

BOARD OF DIRECTORS

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

Managing Director
Executive Director

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 – Vice President (Operations)
Mr. G. P. Zala – GM (Finance & Accounts)
Mr. Krishnakumar T. V. – GM (Operations)
Mr. Govindraj Kemtur – DGM (Marketing)
Mr. B. Ramalinga Reddy – AGM (Production)
Mr. G Sudarsan – AGM (Production)
Mr. G. Vaidyanthan – AGM (Materials)

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NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of Bell Ceramics Limited will be held on Wednesday the 29th July, 2009 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 2009, 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 Thaper 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.

SPECIAL BUSINESS

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

Item No. 5 – ORDINARY RESOLUTION

“RESOLVED THAT in accordance with the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and further subject to such other approvals as may be necessary, the consent of the Company, be and is hereby accorded to the Board of Directors of the Company to mortgage and / or charge all the immovable and movable properties of the Company, wherever situate, both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company:

On the First Charge basis in favour of:

- IDBI Bank Limited for the Rupee Term Loan of Rs. 5922 lakh (Rupees five thousand nine hundred twenty two lakh only),

On the First and exclusive charge basis on the Electric Sub station situated at the Hoskote, Banglaore (Karnataka) plant of the company in favour of:

- Yes Bank, New Delhi, for the short term loan assistance of Rs. 300.00 lakh (Rupees three hundred lakh only) and

On the Second Charge basis in favour of:

- Small Industrial Development Bank of India for the additional bills discounting facilities of Rs 50 lakh (Rupees fifty lakh only).

- Bank of India for the additional working capital fund based financial assistance of Rs. 135 lakh (Rupees one hundred thirty five lakh only)

together with interest, commission, costs, charges, expenses and any other moneys payable by the Company to the Banks / Financial Institutions as above towards the financial assistance granted / to be granted by them to the Company.

“RESOLVED FURTHER THAT the mortgage and / or charge so created on the First and second charge basis as above shall rank pari-passu with the existing respective First and second charge created/ to be created in favour of Banks / Financial Institutions except the first and Exclusive charge of yes Bank on the Electric Sub station situated at the Hoskote, Banglaore (Karnataka) plant of the company ”.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company, be and is hereby authorized to make and / or agree to any modifications in the terms and conditions and to settle or resolve any questions or difficulty or matter of interpretation of whatsoever nature as they consider necessary, expedient, usual or proper or otherwise in the best interest of the Company”.

Item No. 6 – SPECIAL RESOLUTION

“RESOLVED THAT pursuant to provisions of Articles of Association, Sections 198, 269, 309 of the Companies Act, 1956 (‘the Act/said Act’) read with Schedule XIII of the said Act and other applicable provisions if any of the Act and subject to such other approvals as may be necessary, the Company hereby accords its consent and approval for the reappointment of Mr. K. M. Pai as Managing Director of the Company for a period of 3 years commencing from January 01, 2010 and for the payment of remuneration to him as per the terms and conditions set out in the explanatory statements annexed hereto and in the Agreement executed between the company and Mr. K. M. Pai.

Item No. 7 –SPECIAL RESOLUTION

“RESOLVED THAT pursuant to provisions of Articles of Association, Sections 198, 269, 309 of the Companies Act, 1956 (‘the Act/said Act’) read with Schedule XIII of the said Act and other applicable provisions if any of the Act and subject to such other approvals as may be necessary, the Company hereby accords its consent and approval for the appointment of Mr. S. R. Vyas as an Executive Director of the Company for a period of 3 years commencing from January 01, 2010 and for the payment of remuneration to him as per the terms and conditions set out in the explanatory statements annexed hereto and in the Agreement executed between the company and Mr. S. R. Vyas.

Item No. 8 –SPECIAL RESOLUTION

“RESOLVED THAT subject to the approval of shareholders of the Company and further subject to such other approvals if any required, the Articles of Association of the Company be altered as follows:

“the Article 4(a) of the Articles of Association of the Company be deleted and substituted as follows;

4(a) Subject to the provisions of the Foreign Exchange Management Act (FEMA) and any other law, rules, regulations, guidelines for the time being in force and amendments carried out therein, the foreign promoters shall at all time be entitled to hold in the issued equity share capital of the Company up to the permissible limit of investment notified from time to time under the FEMA or any other law”.

Item No. 9 – SPECIAL RESOLUTION

“RESOLVED THAT approval of the shareholders, be and is hereby accorded to vary the rights attached to the Company’s 8%, 1,50,00,000 Cumulative Redeemable Preference Shares (‘the said shares’) of Rs. 10/- each aggregating Rs. 1500 lakhs issued to JBS Investment Pte. Ltd, Singapore (earlier an Overseas Corporate Body- now a foreign company - wholly owned by Shri R. K. Jatia, the promoter Director of the company) by extending the term of redemption from the 10th, 11th and 12th year from the date of allotment of the said shares to the 11th, 12th and 13th year from the date of allotment of the said preference shares other terms and conditions of the issue of the said preference shares shall remain unchanged”.

“RESOLVED FURTHER THAT pursuant to section 106 of the Companies Act, 1956 (‘the Act’), the holders of the said shares be approached on the basis of the draft letter and be requested to consent to vary the rights attached to the said shares held by them on the basis of the draft consent and the Company Secretary be authorized to circulate the same to the said class of members and to obtain the consent from all but not less than those having three-fourth of the value of the preference shares”.

Regd. Office:
Village Dora, Taluka Amod
District Bharuch, Gujarat
Date: 29.05.2009

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

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 Tuesday the 21st July, 2009 to Wednesday the 29th July, 2009 (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 Share 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. 5**

The Company has been sanctioned financial assistance by the Banks/ financial institutions for the business of the Company as under:

- a. Rupee Term Loan aggregating Rs. 5922 lakhs from IDBI Bank Ltd granted to the company for conversion of the following outstanding liabilities as at 01.04.2008
 - the outstanding principal amount of the Debentures (i.e. Rs. 3790 lakh)
 - the outstanding principal amount of the Rupee loan (i.e. Rs. 1589 lakh) and
 - the overdue interest of Rs. 543 lakhs.
- b. Short Term Loan - Rs. 300.00 lacs from YES Bank, New Delhi,
- c. Additional Bills discounting facility - Rs. 50.00 lacs from Small Industrial Development Bank of India, and

d. Additional working capital fund based financial assistance of Rs 135 lakhs from Bank of India

As per the terms of sanction granted, the financial assistance

- from IDBI Bank Ltd is required to be secured by way of a First charge basis
- from Yes Bank is to be secured by way of First and exclusive charge basis on the Electric Sub station situated at the Hoskote, Bangalore (Karnataka) plant of the company and
- from others by a Second Charge basis

on the present and future fixed assets of the Company ranking pari-passu with other Banks / financial institutions except exclusive charge on some assets in favour of Yes Bank, Delhi for its assistance as above.

Creation of charge / mortgage on the assets of the Company tantamount to disposal of the undertaking and requires approval of the shareholders under the provisions of Section 293(1)(a) of the Companies Act, 1956.

None of the Directors are in way concerned or interested in this resolution.

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

Item No. 6

Shri K. M. Pai was appointed as a Managing Director of the company for a period of three years effective 01.01.2007. His present terms of appointment would expiry on 31.12.2009. The Board of Directors of the Company has at their meeting held on 29.05.2009, subject to the approval of shareholders, the term lending financial institutions and statutory consents if any required for this purpose, re-appointed him as the Managing Director of the Company for a further period of 3 years w.e.f. 01.01.2010 on the terms and conditions and remuneration as mentioned in the Abstract reproduced hereunder. This may also be treated as an Abstract pursuant to the provisions of Section 302 of the Companies Act, 1956.

Shri K. M. Pai, 57 years is M.SC, MBA Finance from IIM Bangalore, AICWA, ACS with 34 years experience in the fields of management. Shri K. M. Pai has been associated with the management of the Company since 1996-97 in various positions as under;

Period of assignment	Position held
From 1996-2000	Deputy Chief Executive Officer
From 2000-2003	Chief Operating Officer
From 2003-2006	Chief Executive Officer
From 01.01.2007 onwards	Managing Director

Approval of the members by way of a Special Resolution is required under Section 269 read with Schedule XIII of the Companies Act, 1956 for the re-appointment of Shri K. M. Pai as Managing Director and for the payment of the remuneration to him. The said approval is subject to necessary statutory approval including Central Government if required.

Shri K. M. Pai may be considered interested in the resolution as it pertains to his own appointment. None of the other Directors are in way concerned or interested in this resolution.

Item No. 7

Shri S. R. Vyas was appointed as a Executive Director of the company for a period of three years effective 01.01.2007. His present terms of appointment would expiry on 31.12.2009. The Board of Directors of the Company has at their meeting held on 29.05.2009, subject to the approval of shareholders, the term lending financial institutions and statutory consents if any required for this purpose, re-appointed him as the Executive Director of the Company for a further period of 3 years w.e.f. 01.01.2010 on the terms and conditions and remuneration as mentioned in the Abstract reproduced hereunder. This may also be treated as an Abstract pursuant to the provisions of Section 302 of the Companies Act, 1956.

Mr. S. R. Vyas, age 57 years, B.Com, LL.B, FCS is having 29 years of post qualification experience in the various Corporate Sectors. He has been associated with the Company since 1988 under varied positions as detailed hereunder and has handled various functions.

Period of assignment	Position held
From 1988 to 1996	Company Secretary
From 1996 to 2000	General Manager (Corporate Affairs) & Company Secretary
From 2000 to 2004	Vice President (Corporate Affairs) & Company Secretary
From 2004 to 2007	Sr. Vice President (Corporate Affairs) & Company Secretary
From 01.01.2007 onwards	Executive Director

Approval of the members by way of a Special Resolution is required under Section 269 read with Schedule XIII of the Companies Act, 1956 for the re-appointment of Shri S R Vyas as Executive Director and for the payment of the remuneration to him. The said approval is subject to necessary statutory approval including Central Government if required.

Shri S. R. Vyas may be considered interested in the resolution as it pertains to his own appointment. None of the other Directors are in way concerned or interested in this resolution.

Information as required under Schedule XIII of the Companies Act, 1956 regarding re-appointment of managerial personnel.

I GENERAL INFORMATION:

1. **Nature of industry:** Manufacturing of Ceramic Glazed floor & Wall tiles at its two factories situated at Village Dora, Taluka Amod, Dist. Bharuch, Gujarat and at Village Chokkanhalli, Taluka Hoskote, Rural Bangalore, Karnataka.)
2. **Date of Commencement of commercial production:**
 Gujarat Plant : 26.05.1988
 Karnataka Plant : 26.03.1997
3. **Financial Performance**

(Rs. in Lakh)

Financial Parameters	2006-07	2007-08	2008-09
Turnover	18182	17372	20063
Net Profit as per Profit & Loss Account	-668	-2182	59
Net Profit as computed u/s 198	-586	-1511	504
Amount of Dividend paid	Nil	Nil	Nil
Rate of dividend declared	Nil	Nil	Nil

4. Foreign Investment or Collaboration

- a) NRI Promoter holds 35.42% of Equity
- b) The Plants were established in technical collaboration with:-
 - i) Gujarat Plant – SITI Spa, Italy
 - ii) Karnataka Plant – Ceramica Mirage Spa, Italy.

