



ANNUAL REPORT 2009-2010

ORIENT
CERAMICS

OUR NEW IDENTITY



The new Orient logo portrays strength and power brought out by our heritage.

The fresh colours represent the freshness of the company in terms of bringing new innovations in the tile industry and fresh opportunities for partners to benefit from.



Letters in lower case to represent our contemporary edge and convey our young and trendy design philosophy.

The graphic of the tile emanating from the centre represents the inspiration of designs from the heart of Europe.



Slender and stylized logo to represent our designer tiles that transform your home into a piece of art.

ABOUT US

The world is in a state of transformation. And the ever-changing design sensibilities are best mirrored in the home décor. Since its inception, Orient has been the frontrunner of this revolution, introducing breakthrough technology and original designs to India's thriving real-estate and home-décor industry.

Orient has created ripples in India's tile industry by being the first company to manufacture Ultra Vitrified tiles. It recently made waves in the imported tiles segment by being the first to have an in-house Spanish designer, thereby blending Orient's manufacturing excellence with Europe's best tile aesthetics.

It's not a co-incidence that Orient as a brand is only second in recall.* Orient's latest initiative of launching a chain of signature showrooms is to bring about a dramatic shift in the way tiles are currently retailed. Already its network of over 4000 retailers spread across the sub-continent serves as one of the best models for distribution and delivery.

In India, apart from decorating a million homes, Orient has lent its design expertise to the prestigious Rashtrapati Bhavan, the Delhi High Court and the new Kolkata Airport. Internationally, Orient has extended its décor solutions to Europe, SE Asia, the Middle East and SAARC nations.

*Based on an ICMR survey

OUR PORTFOLIO

Step into our progressive manufacturing hub at Sikandrabad, and you'll find yourself in the company of perfectionists. Quality control has earned us numerous global accreditations and the distinction of being 'Famous for Quality'.

But quality is only a consequence. Emerging from the collective passion of over 800 of us at Orient for whom customer is the only inspiration. It reflects on every product that bears our stamp. Our products categorized on a simple insight -
Varied needs. Distinct users

"OUR INNOVATIVE BUSINESS MODEL BLENDS CONTEMPORARY EUROPEAN TILE DESIGN WITH OVER 4 DECADES OF LOCAL MANUFACTURING EXCELLENCE. RESULTING IN A COLLECTION OF EXQUISITE HOME DÉCOR SOLUTIONS WHICH IS A DELIGHT FOR EVERY CUSTOMER."

MR. MADHUR DAGA
Executive Director

ORIENT TILES

Available at approximately 4000 retailers across the country, it's our most popular wall and floor offering in the mid-value segment. If you've spent enough time in India, chances are, you've spent it on Orient tiles.

EUROPA TILES

Ms. María José Castillo, Orient's designer of Spanish origin brings in the genius of European artists who've perfected the art of ceramics over centuries. Tiles for the truly fashionable, Europa Tiles designs in their myriad colours and textures transform walls and floors into modern day objet d'art.

STILER TILES

Never before have tiles flaunted such a distinct identity. With each piece handcrafted, the Stiler range of Premium Decorative Ceramics is rarity personified. Available as highlights, borders, mosaics, decors and listels, Stiler designs are embroidered using extraordinary materials like gold, silver and platinum.

A GREEN VENTURE

Not only an acclaimed authority in his field, our CMD, Mr. Mahendra K. Daga is also a renowned horticulturalist and environmentalist. Awarded the Delhi governments award for water harvesting in the year 2007, Mr. Daga has personally charted out Orient's environmental policies.

- Received carbon credits for more than 21000 tons of carbon equivalent through TUV Nord, Germany for our project "Fuel Switching & Other Measures & Utilization of Waste Heat in Industrial Complex Orient".
- Another project under VCS (Voluntary Carbon Standard) which is bigger in scope than the one above is under way and is likely to be completed soon.
- 2 large green houses maintained in the factory premises where plants are nurtured and grown.

