy, consumption and consequent impact on the cost of production of goods:

The impact of the measures at (a) and (b) has resulted in energy saving.

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure in respect of industries specified in schedule thereto:

The Company is not covered under the list of specified industries.

B. TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R & D carried out by the Company:

By an ongoing system of applied research in body composition and by reengineering the glaze composition we are able to keep the cost under control in spite of continuous rise in raw material cost.

2. Benefits derived as a result of the above R & D:

We are able to keep costs under control.

3. Future plan of action:

The Company has strived to be leader in manufacturing of quality tiles with rich colours and indifferent designs at very competitive price. The Research and Development work is an on-going process which the team at Orient adapts with excellence.

4. Expenditure on R&D:

No separate record of the expenditure incurred is maintained.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made towards technology absorption, adaptation and innovation:

The Company has adopted the latest technology in Tile manufacturing. Following initiatives has been taken and some are under consideration:

- i. Installed auto sorting and packing machine for MF2 plant to improve the quality of packing and on line checking of size and planarity. For MP-2 plant one more sorting line has been ordered.
- ii. Two set of roto colour has been ordered for MF1 & MF2 plant to improve the quality of product.
- iii. Digital printing machine which is the ultimate technology in printing is under consideration for high value product.