II. INFORMATION ABOUT THE APPOINTEES

Background Details:

Shri K. M. Pai, 57 years is M.SC, MBA Finance from IIM Bangalore, AICWA, ACS with 34 years experience in the fields of management. Shri K. M. Pai has been associated with the management of the Company since 1996-97 in various positions as explained herein above;

Mr. S. R. Vyas, age 57 years, B.Com, LL.B, FCS is having 29 years of post qualification experience in the various Corporate Sectors. He has been associated with the

Company since 1988 under varied positions as explained herein above.

Details of the Past Remuneration:

The remuneration paid per month to Mr. K. M. Pai as Managing Director and Shri S R Vyas as Executive Director are as under.

Amount in Rupees

	Shri K M Pai	Shri S R Vyas
a) Salary	1,55,000	70,000
b) HRA @ 30%	46,500	21,000
c) Leave Travel Allowance	12,912	5,831
d) Reimbursement of Medical Expenses 10%	15,500	7,000
e) Performance Allowance	1,50,713	54,167
f) Ex-gratia 12.5% yearly basis	19,375	8,750
Total:	4,00,000	1,66,748

They are also entitled for Company's contribution for PF, Superannuation, Gratuity and other benefits as per Company's rules.

Job Profile and his suitability:

As a Managing Director, Shri K. M. Pai is responsible for the day to day management of the affairs of the Company and assisted by Senior Executives. He is working under the superintendence, control and directions of the Board of Directors. He is responsible for all the day to day workings of the Company.

As an Executive Director, Shri S. R. Vyas is responsible for the day to day management of the affairs of the Company and assisted by Senior Executives. He is working under the superintendence, control and directions of the Managing Director/Board of Directors. He is responsible for all the day to day workings of the Company.

Remuneration proposed:

An abstracts of terms of remuneration payable to Shri. K. M. Pai as Managing Director and Shri S. R. Vyas as an Executive Director are attached herewith.

Comparative Remuneration, profile with respect of industry:

Taking into consideration the size of the Company, the profile of Shri K. M. Pai and Shri S. R. Vyas, the responsibilities shouldered by them, the proposed remunerations are commensurate with the remuneration package paid to managerial persons in other Companies.

Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.

Besides the remuneration proposed, Shri. K. M. Pai and Shri. S. R. Vyas do not have any pecuniary relationship with the Company.

OTHER INFORMATION:

Reasons for loss or inadequate profits, steps taken for improvement and expected increase in productivity

The main reason for inadequacy of profit is increase in the international prices of the crude oil resulting into increase expenses on power & fuel cost as also inward and outward freight of materials. There is over capacity situation in the industry. Various steps have been taken to improve the performance by reducing cost of power and implementing innovative marketing practices to improve the sales realisation. Both the plants of the company operated to almost above 85 percent capacity. Efforts are on to improve further production capacities.

ABSTRACT OF THE TERMS OF REMUNERATION OF MR. K. M. PAI AS MANAGING DIRECTOR OF THE COMPANY

Subject to the provisions of Section 198, 309, Schedule XIII of the Companies Act and further subject to the approvals / consents from the Central Government, Shareholders and other authorities if any the Managing director will be paid remuneration as detailed hereunder:

Salary: Rs. 1,75,000/- per month in the pay scale of Rs. 1,75,000 - 20,000 - 2,15,000/-.

Perquisites/Amenities:

Housing: House rent allowance / house maintenance allowance at 30% of the salary.

Medical reimbursement: Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for self and family. (Subject to a ceiling of 10% of the salary)

Leave Travel Concession: Leave travel concession for self and family as may be decided by the Board of Directors. (in accordance with the rules of the Company – subject to a ceiling of one month salary every year)

Bonus/ Ex-Gratia: at 12.5% of the salary.

Hard and Soft Furnishing: Subject to ceiling of 10% of the salary

Performance Incentive: The performance incentive amount shall not exceed Rs. 20.00 lakhs per annum.

Leave: Entitled for leave with full pay or encashment thereof as per the rules of the Company.

Conveyance and communication facilities:

The Company shall provide suitable conveyance and communication facilities such as telephones, telefax, etc. at his residence, as may be required.

Other Perquisites:

In addition to the above Shri K. M. Pai will be eligible for other statutory benefits like, Contributions to Provident fund, Superannuation fund, Gratuity fund, medical and personal Accident Insurance policy as per the Company's rules.

Subject to overall ceiling on remuneration mentioned herein below, he may be given any other allowances, benefits and perquisites as the Board of Directors may decide from time to time.

Explanation:

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rules, the same shall be evaluated at actual cost.

Overall Remuneration:

The remuneration in any one financial year shall not exceed the limits prescribed under Sections 198, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956 as may for the time being be in force.

Minimum Remuneration:

In the event of loss or inadequacy of profits in any financial year during the currency or tenure of his service, the payment of remuneration shall be governed by the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment thereof.

Sitting Fees: The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof from the date of his appointment.

ABSTRACT OF THE TERMS OF REMUNERATION OF SHRI S. R. VYAS AS EXECUTIVE DIRECTOR OF THE COMPANY

Subject to the provisions of Section 198, 309, Schedule XIII of the Companies Act and further subject to the approvals/ consents from the Central Government, shareholders and other authorities if any the Executive Director, will be paid remuneration as detailed hereunder:

Salary: Rs. 1,10,000/- per month in the pay scale of Rs. 1,10,000 - 20,000 - 1,50,000/-.

Perquisites/Amenities:

Housing: House rent allowance / house maintenance allowance at 30% of the salary.

Medical reimbursement: Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for self and family. (Subject to a ceiling of 10% of the salary)

Leave Travel Concession: Leave travel concession for self and family as may be decided by the Board of Directors. (in accordance with the rules of the Company –subject to a ceiling of one month salary every year)

Ex-Gratia : at 12.5% of the salary.

Hard and Soft Furnishing: Subject to ceiling of 10% of the salary

Performance Incentive: The performance incentive amount shall not exceed Rs. 6.50 lakhs per annum.

Leave: Entitled for leave with full pay or encashment thereof as per the rules of the Company.

Conveyance and communication facilities:

The Company shall provide suitable conveyance and communication facilities such as telephones, telefax, etc. at his residence, as may be required.

Other Perquisites:

In addition to the above Shri S. R. Vyas will be eligible for other statutory benefits like, Contributions to Provident fund, Superannuation fund, Gratuity fund, medical and personal Accident Insurance policy as per the Company's rules.

Subject to overall ceiling on remuneration mentioned herein below, he may be given any other allowances, benefits and perquisites as the Board of Directors may decide from time to time.

Explanation:

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rules, the same shall be evaluated at actual cost.

Minimum Remuneration:

In the event of loss or inadequacy of profits in any financial year during the currency or tenure of his service, the payment of remuneration shall be governed by the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment thereof.

Sitting Fees: The Executive Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof from the date of his appointment.

Item No. 8

The Board of Directors of the Company in their meeting held on 12.05.2009 approved a Scheme of Arrangement between the Company and its shareholders under the provisions of Section 391 of the Companies Act, 1956 for undertaking financial restructuring and reconstruction of the Company. On approval of the scheme by the shareholders of the company and the High Court of Gujarat having jurisdiction, the shareholding of the foreign Promoters of the company post the scheme of Arrangement would increase from 35.42% to 61.94% of the paid up equity capital of the Company. The main reason for such increase in the percentage holding of the Foreign promoter is on account of the conversion of the entire preference capital held by such foreign promoters into Equity capital as per the Scheme of Arrangement.

Clause 4(a) of the Articles of Association of the Company restricts the holding by the foreign promoters up to 50% of the issued equity share capital of the company. The said restriction in the Articles was in line with the provisions of Foreign Exchange Regulation Act and the Capital issue Control Act for the time being in force at the time of approval of the Articles of Association by the shareholders at the relevant time.

As per the amendments carried out from time to time, presently under the provisions of the Foreign Exchange Management Act (FEMA), (replaced by Foreign Exchange Regulation Act), and as covered at item no 21 of Annexure-1, Part I section 1, Para 2 of the said Act. the foreign investment cap in the equity capital is permitted to 100% for the industry in which the company is engaged .

In view of the above changes effected, it is necessary to amend Article 4(a) of the Articles of Association of the company as mentioned at Item No. 8 of this notice.

None of the Directors are in way concerned or interested in this resolution.

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

Item No. 9

Your Company had issued during February, 1999 to July, 1999 8%, 1,50,00,000 Cumulative Redeemable Preference Shares of Rs. 10/- each aggregating Rs. 1500 lakhs to JBS Investment Pte Ltd, Singapore (earlier an Overseas Corporate Body- now a foreign company - wholly owned by Shri R. K. Jata, the promoter Director of the Company).

- a) At the previous AGM of the company, extension in redemption was granted for a period of one year. Accordingly the Redemption of the Preference capital became due as under:

Date of Redemption	Amount Rs. In lakhs
Feb -09	400.00
March -09	80.00
April-09	40.00
July-09	80.00
Feb -10	300.00
March -10	60.00
April-10	30.00
July-10	60.00
Feb -11	300.00
March -11	60.00
April-11	30.00
July-11	60.00
Total:	1500.00

- b) On account of inadequacy of profit there is arrears of Dividend on these Preference Shares of Rs. 1684.51 lakhs as at 31.03.2009.

Your company is passing through a very difficult period. The profitability of the company has been affected adversely mainly due to exorbitant increase in the prices of power and fuel and other inputs without corresponding increase in the sales price of the product manufactured by the company due to intense competition.

Under the circumstances, based on the projections of future profitability, the company has worked out proposal to vary

the rights attached to Preference Shares in terms of extension in redemption period as under which has been approved by the Board of directors at its meeting held on 29.05.2009.

The existing term of redemption of the preference shares at the end of the 10th, 11th and 12th year from the date of allotment of the said shares shall be extended to the 11th, 12th and 13th year from the date of allotment of the said shares. The other terms and conditions of the issue of the said preference shares shall remain unchanged.

Necessary approval to vary the rights attached to preference shares have been obtained from Preference Shareholder by their consent in writing.

In view of above, your directors recommend the resolution for your approval.

None of the Directors of the company is in any way concerned or interested in the proposed resolution.

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: 29.05.2009

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

DIRECTORS' REPORT

Your Directors submit herewith the Twenty Third Annual Report and the Audited Accounts of the Company for the financial year ended 31 March 2009.