"ENERGY CONSERVATION IS NOT ONLY ENVIRONMENT FRIENDLY BUT ALSO MAKES GOOD BUSINESS SENSE."

MR. MAHENDRA K. DAGA
Chairman & Managing Director



TEAM

Sitting – Mr. Mahendra K. Daga - Chairman & Managing Director

Standing Left to Right -

Mr. Sanjay Monga - Vice President - Sales & Marketing

Ms. María José Castillo - Chief Product and Solution Designer

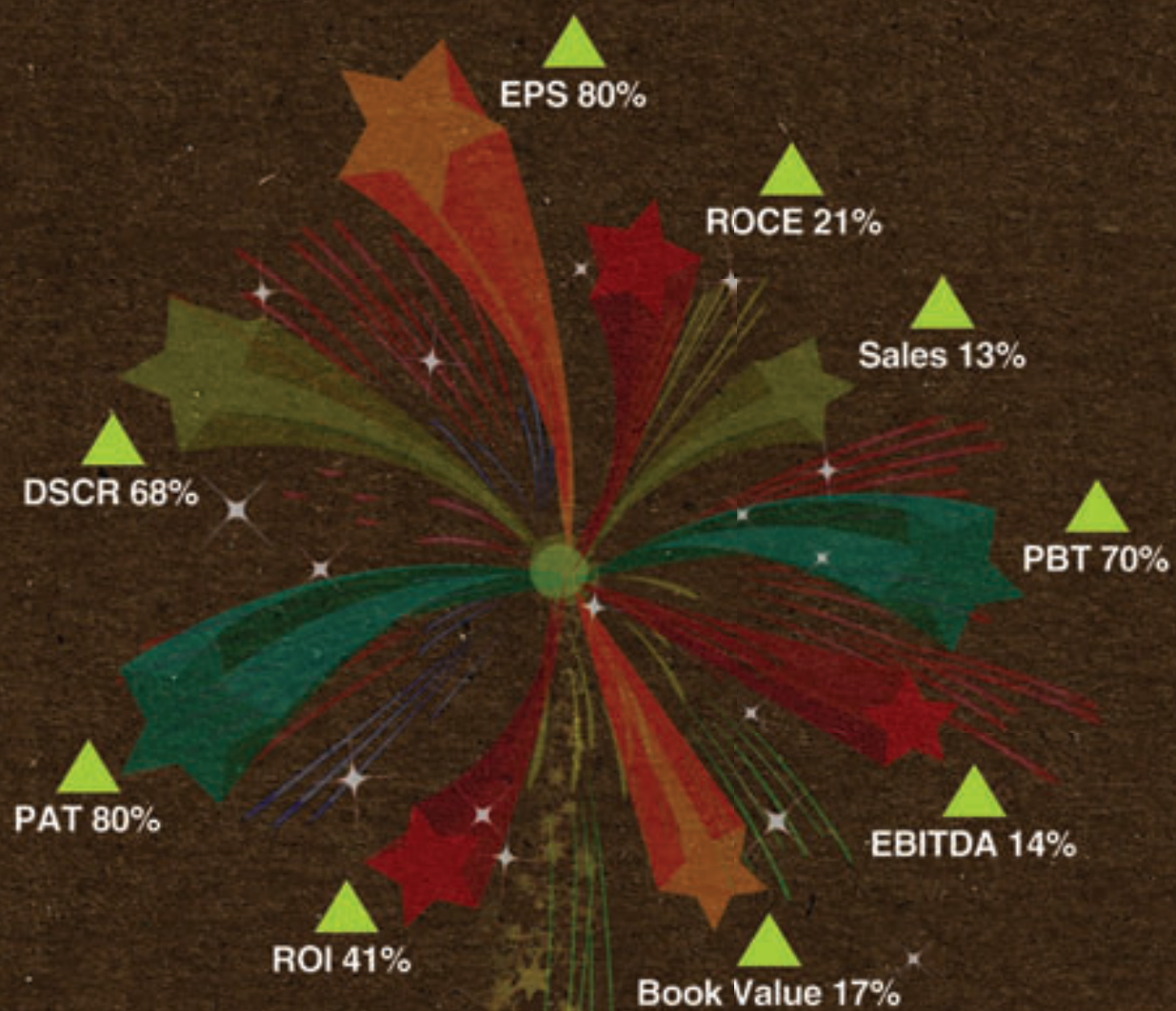
Mr. Madhur Daga - Executive Director

Mr. Vijay Shankar Sharma - Chief Financial Officer

Mr. Anil Agarwal - President Operations - Manufacturing

Mr. Manoj Singh - General Manager - Human Resources

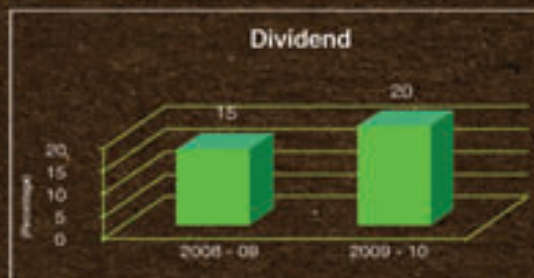
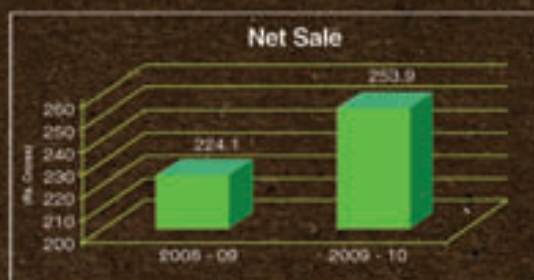
PERFORMANCE HIGHLIGHTS



PERFORMANCE HIGHLIGHTS

	(Rs Crores)		
	2008-09	2009-10	Growth
Net Sale	224.1	253.9	13%
Profit before tax	10.3	17.5	70%
Profit After Tax	6.4	11.5	80%
EBITDA	30.7	35.1	14%
Book Value per share(Rs.)	49.9	58.4	17%
Dividend*	15%	20%	33%
Earning per share (Rs.)	6.1	10.9	80%
Return on Capital Employed	12.1%	14.6%	21%