FINANCIAL RESULTS

	(Rs. in lacs)	
	Current Year 2008-09	Previous Year 2007-08
Sales & Other Income	20063.34	17371.64
Operating Profit	2367.86	596.41
Interest	1163.21	1295.48
Profit Before Depreciation & Amortization	1204.65	-699.07
Depreciation & Amortization of Misc. Expenses	1119.27	1156.13
Profit/(Loss) before extra ordinary items and tax	85.38	-1855.20
Add : Prior Period Adjustments	-12.62	-6.21
Add/(Less) : Extra Ordinary Items	0.00	-411.25
Profit/(Loss) Before Tax	72.76	-2272.66
Less : Provision for Tax		
- Current Year	0.00	0.00
- Earlier Year	-5.35	-1.55
- FBT	-23.52	-29.06
- Deferred Income Tax	-10.59	120.84
Profit/(Loss) after Tax	33.30	-2182.43
Profit/(Loss) b/f from previous year	-2838.20	-655.77
Amount Available for appropriation	-2804.90	-2838.20
Profit/(Loss) carried to Balance Sheet	-2804.90	-2838.20

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 you may be aware, the company was working satisfactorily till three years back. Since the last two years, the operating margin of the Company reduced considerably due to steep increase in the prices of Liquefied Petroleum Gas (LPG) and High Speed Diesel (HSD) both used as power and fuel. The power and fuel costs consists of approximately 30-35% of the total production costs and hence due to negative operating margins the company faced a shortage in working capital which resulted in under utilization of plant capacity. This resulted in low Production and hence low

sales. However the company has proposed to replace the use of LPG by Natural Gas which is of lower cost. Hence the company shall regain its position gradually.

The losses are incurred mostly in the financial year 2007-08. These losses have substantially wiped off the value represented by the reserves and surplus and are the financial statements accordingly do not reflect the correct picture of the health of the Company.

For ensuring that the financial statements of the Company reflect correct picture and the reserves and surpluses which are lost are not continued to be shown on the face of balance sheet it is necessary to carry out reduction of capital of the Company. Further, consolidation of the shares and conversion of the preference share capital is carried out for making stable capital structure.

Since Writing off of losses has become inevitable for the growth of the Company and its shareholders, the Company is now proposing to undertake a financial restructuring exercise.

The reduction of capital in the manner proposed would enable the Company to have a rational capital structure, which is commensurate with its remaining business and assets.

Hence, the proposed reduction will be for the benefit of the Company and its shareholders, creditors and all concerned as a whole.

The company intends to file a scheme of Arrangement for the approval of the Shareholders and the High court as detailed hereunder:

- a) the Company shall write off 2/3rd of the paid up equity share capital of the Company (reduction in paid up value from Rs. 10/- per share to Rs. 3.33 per share) pursuant to sections 391 to 394, read with sections 100 to 104 and other applicable provisions of the Act;
- b) 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;
- c) the Company shall set off its accumulated losses upto 31st 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.
- d) The Company shall convert 3 (three) 8% (earlier 12.5%) Redeemable Cumulative Preference Shares of Rs. 10/- each fully paid up into 1 Equity Share of Rs. 10/- each fully paid up.

- e) Accumulated amount of preference dividend aggregating to Rs. 1564.51 lakhs payable as at 31.03.2008 and any further amounts payable to date the preference shareholders as dividend till the effective date of the Scheme shall stand cancelled.

The Scheme of Arrangement as described above neither involves any payment to the members of the Company nor will result into any diminution of liability or any decrease in the value of the assets of the Company. The above scheme is only for more appropriately representing the assets and liabilities of the Company and ensuring that the share capital which no longer is represented by matching asset is written off.

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.

CONVERSION OF PREFERENCE SHARES

As explained hereinabove, the Company is in the process of submitting a Scheme of Arrangement with the Gujarat High Court for its approval for the restructuring of its capital. As a part of Restructuring the capital, it has been proposed to convert the entire Preference Capital of Rs. 1500 lakhs into Equity capital in the ratio of one Equity share of Rs. 10/- each as fully paid up against 3 Preference Shares of Rs. 10/- each fully paid-up. The company has received consent from the preference Shareholders for the said conversion as also for waiver of their right of accumulated Preference dividend of Rs. **1684.51** lakhs. This will go a long way in improving the cash outflow in future.

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 2009 and of the profit 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) & (vii) of the Auditors Report, the Directors would like to refer to the details given in para (v) itself of the report and Note 2 of the Schedule 15 of the Accounts which is self explanatory.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the Public during the financial year ended 31 March 2009.

DIRECTORS

Due to the financial difficulties experienced by the Company there was a continuous default in repayment of the installments of NCDs placed by IDBI 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, IDBI Bank Ltd has restructured the entire liability of the company. The NCDs privately placed with IDBI Bank have been 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, the Executive Director.

At the ensuing Annual General meeting, Shri Rameshwar Maheshwari and Ms. Anita Thaper 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 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 : 29.05.2009

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:

By optimizing the 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:

- development of wall tiles & floor tiles with new tones/hues in popular designs, new textures as per the requirement of the market.
- outsourcing of frit manufacturing for captive consumption resulted into considerable saving of foreign exchange outgo.
- 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:

- The Company has developed local substitutes for some of the imported components.
- Established quality assurance by adopting procedures to ensure international quality.

d) Future Plan of Action:

- Efforts to 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 14,15 and 16 of the notes to accounts in Schedule 18.

MANAGEMENT DISCUSSION AND ANALYSIS

Industrial Scenario

During the year 2008-09, the whole of the world witnessed heavy recession. The impact was very high in the developed economies. The Indian economy has also witnessed a big impact due to this global recession. There was heavy downfall in the export earning of the country. The economies of the developing countries which were badly affected during the previous year, due to the unreliable increase in the prices of Crude in the international market had some relief this year. The prices of crude has soften and this helped to the countries to maintain its balance of payment position. However the relief of reduction in the prices of crude has been partly taken by increase in the exchange rate of US Dollars vis a vis other currency. The Indian Rupee was depreciated to the extent of almost 25% as compared to the exchange rate prevailed in the last year. High volatility in the international market due to recession in the economies of developed countries like USA and Europe coupled with increase in the prices of major minerals, there is uncertainty prevailed in the economies. In the circumstances, it would be difficult to sustain the Industrial growth at the desired rate.

Outlook of the Industry

During the year, the real estate market of the country has been badly affected. The prices of the commercial complexes and residential buildings more particularly in the metros, have seen a downturn due to extreme low demand. The concessions in the rate of interest on housing have been withdrawn by most of the banks and they have become more vigilant due to high ratio of NPA in their real estate financing. Ceramic tiles industry in India continues to face the problem of overcapacity situation. With recessionary trends in the international market, the export of ceramic tiles have drastically come down. The organized sectors had to face competition from semi-organized and unorganized sectors. There was a pressure in the selling price of the product. 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.

Despite all the adverse factors prevailed in the market, the year 2008-09 has seen growth of the industry at the rate between 12 to 15 percent. The major growth was in the first half of the year. The second half of the year was difficult as compared to the first half. The industry is looking for the growth from B And C class towns of the country where the prices of the land has not been changed so drastically. The

major demand driver for the recovery in the economy is expected to come from the improvement in the Agricultural sector.

Review of Company's operation:

During the year the production increased by 17% whereas the sales increased by 8% both in terms of quantity.

DORA (Baroda) Unit

Despite shortage in the working capital assistance, the company decided to optimize the operation of the unit to reduce the losses on account of under utilization of the plant. During the year, the production at the unit increased by 23%. Whereas the sales increased only by 2%, which resulted into higher inventory of finished goods. During the year the cost of fuel has increased on account of increase in the prices of natural gas supplied by GAIL as also rupee depreciaton against US \$ as the prices of imported natural gas is quoted in us \$. Efforts are continued to further improve the utilization of the plant capacity to reduce the operational losses during the year.

HOSKOTE (Bangalore) Unit

During the year, both the production and sales at this unit increased by about 12% and 10% respectively over the previous year. This unit was operated at 100% of the installed capacity. Reduction in the international prices of LPG and HSD in the second half of the year resulted into improving the operating margin of the unit. The proposal to establish facilities to receive electricity from the state owned electricity Board has been completed during the year. The project of 66 KA Electric Sub station has become operational in the later part of the year. The benefit of reduction in the power cost would be seen in the current year. The use of LPG (a costly fuel) would be replaced on a availability of natural gas in years to come through proposed pipe line from ONGCL / Reliance.

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.
- (b) The currency in Euro/ US vis-a-vis Indian rupee remained unfavorable through out the year. The ceramic industry is more dependent on the countries which have been dealing in Euro. This has impacted the cost of

imported parts, raw materials and the capital equipments.

- (c) With reduction in the custom duty on import of ceramic tiles from China to a level of 6.5% the industry has been facing a big threat from cheaper imports from that country.
- (d) In the international market the crude prices continued to be volatile. This has direct impact on the prices of fuel in the domestic market. This will have negative impact on the freight cost for both the incoming and outgoing materials. Fuel cost at the Hoskote plant of the Company will also likely to be affected due to frequent changes in the prices of LPG. The position on the supply price of crude is likely to remain volatile 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. 20063 lakhs during the year as against the turnover of Rs. 17372 lakhs for the previous year which shows increase in turnover by 15% over the previous year.

For the year ended 31.03.2009, the Company incurred cash profit of Rs. 1205 lakhs (previous year cash loss of Rs. 699 lakhs) and Net profit of Rs. 33 lakhs against Net losses of Rs. 2182 lakhs during the previous year.

During the year under review, the Company has met all its obligations towards the financial institutions and banks. IDBI Bank Ltd. has approved the restructuring proposal of the Company effective 01.04.2008.

The working capital banks though apprised enhancement in the requirement have not provided required fund resulted into difficulties in operations of the company.

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 Non-executive 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 (WTDs) and 3 are Non Executive Directors of which 2 are Independent Directors and 1 is Nominee Director.

Composition and category of directors

Sr. No.	Category	Name of Director
I.	Promoter and Non-Executive Directors	-
	Promoter and Executive Director	-
II.	Executive Directors	1. Shri K.M. Pai – Managing Director (appointed wef. 01.01.07) 2. Shri S. R. Vyas – Executive Director (appointed wef. 01.01.07)
III.	Independent and Non-Executive Directors	1. Shri Naorttam Sharma (upto 30.09.2008) 2. Shri Subramaninan Ramaswamy Puthan Madon (upto 30.09.2008) 3. Ms. Anita Thapar (appointed wef. 30.09.2008) 4. Shri Rameshwar Lal Meheshwari (appointed wef. 30.09.2008)
IV.	Nominee Director	1. Shri V M Kalambi (up to 15.09.2008) 2. Shri Pawan Agrawal - Nominee of IDBI (appointed wef. 15.09.2008)

Attendance of Directors at the Meeting of Board of Directors (BoD) held during the financial year 2008-2009 and at the Annual General Meeting (AGM) held on 30.09.2008 are as follows:

Details of Meeting of Board of Directors and AGM held during the year 2008 – 2009.

Meeting	Date	No. of Directors Present
Board	30.06.2008	03
Board	23.07.2008	03
Board	06.09.2008	03
Board	25.10.2008	03
Board	30.01.2009	03
AGM	30.09.2008	02

Record of attendance of directors at Board, its Committee and at AGM and the details of their Directorship of Public Limited Companies and Membership/ Chairmanship

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 (wef. 01.01.07)	5	Present	-	-	-
Shri S. R. Vyas (wef. 01.01.07)	5	Present	-	-	-
Ms. Anita Thapar	0	Absent	-	-	-
Shri Rameshwar Lal Meheshwari	0	Absent	-	-	-
Shri Subramanian P. Ramaswamy	0	Absent	-	-	-
Shri Narotam Sharma	0	Absent	-	-	-
Shri V. M. Kalambi	03	Absent	1	-	-
Shri Pawan Agrawal	02	Absent	-	-	-

Other directorship includes directorship in public limited (listed or not) Company only.

\$ For the purpose of reckoning committee membership / chairmanship, only two committees, namely Audit Committee and Shareholders/ Investors' Grievance Committee have been taken into consideration.

Code of Conduct

Pursuant to Clause 49.I.D.(i) of listing agreement, the Board has laid down the Code of Conduct for all the members of the Board and senior management of the Company. The same has been posted on the website of the company. Further, the company has received confirmation from all the members of Board and senior management regarding compliance of the code for the year ended 31 March 2009.

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 30th June, 2008.
- (B) Composition, Names of Members and Chairperson : Consists of 3 independent Directors as under :
 1. Shri Anita Thapar – Chairman
 2. Shri K. M. Pai
 3. Shri Pawan Agrawal -Nominee of IDBI (appointed w.e.f. 15.09.2008)
 4. Shri V. M. Kalambi -Nominee of IDBI (up to 15.09.2008)
- (C) Details of Audit Committee meetings held during the year :
 30 June 2008
 23 July 2008
 25 October 2008
 30 January 2009
- (D) Name and designation of Compliance Officer : Shri S. R. Vyas, Executive Director and Company Secretary

Name of Director	No. of Meetings held	No. of Meetings attended
(a) Shri Anita Thapar	2	0
(b) Shri Narotam Sharma	2	0
(c) Shri K. M. Pai	4	4
(d) Shri V. M. Kalambi - Nominee of IDBI	2	2
(e) Shri Pawan Agrawal - Nominee of IDBI (appointed w.e.f. 15.09.2008 as substitution of Shri V. M. Kalambi)	2	2

4. SHARE HOLDERS/ INVESTORS' GREIVANCE COMMITTEE

Brief description of terms of Reference

To specially look into the redressal of shareholders'/ investors' complaints like transfer of shares, non-receipt of dividends, non-receipt of Annual Report etc and improve the efficiency in shareholders'/ investors' service, wherever possible.

- (A) Constitution : Reconstituted by the Board of Directors at its meeting held on 31st June, 2008.
- (B) Composition, Names of Members and Chairperson : Consists of 3 Directors as under :
1. Shri S. R. Vyas (Chairman)
 2. Shri Rameshwar Maheshwari
 3. Shri K. M. Pai
- (C) Name and designation of Compliance Officer : Shri S. R. Vyas, Executive Director and Company Secretary

The record of attendance of Shareholders / Investors' Grievance Committee members during the year.

Name of Director	No. of Meetings held	No. of Meetings attended
(a) Shri S. R. Vyas	24 (Twenty Four)	24
(b) Shri Rameshwar Maheshwari	24 (Twenty Four)	0
(c) Shri K. M. Pai	24 (Twenty Four)	24

Details of complaints received during the year 2008 – 2009

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	01	None
Request for Stop Transfer of shares	Nil	N.A.
Non – receipt of debenture redemption payment	Nil	None
Revalidation of Debenture refund orders and its interest / Dividend warrants	01	None
Repayment of fixed deposit, where original FDR lost	Nil	N.A.
Non - receipt of / Request for Annual Report	4	None
Non - receipt of Dividend	Nil	N.A.
Request to issue duplicate Share Certificates	7	None
Pending demat of shares / demat query	Nil	N.A.
Pending Remat of shares/ Remat query	1	None
Non – receipt of physical shares	Nil	N.A.
Compliant from SEBI	Nil	N.A.
Compliant from BSE for non – redemption of Debenture and interest	Nil	N.A.
TOTAL	14@	

Complaint through SEBI includes non receipt of physical shares

@ At the end of 31 March 2009, there were no complaints pending to be resolved.

There were no physical transfers involving shares bought/ sold & transfers in demat form involving shares bought/ sold, pending as on 31.03.2009. The physical shares have been processed and dispatched by 01.04.2009.

5. REMUNERATION COMMITTEE

- A) Remuneration Committee was Re-constituted by the Board of Directors at its meeting held on 30.06.2008
- B) Composition, Names of Members and Chairperson :
- (i) Smt. Anita Thapar (Chairman)
 - (ii) Shri Subramanian Ramaswamy PuthanMadon
 - (iii) Shri Pawan Agrawal
- C) Terms of Reference of Remuneration Committee:
- i. To determine on behalf of the Board and on behalf of the shareholders with agreed terms of reference the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment.
 - ii. To approve the payment of remuneration to Managerial Personnel as per policy laid down by the Committee.

The Remuneration Committee Meeting held on 28-05-2009 approved the re-appointment and payment of remuneration to Shri K. M. Pai as Managing Director and Shri S. R. Vyas as Executive Director of the Company effective from 01-01-2010 for a period of 3 years.

Record of attendance of Remuneration Committee Members during the year 2008-09.

Name of Director	No. of Meetings held	No. of Meetings attended
Smt. Anita Thapar	0	0
Shri Ramaswamy Puthanmadon	0	0
Shri Pawan Agrawal	0	0

Details of remuneration paid to the Executive Directors for financial year 2008-09

Name of Director	Designation	Salary & Perks [Rs.]	Commission [Rs.]	Total [Rs.]
Shri K. M. Pai	Managing Director	76.31	-	76.31
Shri S. R. Vyas	Executive Director	33.52	-	33.52

No Commission has been paid to any of the Directors for the financial year 2008-09.

The Directors other than the Managing Director/ Whole Time Directors have been paid sitting fees of Rs. 7500.00 per meeting of Board of Directors and the committees thereof attended by them during the year.

6. OPERATION REVIEW COMMITTEE

An Operation Review Committee was reconstituted by the Board of Directors at its meeting held on 30th June, 2008 to review the operation of the Company.

The Operation Review Committee consists of 3 members of the Board whereof two members are Non-executive independent directors namely Ms. Anita Thapar (Chairman of the Committee), Shri Rameshwar Maheshwari and Shri K. M. Pai.

During the year, No Operation Review Committee meetings were held.

7. ANNUAL GENERAL MEETING

Brief information of directors proposed for appointment / reappointment

- (a) The information about the Directors seeking appointment / reappointment at the ensuing Annual General Meeting is given below:

1. Ms. Anita Thaper
2. Shri Rameshwar Maheshwari

Both of them are having wide experience in the field of management of public limited companies. Both of them are liable to retire by rotation and offer them for re-appointment as members of the Board.

- (b) On account of the financial difficulties experienced by the Company, there was a default in repayment of the installments for a period exceeding one year as at 31.03.2008 of NCDs privately placed by IDBI with the company. By virtue of the provisions of Section 274(1) (g) of the Companies Act 1956, Shri K M Pai and Shri S R Vyas, the members on the Board as at 01.04.2008 were disqualified from becoming Directors 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 has restructured the liability of the Company and the outstanding amount of NCDs have been converted into Rupee Term loan effective 01.04.2008. Accordingly the disqualification u/s 274 (1)(g) of the Companies Act, 1956 has been removed effective 01.04.2008. The company has submitted an application with the Central Government for its approval for the removal of the disqualification. The reply is awaited from that office.

- (c) The Board of Directors at their meeting held on 29.05.2009 have re-appointed Shri K.M. Pai as Managing Director and Shri S. R. Vyas as Executive Director of the Company wef 01.01.2010 for a period of 3 years pursuant to provisions of sections 198, 269 & 309 of the Companies Act, 1956 ('the Act') read with Schedule XIII of the Act. Their re-appointment is subject to the required approvals including an approval of the shareholders by way of special resolution at this Annual General Meeting. Shri K. M. Pai age 57 years is MSC, MBA-Finance from IIM-Bangalore, AICWA, ACS with 33 years of experience in the various fields of management. He has been associated with the management of the Company under varied positions since 1996.

Shri S. R. Vyas, age 57 years is B.Com, Fellow Company Secretary is having 28 years of post qualification experience in the various Corporate Sectors. He has been associated with the Company since 1988 under varied positions.

The details of their directorship and membership of various committees of Directors are as under;

Name of Director	Directorship	Membership in Committees
Shri K. M. Pai	Managing Director	Member of Audit Committee, Shareholders/ Investors' Grievance Committee, Operation Review Committee
Shri S. R. Vyas	Executive Director	Shareholders/ Investors' Grievance Committee

Brief particulars of Last THREE Annual General Meetings held:

Particulars	F.Y. 2005 – 2006	F.Y. 2006-2007	F.Y. 2007-2008
Day	Friday	Saturday	Tuesday
Date	01.09.2006 (20th AGM)	25.08.2007 (21st AGM)	30.09.2008 (22nd 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.
 - * 2005-06 – 1 (One)
 - * 2006-07 – 4 (Four)
 - * 2007-08 – 1 (One)
- 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 was in conflict with the interest of the Company.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges 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 “Whistle Blower Policy” which allows any employee to approach the management concern/ 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 safeguards against victimization of employees who avail of 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, quarterly financial results of the company have also been posted by the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, on their websites, viz, www.bseindia.com, www.nseindia.com respectively.

10. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Day and Date	Wednesday the 29th July, 2009
Time	12.00 noon
Venue	Regd. Office : Village Dora, Taluka Amod, Dist. Bharuch - 392230 (Gujarat)
Date of Book Closure	21-07-2009 to 29-07-2009 (both days inclusive)

Financial Year / Calendar

Bell Ceramics Limited is following April to March as its financial year. The un-audited financial results for the first three quarters and the Audited Financial Results for the year ended March 31, 2009 were taken on record and approved by the Board in its meeting(s) as under:

Quarter/ Year Ended	Date of Board Meeting
For the first Quarter - June 2008	23.07.2008
For the second Quarter - September 2008	25.10.2008
For the third Quarter – December 2008	30.01.2009
Year ended March 2009 (Audited Accounts)	29.05.2009

ISIN Number in NSDL & CDSL: INE403A01018

Listing on Stock Exchanges:

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

Market Price Data during 2008- 2009

MONTH	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April 2008	11.85	9.40	11.80	8.85
May 2008	11.50	9.41	11.65	9.50
June 2008	9.89	8.00	10.20	7.95
July 2008	9.50	7.60	9.45	7.50
August 2008	9.40	8.05	10.35	8.15
September 2008	9.00	5.79	9.00	5.90
October 2008	6.70	3.31	6.90	3.15
November 2008	4.85	3.20	4.85	3.10
December 2008	5.00	2.90	5.20	3.05
January 2009	4.80	3.40	5.10	3.40
February 2009	4.00	3.12	4.05	3.15
March 2009	3.73	3.01	3.60	3.05

Distribution of shareholding as on 31 March 2009.