Return on Investment (ROI)	13.3%	18.7%	41%
Debt Service Coverage Ratio	3.1	5.2	68%
Net Profit Ratio	4.5%	6.8%	51%

*proposed for the year 2009-10



BOARD OF DIRECTORS

Mr. Mahendra K. Daga, Chairman & Managing Director

Mr. R. N. Bansal

Mr. Madhur Daga, Executive Director

Mr. Dhruv M. Sawhney

Mr. N. R. Srinivasan

AUDIT COMMITTEE

Mr. R. N. Bansal, Chairman

Mr. N. R. Srinivasan

Mr. Mahendra K. Daga

SHAREHOLDERS / INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE

Mr. N. R. Srinivasan, Chairman

Mr. Mahendra K. Daga

Mr. Madhur Daga

REMUNERATION COMMITTEE

Mr. N. R. Srinivasan, Chairman

Mr. Dhruv M. Sawhney

Mr. R. N. Bansal

COMPANY SECRETARY

Mr. Yogesh Mendiratta

STATUTORY AUDITORS

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

BANKERS

State Bank of India

Punjab National Bank

Standard Chartered Bank

Barclays Bank PLC

CORPORATE OFFICE & SHOWROOM

Iris House

16, Business Centre, Nangal Raya

New Delhi-110 046

REGD. OFFICE & SHOWROOM

8, Industrial Area Sikandrabad-203 205

Distt. Bulandshahr (U.P.)

PLANTS

8, A-75 to A-80 & A-84 Industrial Area

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

REGISTRAR & SHARE TRANSFER AGENT

M/s. MCS Limited

F-65, Okhla Industrial Area, Phase-I,

New Delhi-110 020

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DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present the 33rd Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2010.

FINANCIAL PERFORMANCE

(Rs. in lacs)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Gross Sales and other Income	27,206	24,018
Profit before Interest, Depreciation and Taxation	3,509	3,065
Interest	676	976
Depreciation	1,082	1,063
Profit before Taxation	1,751	1,026
Provision for Taxation - Current year	718	386
- Deferred Tax {Charge / (Release)}	(126)	(42)
- Fringe Benefit Tax & Wealth Tax	1	45
Income Tax adjustments for earlier years	12	0
Profit for the year	1,146	637
Earning per share (Rupees)	10.88	6.05

BUSINESS PERFORMANCE

Your Company performed very well during the financial year 2009-10. The Company recorded a growth of 13% in sales turnover to Rs. 27,206 lacs for the financial year 2009-10 (previous year Rs. 24,018 lacs) and 80% in profit after tax to Rs. 1,146 lacs for the financial year 2009-10 (previous year Rs. 637 lacs). Your Company's Earning Per Share (EPS) also grown by 80% to Rs. 10.88 for the financial year 2009-10 (previous year Rs. 6.05).

During the financial year 2009-10, the company worked on product innovation, display and branding. The Company took part in two ACETECH exhibitions organized by The Economic Times at Delhi and Mumbai. These exhibitions showcased our capabilities of product designing and helped in brand building. The High Value Products of the Company under the Brand name "Europa" & "Stiler" launched last year were successfully introduced and accounted for 8 % of total sales during the year. In November 2009, the Company started a new International Business Division with a focus on exports. It is heartening to note that within a period of four months, the Company was successful in exporting to many Countries.

DIVIDEND

For the year under review, your Directors have recommended for consideration of the members at the ensuing Annual General Meeting, a dividend of Rs. 2/- per share (20 %) for the year ended March 31, 2010. The total outgo of dividend inclusive of corporate tax on dividend thereon would amount to Rs. 245.58 lacs as against Rs. 184.79 lacs in the previous year.

PROSPECTS

The Indian Tile Industry is approximately Rs. 8,000 Crores of which the organized sector is Rs. 4,500 Crores. The Industry has been growing at a CAGR of 15 % approx for over five years. This growth is expected to continue over next many years due to new demand in housing & commercial sector as well as refurbishing market. Versatility, designs, ease of installation and price are other factors which makes them an ideal substitute for natural material like marble, stone and wood.

Superior product design, quality and development capabilities of Orient, coupled with investment in brand building and display centres, place Orient at a position to take advantage of the growing tile market.

The Indian tile Industry is amongst 5 top tile producing Countries including China, Brazil, Spain and Italy. Tile Industry has huge potential in India as per capita consumption in India is one of the lowest in the world.

EXPANSION

Although Orient is a single location manufacturing Company, we have outsourcing arrangements with several companies in Gujarat to service the West & South India markets. However, to aggressively & profitably capture market share in the deep & rich tile consuming geographies of South & West India, your Company is aggressively exploring options to add substantial manufacturing capacity in West and / or South India by a combination of green field project, Joint Venture with an existing company or both.

Your Company also plans to have more than 100 premium display & sale points across India with a combination of Company Owned Company Operated (COCO), Franchisee Showrooms (FS) and Shop in Shop (SIS). This will enable us to display more premium products and offer a wider choice to retail & institutional customers and realize better price for the products.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE REPORT

The Company has implemented the mandatory as well as certain non mandatory requirements of Corporate Governance as per clause 49 of the Listing Agreement. A report on corporate governance with detailed compliance has been given under separate section in the Annual Report. The Company has also obtained a certificate for compliance of the provisions of Corporate Governance from the Statutory Auditors.