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	14384	98.33	60,95,474	28.32
5001 – 10000	133	0.90	9,90,655	4.60
10001 – 20000	51	0.34	7,34,543	3.41
20001 – 30000	17	0.11	4,34,216	2.01
30001 – 40000	8	0.05	2,74,158	1.27
40001 – 50000	7	0.08	3,31,696	1.54
50001 – 100000	13	0.07	9,03,092	4.20
100001 & above	15	0.12	117,57,591	54.65
TOTAL	14628	100.00	215,21,425	100.00

Share holding pattern as on 31 March 2009

Sr. No.	Category	SHARES HELD	
		Total	Total in %
A.	PROMOTER HOLDING		
1.	Promoters		
	> Indian Promoters (Directors and their relatives)	800413	3.72
	> BCL Mgt. Emp. Welfare Trust	48900	0.23
	> Foreign Promoters	7622437	35.42
	Sub Total (A) :	8471750	39.36
B.	PUBLIC HOLDING		
	1. Institutions		
	a) Mutual Funds / UTI	81325	0.38
	b) Financial Institution / Banks	11660	0.05
	c) Central Government/ State	Nil	Nil
	d) Venture Capital Funds	Nil	Nil
	e) Insurance Companies	34845	0.16
	f) Foreign Financial Institution	8050	0.04
	g) Foreign Venture Capital Investors	Nil	Nil
	Sub Total (B)(1)	135880	0.63
	2. Non Institution		
	a) Bodies Corporate	4379713	20.35
	b) Individual – holding nominal capital upto Rs. 1 lac	6205503	28.83
	c) Individual – holding nominal capital in excess of Rs. 1 lac	1938551	9.01
	Any Others		
	a) NRIs	112436	0.52
	b) Trust	1775	0.01
	c) Hindu Undivided Families	275817	1.28
	Sub Total (B) (2):	12913795	60.00
	Sub Total (B) :	13049675	60.64
	GRAND TOTAL :	21521425	100.00

Registrar and Transfer Agent (RTA)

The shareholders of the Company are hereby informed that M/s. MCS Limited will continue to act as Registrar and Transfer Agent of the Company. All the shareholders are requested to forward their communication in respect of transfer of shares or other queries, directly to our RTA, namely M/s. MCS Limited, Vadodara.

Share Transfer System

As per SEBI guidelines, the Company has offered the facility of dematerialisation of physical shares. 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 MCS Limited, Vadodara.

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 March 2009, out of 21,521,425 fully paid up equity shares of Rs. 10/- each, listed with the above two Stock Exchanges, 18,839,233 equity shares (87.53% of paid capital) are held in dematerialised form by 10,960 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,
Banglore (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 :

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

Declaration

As per Clause 49 of the listing agreement with the Stock Exchanges, this is to confirm that all Board members and Senior Management personnel have affirmed compliance with the code of conduct of the Company for the financial year 2008-09.

Place : Mumbai
Date : 29.05.2009

K. M. Pai
Managing Director

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 March 2009, 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 : 29.05.2009

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 31st March, 2009, 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 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 has filed an application on 20.05.2009 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 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 31st March 2009 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, subsequent to the balance sheet date, 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 is in the process of filing an application to the Hon'ble High Court of Gujarat (Refer Note 2).*
- (vii) Subject to (vi) above, 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 31st March, 2009 ;
 - b) in the case of the Profit and Loss Account, of the profit 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

VIKAS VIG
Partner

Membership No : 16920

Place : New Delhi
Date : 29.05.2009

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) The Company has not disposed off substantial part of the fixed assets during the current year.

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.

3a) The following are the particulars of the loans taken by the Company from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

Name of the party	Relationship with Company	Amount when loan was taken (Rs in lakhs)	Year end balance (Rs in lakhs)
WEL Intertrade Pvt. Ltd	A Company under the same management	895.00	895.00 (excluding interest)

As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies act, 1956.

3b) In our opinion the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, are not, prima facie, prejudicial to the interest of the Company.

3c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

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 it 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 fringe benefit 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. 19,682,757/- (Rs. 2,320,723/- since paid) 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
Gujarat Sales Tax Act, 1969	1997-98	20.66	Sales Tax Tribunal, Ahmedabad
Gujarat Sales Tax Act, 1969	1998-99	14.87	Sales Tax Tribunal, Ahmedabad
Gujarat Sales Tax Act, 1969	1999-00	7.55	Sales Tax Tribunal, Ahmedabad
Karnataka Sales Tax Act, 1957	2002-03	2.83	Commissioner of Commercial Taxes, Bangalore
Uttar Pradesh Trade Tax Act,	2006-07	1.88	Joint Commissioner(Appeals), Trade Tax Range – III, Lucknow
Andhra Pradesh Value Added Tax Act, 2005	2005-06	4.89	High Court of Andhra Pradesh
Central Excise & Customs Act	2006-07	18.50	Customs Excise& Service Tax Appellate Tribunal (CESTAT), Mumbai
Central Excise & Customs Act (Service Tax)	1994-95	21.54	Commissioner (Appeals), Vadodara
Central Excise & Customs Act	2007-08	1.08	Commissioner (Central Excise & Customs) - Appeals, Bangalore
Income Tax Act, 1961	June 2006 to January 2008	22.17	Supreme Court of India
Income Tax Act, 1961	AY 1990-91	14.39	ITAT, Ahmedabad
Income Tax Act, 1961	AY 1993-94	32.17	High Court of Gujarat
Income Tax Act, 1961	AY 1994-95	22.37	High Court of Gujarat
Income Tax Act, 1961	AY 1995-96	0.49	CIT-Appeals, Vadodara
Income Tax Act, 1961	AY 2006-07		
TOTAL		185.39	

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 but had incurred cash losses during the immediately preceding financial year.
11. Based on the information and explanations given by the management, an amount of Rs. 5921.23 lakhs including overdue interest of Rs. 543 lakhs and including the amount due as on 1.04.2008 to the financial institution and debenture holder(s) has been restructured into loan and a revised repayment schedule on the basis of the restructured loan has been made. The Company has not defaulted in the repayment of dues to a financial institution, bank or debenture holders with regard to the said revised repayment schedule.
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 funds raised on short- term basis including other short term loans from Companies have been used for long term purposes including acquisition of fixed assets and repayment of long term loans to the extent of Rs. 602.10 lakhs during the year.
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
VIKAS VIG
 Partner
 Membership No : 16920

Place : New Delhi
 Date : 29.05.2009

BALANCE SHEET AS AT MARCH 31, 2009

	SCHEDULE	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
SOURCE OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	3652.14	3652.14
Reserves & Surplus	2	25.57	958.30
		<u>3677.71</u>	<u>4610.44</u>
LOAN FUNDS			
Secured Loans	3	8217.59	8792.94
Unsecured loans	4	991.95	712.44
		<u>9209.54</u>	<u>9505.38</u>
		<u>12887.25</u>	<u>14115.82</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	23899.82	23536.16
Less: Depreciation		12010.55	10902.51
Net Block		11889.27	12633.65
Capital Work in Progress		1.47	11.71
		<u>11890.74</u>	<u>12645.36</u>
INVESTMENTS	6	0.01	0.01
DEFERRED TAX ASSET/(LIABILITY) (NET) (Refer Note 7)		46.05	56.63
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	3720.33	3077.06
Sundry Debtors		1225.52	1196.70
Cash and Bank Balances		40.43	49.31
Loans and Advances		558.55	675.46
		<u>5544.83</u>	<u>4998.53</u>
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	8	4889.90	4850.83
Provisions		115.90	111.33
		<u>5005.80</u>	<u>4962.16</u>
NET CURRENT ASSETS		<u>539.03</u>	<u>36.37</u>
PROFIT AND LOSS ACCOUNT	9	411.42	1377.45
		<u>12887.25</u>	<u>14115.82</u>
SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES	18		

As per our Report of even date

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

Vikas Vig
Partner

Place : New Delhi
Date : 29.05.2009

ON BEHALF OF THE BOARD OF DIRECTORS

K.M.Pai
Managing Director

S.R.Vyas
Executive Director
& Company Secretary

Place : Mumbai
Date : 29.05.2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	SCHEDULE	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
INCOME			
Sales		20063.34	17371.64
Excise duty paid		(1182.54)	(1187.43)
Net Sales		18880.80	16184.21
Other Income	10	184.99	234.03
		19065.79	16418.24
Inventory Variance	11	693.13	(986.82)
		19758.92	15431.42
EXPENDITURE			
Material	12	6069.02	5514.27
Personnel	13	1682.38	1622.86
Manufacturing, Administration & Selling	14	9639.66	7697.88
Finance Charges	15	1163.21	1295.48
		18554.27	16130.49
PROFIT / (LOSS) BEFORE DEPRECIATION, AMORTISATION, EXTRAORDINARY ITEMS AND TAX		1204.65	(699.07)
Less:			
Depreciation		1,119.27	1,132.79
Amortisation of Miscellaneous Expenditure		0.00	23.34
PROFIT / (LOSS) BEFORE EXTRA ORDINARY ITEMS AND TAX		85.38	(1855.20)
Prior Period Adjustments	16	12.62	6.21
Extra Ordinary items-Depreciation written back/Others	17	0.00	411.25
Provision for taxation - current year/earlier year		5.35	1.55
- deferred income tax		10.59	(120.84)
- fringe benefit tax		23.52	29.06
PROFIT / (LOSS) AFTER TAX		33.30	(2182.43)
PROFIT/(LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR		(2838.20)	(655.77)
LOSS CARRIED TO BALANCE SHEET		(2804.90)	(2838.20)
Earnings/ (loss) per share - basic (Refer note 21)		(0.50)	(11.16)
Earnings/ (loss) per share - diluted (Refer note 21)		(0.50)	(11.16)
SIGNIFICANT ACCOUNTING POLICIES, AND NOTES	18		