PUBLIC DEPOSITS

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

HUMAN RESOURCES

The relation with the employees remained cordial during the year. The Company believes in hiring the right professional talent and rewarding performance through a well documented Performance Management System. The Company adopts progressive HR practices to attract and retain talent. Hospitalisation, life and accident policies are taken for employees benefit along with other similar initiatives. During 2009-10, the company recruited 189 new employees. The attrition rate is normal and within acceptable range.

POLLUTION AND ENVIRONMENTAL CONTROLS

Your Company has always been on the forefront of green initiatives and has accreditations under ISO14001 and OHSAS 18001.

You would be pleased to know that the Company has already received carbon credits for >21,000 tons of carbon equivalent through TUV Nord, Germany for our project "Fuel Switching & Other Measures & Utilization of Waste Heat in Industrial Complex Orient". The project is for the period 2004-2013. Another project is underway which will generate Carbon Credit through VCS (Voluntary Carbon Standard). This project involves generation of hot air in one of the spray dryer using renewable bio-mass fired system called FBCC (Fluidized Bed Combustion Chamber). With this the company is saving approx 10,600 tons of carbon emission every year. Validation has already been done by M/s Perry Johnson Registrars Clean Development Mechanism Inc. Tokyo, Japan (PJRCMD) and final project verification is under way and expected to get completed soon.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Mr. Dhruv M. Sawhney retires by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

The present term of Mr. Madhur Daga as Executive Director of the Company will expire on September 30, 2010. The Remuneration Committee/ Board of Directors has, subject to the approval of the shareholders by a special resolution at the ensuing AGM and such other approvals as may be necessary in this regard, approved the re-appointment of Mr. Madhur Daga as Executive Director for a term of further three years effective October 01, 2010 and fixed his remuneration.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of annual accounts for the financial year ended 31st March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

AUDITORS

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

AUDITOR'S REPORT

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

INFORMATION PURSUANT TO SECTION 217(1) (e)

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

PARTICULARS OF EMPLOYEES

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

APPRECIATION

We take this opportunity to place on record our appreciation for the contribution, support and co-operation, received from the employees, A.P. Government, Company's Bankers, associates, vendors and dealers. We also wish to place on record our gratitude towards the members for reposing faith in the management of the Company.

On behalf of the Board

Place: New Delhi
Date: 16th July, 2010

Mahendra K. Daga
Chairman & Managing Director

ANNEXURE A

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

A. CONSERVATION OF ENERGY

- (a) **As a part of continuous efforts to conserve various resources, following steps were taken to conserve energy:**
- i. Recuperates were installed in the kilns which resulted in increase in the combustion air temperature from ambient to 150° C and reduction in the fuel consumption.
 - ii. Recycling of waste hot air from kilns for use in press dryers for removing the moisture from green tile.
 - iii. Use of Variable frequency drives in various places to save electrical energy.
 - iv. Twin cyclone device was installed in the spray dryer resulted in increased output capacity and less fuel consumption.
- (b) **Additional investment and proposals, if any, being implemented for reduction of consumption of energy:**
- The Company has installed energy efficient machines and equipments for use in the manufacturing activities.
- (c) **Impact of measures taken for reduction of energy, consumption and consequent impact on the cost of production of goods:**
- As a result of the steps taken at point (a) & (b) above the energy was saved and the company got Carbon Credits worth Rs. 85 lacs approx.
- (d) **Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure in respect of industries specified in schedule thereto:**
- The Company is not covered under the list of specified industries.

B. TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT (R & D)

1. **Specific areas in which R & D carried out by the Company:**
During the year under review, R&D was done in tile body composition and glaze composition. The Company continued its R&D in innovative designs and new sizes of Stock Keeping Units (SKUs).
2. **Benefits derived as a result of the above R & D:**
With R&D in the innovative designs and new SKUs, the company gained market share. With continuous research on body composition and glaze composition, we were able to reduce the cost inspite of continuous rise in raw material cost.
3. **Future plan of action:**
The Company has strived to be leader in manufacturing of quality tiles with rich colours and indifferent designs by new innovations at very competitive price. The Research and Development work is an on-going process which the team at Orient adapts with excellence.
4. **Expenditure on R & D:**
No separate record of the expenditure incurred is maintained.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

The Company has launched innovative designs with natural patterns within the Europa brand by the application of new Roto color printing technology and successfully launched new sizes like 300x450 Wall Tiles, 200x200 Unisurface Floor Tiles and 600x600 Ultra Vitrified Tile. The Company has manufactured rectified tiles across the entire product portfolio by adoption of dry and wet squaring technology.

2. Benefit derived as a result of the above efforts:

As a result of these efforts, the Company has added a series of innovative designs in its product portfolio with enhanced quality and better profit margins.

3. All the earlier relevant technologies are fully absorbed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|------------------------------|------------------|
| (i) Foreign Currency used | : Rs. 1,063 lacs |
| (ii) Foreign Currency earned | : Rs. 67 lacs |

On behalf of the Board

Place: New Delhi
Dated: 16th July, 2010

Mahendra K. Daga
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per the requirement of Clause 49 of the Listing Agreement the Management Discussion & Analysis Report is as under:

Industry Structure & Development

The Indian Ceramic tile Industry ranks among the top 5 in the world in terms of production and is approximately Rs. 8,000 Crores out of which Rs. 4,500 Crores is accounted for by Organized sector. Indian Tile Industry has continued to grow at an impressive growth rate of approx 15% p.a. Despite the sustained growth of around 15% p.a. over the last several years, per capita consumption in India is still amongst the lowest in the World. The per capita consumption in India is approx. 0.36 sq. meter as compared to 2 sq. meter in China & Brazil while it is 8 meters in Spain & Italy. A low per capita consumption coupled with high GDP growth rate and growing purchasing power of Indian consumers, the Indian tile Industry seems poised for a long and sustained growth phase.

The factors that add to attractions of tiles as a solution for walls and floor surfaces include low water absorption compared to stones, marbles and wood, hygiene, attractive designs and ease of maintenance. Although India is a net importer of tiles, exports are also growing at a healthy rate of 15% per annum and hold a big potential for growth over the next years.

Outlook

We see great potential in housing, hotel, IT and retail sectors and positive outlook on Indian Tile Industry with the continued Government's thrust towards infrastructure and real estate sector in India. The aspiration of Indian customer of trendy tiles in place of conventional marbles and granites hold out a great potential for tiles. The Company always endeavors to come out with the tiles of new sizes, designs, textures to meet out the market trend and end customer likings. This includes tiles with a wood, leather and marble like finish. As per predictions of ICCTAS the housing sector predicts 20 million new units expected over the next five years and five fold increase in office space requirement over next three years. The office space in India is also expected to increase over 200 million by 2012. The Company's growth continues to be amongst the top manufacturers of organized sector of Indian Tile Industry which is testimony to its endeavor to branding as well as new innovative and trendy design and research and development in our product.

Opportunities & Threats

The growth potential for ceramics tile industry is robust as per capita consumption of tiles in India is very low at 0.36 sq. mt. as compared to China and Brazil having 2 sq. meters and Spain and Italy having 8 sq. meters per capita consumption.

The Industry has been growing at approx 15% over the last few years with higher economic growth contributed by real estate, housing, I.T. and other tile consuming sectors. This translates into a big opportunity in ceramic tile sector.