As per our Report of even date

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

Vikas Vig
 Partner

 Place : New Delhi
 Date : 29.05.2009

ON BEHALF OF THE BOARD OF DIRECTORS

K.M.Pai
 Managing Director

S.R.Vyas
 Executive Director
 & Company Secretary

 Place : Mumbai
 Date : 29.05.2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
1 SHAREHOLDERS' FUNDS		
SHARE CAPITAL		
AUTHORISED		
25,000,000 Equity Shares of Rs.10/-each	2500.00	2500.00
15,000,000 Non-Convertible Redeemable Cumulative Preference Shares of Rs.10/- each	1500.00	1500.00
	<u>4000.00</u>	<u>4000.00</u>
ISSUED, SUBSCRIBED & PAID UP		
21,521,425 Equity Shares of Rs.10/- each fully paid up	2152.14	2152.14
15,000,000 8% (Previous Year 12.5%) Non-Convertible Redeemable Cumulative Preference Shares of Rs.10/- each fully paid up (Refer Note 2)	1500.00	1500.00
	<u>3652.14</u>	<u>3652.14</u>
2 RESERVES & SURPLUS		
CAPITAL RESERVE		
Balance Brought Forward (Refer Note 5)	25.57	25.57
	<u>25.57</u>	<u>25.57</u>
DEBENTURE REDEMPTION RESERVE		
Balance brought forward	932.73	932.73
Transferred to General Reserve (Refer Note 3h)	(932.73)	0.00
	<u>0.00</u>	<u>932.73</u>
INVESTMENT ALLOWANCE (UTILISED) RESERVE		
Balance Brought Forward	0.00	172.83
Less: Transferred to General Reserve	0.00	(172.83)
	<u>0.00</u>	<u>0.00</u>
GENERAL RESERVE		
Balance Brought Forward	1460.75	1309.65
Add: Transferred from Debenture redumption Reserve Allowance	932.73	0.00
Add: Transferred from Investment Allowance (utilised) Reserve	0.00	172.83
Less : Charged on account of Provision for Gratuity in terms of Transitional Provisions of AS-15	0.00	(21.73)
	<u>2,393.48</u>	<u>1,460.75</u>
Less : Debit Balance in Profit & Loss Account to the extent of Uncommitted Reserve as per Contra	<u>(2,393.48)</u>	<u>(1,460.75)</u>
	<u>25.57</u>	<u>958.30</u>

	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
3 SECURED LOANS		
TERM LOANS (Refer note 3)		
From Industrial Development Bank of India		
- Rupee Loans	5555.23	1588.91
From Banks		
- Loan from Bank of India	340.00	385.00
- Loan from Punjab National Bank	130.33	185.42
- Yes Bank - Short term loan	83.98	271.43
From Others		
- Hire Purchase Loans	20.49	26.60
- Interest accrued & due	7.47	97.81
DEBENTURES (Refer note 3)		
4,200 11 % Secured Non Convertible Debentures of Rs 100,000 each	0.00	3468.38
500 11% Secured Non Convertible Debentures of Rs 100,000 each	0.00	320.94
Interest accrued & due	0.00	165.87
SHORT TERM LOANS & ADVANCES FROM BANKS (Refer Note 3)		
- Yes Bank	300.00	300.00
- Rupee Cash Credit Loans (net of balance in collection accounts)	1315.18	918.53
- Foreign Currency Cash Credit Loans		
Bank of Bahrain & Kuwait	464.91	468.35
Bank of India	0.00	595.70
	<u>8217.59</u>	<u>8792.94</u>
4 UNSECURED LOANS		
Other short term loans from companies	895.00	698.01
Interest accrued and due	96.95	14.43
	<u>991.95</u>	<u>712.44</u>

5 FIXED ASSETS

(Rs in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1.4.08	Addi- tions	Deduc- tions	As on 31.03.09	Upto 31.3.08	For the year	Deduction/ Adjustments	Upto 31.3.09	As on 31.3.09	As on 31.3.08
Land	202.31	20.34	0.00	222.65	0.00	0.00	0.00	0.00	222.65	202.31
Building	3176.13	0.50	0.27	3176.36	1003.06	100.03	0.00	1103.09	2073.27	2173.07
Plant & Machinery	19607.29	343.77	0.00	19951.06	9547.64	981.10	0.00	10528.74	9422.32	10059.65
Furniture & Equipments	117.33	2.19	1.94	117.58	72.45	7.52	0.67	79.30	38.28	44.88
Office Equipment	91.51	0.05	0.00	91.56	52.82	4.15	0.00	56.97	34.59	38.69
Computer	202.58	2.72	0.00	205.30	172.27	14.29	0.00	186.56	18.74	30.31
Vehicles	139.01	13.78	17.48	135.31	54.27	12.18	10.56	55.89	79.42	84.74
Total	23536.16	383.35	19.69	23899.82	10902.51	1119.27	11.23	12010.55	11889.27	12633.65
Previous Year	23530.50	112.96	107.30	23536.16	9786.04	1132.79	16.32	10902.51		
Capital Work-In-Progress									1.47	11.71
									11890.74	12645.36

Notes :

- Net Block of Building includes 4 flats amounting to Rs. 23.50 lakhs (Rs. 24.16 lakhs) on account of membership in Nand Co-operative Housing Society Ltd. established under the Co-Operative Society Act, 1961.
- Net Block includes assets acquired under Hire Purchase Rs.67.35 Lakhs (Previous year Rs.65.39 lakhs)
- Capital work in progress represents Plant & Machinery under erection amounting to Rs.1.47 lakhs (Previous Year Rs.11.71 lakhs)

	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
8 CURRENT LIABILITIES		
Acceptances	92.46	98.07
Sundry Creditors	3012.64	2919.81
Advances from customers	35.20	31.39
Security Deposits*	418.20	439.19
Other Liabilities **	824.22	1044.10
Interest accrued but not due	506.89	317.98
Unclaimed Debenture Interest	0.29	0.29
	<u>4889.90</u>	<u>4850.83</u>
*includes due to		
- Omkar Traders, a firm in which relative of Director is interested	0.17	0.17
**includes due to		
- Directors	0.74	10.33
PROVISIONS		
Taxation (including Fringe Benefit Tax)	115.90	111.33
	<u>115.90</u>	<u>111.33</u>
	<u>5005.80</u>	<u>4962.16</u>
9 PROFIT AND LOSS ACCOUNT		
Loss Carried Forward as per Profit & Loss Account	2804.90	2838.20
Less : General Reserve as per Contra	<u>(2,393.48)</u>	<u>(1,460.75)</u>
	<u>411.42</u>	<u>1377.45</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS
ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
10 OTHER INCOME		
Export incentive	0.07	0.58
Interest - Banks *	2.19	1.78
Interest - Others	1.27	1.02
Rent received	2.85	2.88
Dividend received	0.00	0.02
Credit balances written back	1.12	2.20
Provision for expenses written back	66.09	147.68
Provision for doubtful debts written back	56.39	7.96
Profit on sale / disposal of fixed assets (net)	0.00	5.94
Claims	24.59	39.67
Miscellaneous income	30.42	22.07
Profit on sale of shares	0.00	2.23
	<u>184.99</u>	<u>234.03</u>
* Tax deducted at source	0.45	0.34
11 INVENTORY VARIANCE		
Closing Stock		
Work in Progress	56.61	124.63
Finished Goods	2571.73	1810.58
	<u>2628.34</u>	<u>1935.21</u>
Less: Opening Stock		
Work in Progress	124.63	585.23
Finished Goods	1810.58	2336.80
	<u>1935.21</u>	<u>2922.03</u>
INCREASE / (DECREASE) IN INVENTORY	<u>693.13</u>	<u>(986.82)</u>
12 MATERIALS		
Raw material Consumed	6006.62	5462.45
Processing charges	62.40	51.82
	<u>6069.02</u>	<u>5514.27</u>
13 PERSONNEL EXPENSES		
Salaries & Wages	1017.68	984.06
Contribution to Provident & Other Funds	60.71	65.63
Workmen & Staff Welfare	35.45	35.42
Gratuity	23.99	25.00
Contractual Obligation	398.04	358.62
Other factory expenses	146.51	154.13
	<u>1682.38</u>	<u>1622.86</u>

	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
14 MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES		
MANUFACTURING EXPENSES		
Stores, Spares & Tools	719.09	661.75
Power & Fuel	5856.57	4470.49
Repairs & Maintenance		
- Building	23.40	6.67
- Plant & Machinery	183.07	84.78
- Others	14.61	19.20
ADMINISTRATION EXPENSES		
Rent	9.75	7.13
Rates & Taxes	10.01	18.47
Insurance	13.00	18.31
Travelling & Conveyance *	164.09	163.22
Communication	42.13	46.70
Printing & Stationery	17.22	21.07
Legal & Professional **	199.62	47.47
Payment to Auditors		
- As Audit Fees	3.00	2.25
- For Company Law Matters	0.53	0.53
- For Quarterly Audit	0.75	0.75
- Reimbursement of Service Tax	0.00	0.00
Exchange Fluctuation loss (net)	5.65	17.54
Directors' Sitting fee	0.98	6.05
Debit bal. written off/sundry balance written off	11.73	10.93
Bad debts / advances written off	76.10	0.00
Miscellaneous	48.45	43.16
Donation	0.00	4.58
Provision for bad / doubtful debts	118.40	0.00
Loss on sale / disposal of fixed assets (net)	3.25	0.00
SELLING EXPENSES		
Advertisement & Sales Promotion	175.22	151.43
Commission	33.14	35.22
Discount	12.45	100.66
Clearing & Forwarding	1897.45	1759.52
	9639.66	7697.88
	7.70	32.67
	0.00	3.00
* includes Directors' travelling		
** Including payment made to a Director in Professional capacity		
15 FINANCE CHARGES		
Interest		
- On Fixed Loans	620.43	795.67
- Others	461.09	394.22
Bank Charges	50.29	50.13
Other Finance charges	31.40	55.46
	1163.21	1295.48
16 PRIOR PERIOD ADJUSTMENTS		
Rates and Taxes	11.02	0.00
Others	1.60	6.21
	12.62	6.21
17 EXTRAORDINARY ITEMS		
INVESTMENT WRITTEN OFF (Refer Note 18)	0.00	411.25
	0.00	411.25

18A. 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 amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the 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 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, deferred and fringe benefit tax. Current income tax and fringe benefit 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 09 (Rs in lakhs)	As at 31 Mar 08 (Rs in lakhs)
18B. CONTINGENT LIABILITIES AND NOTES		
1 Contingent Liabilities		
1(a) Estimated amount of contracts remaining to be executed on capital account	0.00	278.64
1(b) Letters of credit opened in favour of overseas suppliers	160.48	170.48
1(c) Outstanding Bank guarantees	3.39	3.39
1(d) Exchange loss on forward contracts for future years carried forward not provided for	2.56	2.84
1(e) Arrears of fixed cumulative preference dividend	1,684.51	1,564.51
1(f) Income Tax demands under appeal, not provided for	91.59	44.54
1(g) Sales tax demands under appeal, not provided for	52.68	129.55
1(h) Excise demands under appeal, not provided for	41.12	34.84

- 2 8% (Previous Year 12.5%) 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 8th, 9th and 10th year from the date of allotment which were extended to be redeemed at the end of 10th, 11th and 12th year from the date of allotment. The extension was approved by the shareholders at the AGM held on 30th September 2008.

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, subsequent to Balance Sheet date, the Company has received an approval from the preference share holder for conversion of the said preference shares into equity shares. The Scheme of Arrangement under the Section 391-394 of the Companies Act, 1956 envisages conversion of 3 preference share of Rs. 10/- each into 1 Equity Share of Rs. 10/- each at a premium of Rs. 20/- per share. Thereby resulting conversion of 15,000,000 8% Preference Shares of Rs. 10/- each fully paid into 50,00,000 Equity Share of Rs. 10/- each at a premium of Rs. 20/- per Equity Shares. The said arrangement alongwith other restructuring has been approved by the Board of Directors in its meeting held on 12th May, 2009 and the Company is in process of filing an application for approval of the said Scheme of Arrangement with the Hon'ble High Court of the Gujarat (Refer Note No. 2A).

- 2A. The Board of Directors of the Company on 12th May, 2009 has approved the Scheme of Arrangement (the Scheme) in accordance with the Section 391-394 of the Companies Act, 1956, subject to modifications, if any, as may be required in consultation with the legal advisor and financial consultants. The Scheme envisages reduction and consolidation of Equity Share Capital to write off its accumulated losses upto 31st March, 2008 and conversion of Preference Shares into Equity Share at a premium. The Company is in the process of filing necessary application with the Hon'ble High Court of Gujarat. The Scheme shall be effective on the date of filing the order of Hon'ble High Court of Gujarat with the Registrar of Companies, Ahmedabad, Gujarat when approved.

- 3 Loans

- 3(a) Loans from Industrial Development Bank of India are secured / to be 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 / to be created in favour of Company's bankers for working capital requirements. Further secured by a letter of comfort and Personal Guarantee given / to be given to IDBI by one of the Promoters in respect of Rupee Loan.

- 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 (Rupee and Foreign Currency) 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.
- 3(f) Short Term Working Capital Loan from Yes Bank Ltd. is secured by creating a second charge on the present and future current and fixed assets of the Company and further secured by pledge of shares held in the Company by foreign promoters, and their Associate Companies and a personal guarantee by one of the Promoters of the Company.
- 3(g) Medium Term Loan from Yes Bank Ltd, is secured by creating an exclusive charge on the fixed assets in the form of 66 KVA power sub-station at Hoskote plant and second charge on the present and future current and fixed assets of the Company and further secured by Personal Guarantee of one of the Promoters of the company .
- 3(h) During the year, 4700 11% Secured Non Convertible Debentures of Rupees 1 lakh each (face value) amounting to Rs.3789.32 lakhs and Rupee Loan of Rs.1588.91 lakhs (original amount of loan taken Rs. 2196.52 lakhs) outstanding as on 31st March 2008 issued to / repayable to Industrial Development Bank of India along with overdue interest of Rs.543 lakhs aggregating to Rs.5921.23 lakhs has been converted in to Rupee Term Loan with effect from 1st April, 2008 at 8% interest, as per the restructuring proposal approved by Industrial Development Bank of India vide its letter dated 23rd August 2008 and by the Board of Directors in its meeting held on 6th September 2008. On conversion of the said debentures into rupee term loan, the Debenture Redemption Reserve lying in the books has now been transferred to General Reserve.
- 4 Acceptances given to suppliers amounting to Rs.92.46 lakhs (Previous Year Rs.67.34 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 31.3.2009 are subject to reconciliation and adjustment wherever necessary.
- 7 The Company has during the year created deferred tax liability of Rs.10.59 lakhs (Previous Year deferred tax asset Rs 132.03 lakhs) resulting in net deferred tax asset of Rs.46.05 lakhs as at balance sheet date in respect of temporary differences / brought forward losses as per the details hereunder:

	As at 31 Mar 09 Rs in lakhs	As at 31 Mar 08 Rs in lakhs
a) Deferred Tax Assets on account of temporary differences :		
(i) Provision for doubtful debts	47.24	26.16
(ii) Provision for leave encashment	29.46	35.91
(iii) Provision for Gratuity	11.25	15.05
b) Deferred Tax Liability on account of temporary differences:		
(i) Depreciation on fixed assets	(1765.20)	(1860.35)
c) Deferred tax assets on account of brought forward :		
(i) Unabsorbed Depreciation	1723.30	1412.52
(ii) Carried Forward Losses	0.00	416.15
(d) AS -15 Transitional effect		
(i) Gratuity - Deferred Tax Asset	0.00	11.19
DEFERRED TAX ASSET / (LIABILITY) NET	<u>46.05</u>	<u>56.63</u>

Note :-

- 1) Out of the Deferred Tax Asstes of Rs.132.03 lakhs created during the previous year, Rs. 11.19 lakhs had been created on account of Transitional effect of implementation of AS-15 in respect of Gratuity and balance Rs. 120.84 lakhs had only been routed through the Profit & Loss Account of the previous year.
- 2) The Company has created deferred tax assets on the Unabsorbed Depreciation and Carried Forward Losses 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. In respect of matter pending in appeal Assets/Liabilities are continued to be recognised as appropriate.
- 8 Advances include claims recoverable amounting to Rs.26.56 lakhs (Previous Year Rs.26.56 lakhs) on account of old insurance claims, which are considered to be fully receivable by the Management, for which company is in process of filling Special Leave petition (SLP) with the Hon'ble Supreme Court of India as per the legal opinion received.
- 9 Aggregate Directors' remuneration Rs.109.83 lakhs (Previous Year Rs.110.41 lakhs) includes Company's contribution to Provident Fund and other funds Rs.6.64 lakhs (Previous Year Rs 13.76 lakhs)
The approval of Central Govt as per provision of section 311 read with Schedule XIII of Companies Act 1956 for the remuneration of Rs.76.31 lacs(Previous Year Rs 40.34 lakhs-) paid/payable to Managing Director has been received on 22nd April, 2009. Gratuity and Leave Encashment entitlements are based on actuarial valuation and hence not considered above.
- 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.
- 11(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	210,327	201,137	1,862.23	1,750.11
Glazes, Frits & Chemicals	MT	9,929	8,710	2,974.13	2,739.67
Packing Materials	Nos	10,699,089	8,807,169	836.56	678.74
Others				333.70	293.93
				6,006.62	5,462.45

- 11(b) Value of Imported & Indigenous Raw Materials consumed, stores & spares consumed & percentages thereof

	Current Year (Percentage)	Previous Year (Percentage)	Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
Raw Materials				
Imported	1	2	65.92	134.48
Indigenous	99	98	5,940.70	5,327.97
	100	100	6,006.62	5,462.45
Stores & Spares				
Imported	53	51	378.29	337.35
Indigenous	47	49	340.80	324.40
	100	100	719.09	661.75

- 12 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	1,259,494	1,710,781	1,810.58	2,336.80
Sales	SQ.MT	11,580,370	10,882,688	20,063.35	17,371.64
Closing Stock	SQ.MT	1,862,219	1,259,494	2,571.73	1,810.58

Notes :-

- 1 Quantities of sales include free of cost replacements, captive use, samples, shortages and damaged goods.
- 2 Value of consumption of raw material for the previous year includes an amount of Rs.300.30 lakhs, being the value of accumulated items of work in process which have become obsolete and non-usable due to change in the manufacturing process based on a physical verification at the year end.

13 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	12,183,095	10,431,401

- 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 Rs in lakhs	Previous Year Rs in lakhs
14 CIF Value of Imports		
Capital goods	5.60	2.33
Raw Materials	20.27	52.40
Spares	227.63	223.66
Others	0.00	0.51
15 Export earnings in Foreign Currency		
FOB Value of Exports	0.00	46.90
Freight and Insurance recovered	0.00	10.17
16 Expenditure in Foreign Currency (on payment basis)		
Commission on Export Sales	0.00	4.98
Travel	2.97	5.67

17 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 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".

18 Extra ordinary item

Extra ordinary item for the previous year includes an amount of Rs.411.25 lakhs representing investment in shares of Bell Granito Ceramica Limited which had been pledged to IDBI as a condition for release of Corporate Guarantee given by the Company to IDBI towards term loans given to Bell Granito Ceramica Limited. During the previous year, IDBI had got the shares transferred in its name and hence the investment had been written off.

19. Disclosures under Accounting Standard 15 on Employee Benefits:

During the year, based on actuarial valuation, the company has created a liability for Rs.33.10 lakhs (Net of Plan Assets) (Previous year Rs.44.28 lakhs) for Gratuity and Rs.86.67 lakhs (Previous Year Rs.105.65 lakhs) for the Leave Encashment. During the previous year Company had implemented the provisions of Accounting Standard 15 on "Employee Benefits" (AS-15) and in line with transitional provisions of AS -15, Rs.21.73 lakhs on account of Gratuity had been charged to General Reserve.

Disclosures 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	138.85	105.65	116.37	81.84
Service cost	14.56	6.91	12.96	7.90
Interest cost	11.11	7.64	9.31	6.76
Actuarial losses (gains)	6.23	0.47	11.01	19.69
Benefits paid	(15.75)	(34.00)	(10.80)	(10.54)
Closing defined benefit obligation	155.01	86.67	138.85	105.65

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

(Rs. In Lakhs)

	Gratuity Current Year	Gratuity Previous Year
Opening fair value of plan assets	94.57	94.58
Expected return	7.57	7.57
Actuarial gains and (losses)	2.31	0.83
Contributions by employer	33.21	2.40
Assets acquired in an amalgamation in the nature of purchase	0.00	-
Exchange differences on foreign plans	0.00	-
Benefits paid	(15.75)	(10.80)
Closing fair value of plan assets	121.91	94.57

The amounts recognized in the balance sheet are as follows:

(Rs. In Lakhs)

	Gratuity Current Year	Leave Encashment Current Year	Gratuity Previous Year	Leave Encashment Previous Year
Present value of funded obligations	155.01	86.67	138.85	105.65
Fair value of plan assets	121.91	-	94.57	-
Unrecognized past service cost	-	-	-	-
Net liability in the Balance Sheet	33.10	86.67	44.28	105.65

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

(Rs. In Lakhs)

	Gratuity Current Year	Leave Encashment Current Year	Gratuity Previous Year	Leave Encashment Previous Year
Current service cost	14.56	6.91	12.96	7.90
Interest on obligation	11.11	7.64	9.31	6.76
Expected return on plan assets	(7.57)	-	(7.57)	-
Net actuarial losses (gains) recognized in the year	3.93	0.47	10.18	19.69
Past service cost	-	-	-	-
Losses (gains) on curtailments and settlements	-	-	-	-
Total included in 'employee benefit expense'	22.03	15.02	24.89	34.34
Actual return on plan assets				

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

	Gratuity Current Year	Leave Encashment Current Year	Gratuity Previous Year	Leave Encashment Previous Year
Discount rate per annum as at 31st March 2009	8.00%	8.00%	8.00%	8.00%
Expected return per annum on plan assets as at 31st March'09	8.00%	-	8.00%	-
Salary Escalation per annum	7.00%	7.00%	7.00%	4.50%
Retirement Age	60 years	-	60 years	-
Mortality	LIC 94-95 mortality tables	-	LIC 94-95 mortality tables	-
Attrition rate	2.00%	-	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 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	13.84	16.35	12.25	14.88
(ii) Later than one year and not later than five years	9.14	12.15	8.24	11.67
(iii) Beyond five years	Nil	Nil	Nil	Nil
b) Assets on BOOT Basis				
(i) Payable not later than one year	90.48	84.24	83.78	78.00
(ii) Later than one year and not later than five years	158.34	231.66	131.44	185.53

21 Computation of Earnings /(Loss) Per Share

		Current Year (Rs in lakhs)	Previous Year (Rs in lakhs)
Profit/(Loss) After tax		33.30	(2182.42)
Less: Preference dividends (including dividend tax)		(140.39)	(219.37)
Profit / (Loss) after tax and preference dividend (including dividend tax)		(107.09)	(2401.79)
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	(0.50)	(11.16)
- diluted	Rs	(0.50)	(11.16)

Note : The 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 (refer note 2 and 2A above) which has been approved by the Board of Directors in its meeting held on 12th May 2009.

22 Related party disclosures:

- (A) (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 Limited | Renown Ceratek Pvt. Ltd. |
| WEL Intertrade Private Limited | Omkar Traders | Ascent Hotels Private Limited |
| Magus Estate & Hotels Limited | Deepak Garden Fresh Private Limited | Advatech Ceratiles Limited |

22 (B) Transactions with related parties during the year

Particulars	Associates (Current Year) (Rs. In lakhs)	Associates (Previous Year) (Rs. In lakhs)	Key Management Personnel (Current Year) (Rs. In lakhs)	Key Management Personnel (Previous Year) (Rs. In lakhs)
INCOME				
Sale of Tiles	52.67	45.67		
EXPENSES				
Travel/Entertainment	0.12	0.74		
Director remuneration			109.83	110.45
D G Hiring Charges	90.48	84.24		

Particulars	Associates	Associates	Key Management Personnel	Key Management Personnel
	(Current Year) (Rs. In lakhs)	(Previous Year) (Rs. In lakhs)	(Current Year) (Rs. In lakhs)	(Previous Year) (Rs. In lakhs)
Professional Fees	53.40	0.00		
Reimbursement of expenses	19.42	0.00		
Retirement benefits	22.13	0.00		
Sales & Marketing	0.26	0.01		
Interest -others-(ICD)	106.69	70.19		
Advances given	21.06	21.06		
Inter corporate Loans received	510.00	417.00		
Inter corporate Loans repaid	250.00	42.00		
Amount outstanding				
- other liabilities	11.31	15.79	0.74	7.33
- inter corporate loans payable	895.00	635.00		
- inter corporate loans interest	125.33	18.64		
Amount Receivable	7.30	0.78		

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

Particulars	Current Year Rs. In lakhs	Previous Year Rs. In lakhs
Sales		
- Omkar Traders	35.13	45.46
- Ascent Hotels Private Limited	17.54	0.00
- Magus Estate & Hotels Limited	0.00	0.21
Travel/Entertainment		
- Asian Hotels Limited	0.12	0.74
D.G Hiring Charges		
- Renown Ceratek Pvt. Ltd.	90.48	84.24
Professional Fees/Expenses		
- Mr. Ramesh Jatia - Professional Fees	53.40	0.00
- Mr. Ramesh Jatia - Reimbursement of expenses	19.42	0.00
- Mr. Ramesh Jatia - Retirement Benefits	22.13	0.00
Sales & Marketing		
- Omkar Traders	0.26	0.01
Interest on ICD		
- Renown Ceratek Pvt. Ltd.	0.00	1.81
- Wel Intertrade Pvt. Ltd.	106.69	67.64
- Deepak Garden Fresh Pvt Ltd	0.00	0.81
Director Remuneraion		
- Mr.Ramesh Jatia	0.00	51.67
- Mr.K M Pai	76.31	40.34
- Mr.S R Vyas	33.52	18.44
Inter Corporate loans received		
- Wel Intertrade Pvt. Ltd.	510.00	375.00
- Deepak Garden Fresh Pvt Ltd	0.00	21.00
- Renown Ceratek Pvt. Ltd.	0.00	21.00
Inter Corporate loans repaid		
- Wel Intertrade Pvt. Ltd.	250.00	0.00
- Deepak Garden Fresh Pvt Ltd	0.00	21.00
- Renown Ceratek Pvt. Ltd.	0.00	21.00

Particulars	Current Year Rs. In lakhs	Previous Year Rs. In lakhs
Amount Outstanding		
Interest		
- Wel Intertrade Pvt. Ltd.	125.33	18.64
Inter Corporate loans		
- Wel Intertrade Pvt. Ltd.	895.00	635.00
Other Liabilities		
- Mr.Ramesh Jatia -Professional fees	4.45	0.00
- Mr.Ramesh Jatia -Retirement Benefits	1.07	0.00
- Mr.Ramesh Jatia -Remuneration	0.00	3.50
- Mr.K M Pai -Remuneration	0.00	1.56
- Mr.S R Vyas -Remuneration	0.74	2.27
- Renown Ceratek Pvt. Ltd.	5.62	15.72
- Omkar Traders - Dealer Security Deposit	0.17	0.17
- Advatech Ceratiles Ltd.	0.00	0.07
Advance given		
- Renown Ceratek Pvt. Ltd.	21.06	21.06
Amount Receivable		
- Ascent Hotels Private Limited	7.11	0.00
- Omkar Traders	0.19	0.78

23 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 being the average market rate of interest in the opinion of the Management.

24 Micro,Small and Medium Enterprises Development Act, 2006 ('MSMED')- The Company has amounts due to suppliers under MSMED as at 31st March,2009. The disclosure pursuant to the said Act is as under :

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

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

Signature to the Schedules 1 to 18.

As per our Report of even date

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

Vikas Vig
 Partner

Place : New Delhi

Date : 29.05.2009

ON BEHALF OF THE BOARD OF DIRECTORS

K.M.Pai
 Managing Director

S.R.Vyas
 Executive Director
 & Company Secretary

Place : Mumbai

Date : 29.05.2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	Current Year Rs. in lakhs	Previous Year Rs. in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX BUT AFTER EXCEPTIONAL/EXTRA ORDINARY ITEMS	72.76	(2,272.66)
Adjustments for:		
Depreciation	1,119.27	1,132.76
Depreciation written back	-	(7.89)
Interest & Finance Expense	1,163.21	1,295.48
Interest Income	(2.19)	(1.78)
Income from Investment - Dividends		(0.02)
Loss on Fixed Assets sold/ discarded (net)	3.25	(5.94)
Gain on sale of Investments	-	(2.23)
Deferred Revenue Expenditure written off	-	23.34
Bad Debts / Advances Written off	87.83	10.93
Provision for Bad & Doubtful Debts/advances	118.40	(7.96)
Liability no longer required written back	(67.21)	(2.20)
Provision no longer required written back	(56.39)	
Provision for Gratuity & Leave Encashment	37.05	59.23
Prior Period Expenses/(Income) (Net)	12.62	6.21
Unrealised foreign exchange (gain) / loss	-	10.87
Extra Ordinary Items	-	271.46
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,488.60	509.60
Adjustments for changes in working capital :		
- (Increase)/Decrease in Sundry Debtors	(166.94)	(216.83)
- (Increase)/Decrease in Other Receivables	106.02	(102.59)
- (Increase)/Decrease in Inventories	(643.27)	1,227.89
- Increase/(Decrease) in Trade and Other Payables	(197.80)	(167.64)
CASH GENERATED FROM OPERATIONS	1,586.61	1,250.43
- Taxes (Paid) / Received {Net of withholding taxes(TDS)}	(24.90)	(63.78)
- Prior Period (Expenses)/Income (Net)	(12.62)	(6.21)
- Extra Ordinary Items		(271.46)
NET CASH FROM OPERATING ACTIVITIES	1,549.09	908.98
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets		
Additions during the period	(337.77)	(209.76)
Capital Work in Progress		
Deductions/(additions) during the year	10.24	(12.63)
Proceeds from Sale of fixed assets	4.94	29.33
Interest Received (Revenue)	2.22	2.68
Dividend Received	-	1.83
Any other item - Deferred Rev Exp capitalised		0.02
NET CASH USED IN INVESTING ACTIVITIES	(320.37)	(188.53)

	Current Year Rs. in lakhs	Previous Year Rs. in lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings		
RECEIPTS	177.00	457.46
PAYMENTS	(549.86)	(282.45)
Proceeds from short term borrowings		
RECEIPTS	-	
PAYMENTS	279.51	(24.83)
Interest & Finance charges Paid	(941.76)	(1,259.68)
NET CASH USED IN FINANCING ACTIVITIES	(1,035.11)	(1,109.50)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	193.61	(389.05)
CASH AND CASH EQUIVALENTS - OPENING	(2,233.27)	(1,844.22)
CASH AND CASH EQUIVALENTS - CLOSING	(2,039.66)	(2,233.27)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	193.61	(389.05)

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 issued by the Institute of Chartered Accountants of India
- 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 2009	As at 31st March 2008
Cash, Cheques & Drafts (in hand) and Remittances in transit	5.12	5.47
Short term loans and advances from banks	(2,080.09)	(2,282.58)
Balance with Scheduled Banks	35.31	43.84
	(2,039.66)	(2,233.27)

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 : 29.05.2009

ON BEHALF OF THE BOARD OF DIRECTORS

K.M.Pai
 Managing Director

S.R.Vyas
 Executive Director
 & Company Secretary

Place : Mumbai
 Date : 29.05.2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. Registration Details

Registration No.	08196	State Code	04
Balance Sheet date	31st March 2009		

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	1288725	Total Assets	1288725
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Source of Funds

Paid Up Capital	365214	Secured Loans	821759
Reserve & Surplus	2557	Unsecured Loans	99195

Application of Funds

Net Fixed Assets	1189047	Misc. Expenditure (including deferred)	4605
Investment	1	Losses tax asset/liability net)	
Net Current Assets	53903	Accumulates	41142

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

Turnover	1975892	+/- Profit/Loss Before Tax	7276
Total Expenditure	1968616	+/- Profit/Loss After Tax	3330
Earnings per share in Rs.	(0.50)	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 : 29.05.2009

K.M.Pai
 Managing Director

S.R.Vyas
 Executive Director
 & Company Secretary

BELL CERAMICS LIMITED

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

ATTENDANCE SLIP FOR TWENTY THIRD 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 Third Annual General Meeting of the Company held on Wednesday, the 29th July, 2009 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 Third Annual General Meeting of the Company to be held on Wednesday the 29th July, 2009 and at any adjournment thereof.

Signed _____ day of _____ 2009.

Affix Revenue Stamp

Signature of Shareholder _____

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
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