According to India Brand Equity Foundation (IBEF) almost 80 per cent of the real estate development is in the residential space and rest comprises offices, hotels, malls etc. The number of households in India are expected to increase at a CAGR of 2.58 per cent (source: CrisInfac) owing to growth in urbanisation, increasing affordability, and further nuclearisation of families. Further, factors such as lower interest rates, declining EMI rates, increasing disposable incomes, and various Government incentives are also triggering the growth in the housing sector. Most large cities, such as Mumbai, Delhi, Chennai, Bangalore, Pune and Hyderabad, are developing IT clusters, especially designed to house offices of hi-tech companies and residential townships for their employees. There is also a surge in retail development, such as shopping malls and multiplexes. The long term scenario remains healthy due to high growth in housing/ retail / IT sectors.

The Company endeavors to reap the benefits of its low cost of production as well as talent for designing contemporary tiles and has made long term arrangements with the vendors of raw materials and packing material and also located the vendors near the manufacturing plant to save the transportation cost. The Company is investing in brand building and delivering customer experience and plans to open approx 100 showrooms in the year 2010-11.

The unorganized sector and import of sub standard tiles from China at cheap rates are always threat to the tile industry. The threat perception is, however limited, due to Government of India policies of levying Anti Dumping Duty not only on vitrified but recently on ceramic tiles as well and the high sea freight rates. On our part, our focus on brand building and delivering excellent quality designs along with great customer experience will help us face any future threats.

Segment wise or product wise performance

Your Company deals with products which come under one segment only i.e. 'Ceramic Tiles'. As per the recent market trends the tiles can be classified into Wall & Floor tiles. Wall tiles comes with finishes like marbles, leather, rustics, wooden, fabrics, metallic whereas floor tiles comes with finishes like marbles, wooden, geometrics. Glazed Vitrified tiles are latest in trend and come in finishes like marbles, double charge, rustics, stone finish etc. The Company's rationalized brand portfolio includes

'Orient Tiles', 'Europa' and 'Stiler'. 'Orient Tiles' is the umbrella brand and Europa and Stiler are two brands in the premium segment. Europa and Stiler, launched in the year 2009-10, having higher price realization, contributed 8% to the total sale during the financial year 2009-10. The contribution to sales by 'Europa' and 'Stiler' is expected to more than double in 2010-11.

Internal control systems & their adequacy

The Company continues with in-house Internal Audit, conduct regular audits on Internal Control and compliance aspects of all business processes. The Company has well defined Standard Operating Procedures (SOPs) for all business processes which are updated and reviewed from time to time. The Company issues SOPs as and when needed. The Audit Committee reviews the implementation and effectiveness of the SOPs. Internal Audit Department regularly carries out the Internal audits as per action plan approved by the Management and Audit Committee and present the internal audit reports before the Corporate Management and the Audit Committee from time to time for its review and suggestions. The In house internal audit framework helps in identifying the business risks and problem areas which are mitigated with the enabled guidance of Management and Audit committee ensuring better Corporate governance and greater efficiency.

Customer Response Team

The Customer Response Team is adequately working. The complaints of the end customer are satisfactorily attended by the Customer Response Team.

Discussion of Financial performance with respect to operational performance

The financial statements have been prepared in compliance with the requirements of the Companies Act and the Accounting Standards issued by the Institute of Chartered Accountants of India.

1. **Capacity:** The utilized capacity of the plant was 81%. The technical performance of the Company has continued to remain satisfactory.
2. **Sales:** The Company's gross turnover increased by 13%. This includes export sales of Rs. 67 lacs (FOB).
3. **Finance charges:** Finance charges for the year amounted to Rs. 676 lacs as against the previous year of Rs. 976 lacs.
4. **Depreciation:** The current year depreciation amounted to Rs. 1,082 lacs as against Rs. 1,063 lacs of previous year.
5. **Profit :**
 - a) Profit before Depreciation and Taxation amounted to Rs. 2,833 lacs as against the previous year of Rs. 2,088 lacs.
 - b) Provision for taxation
Provisions for deferred tax/charge for the year amounting to Rs.(126) lacs and the provision for the current tax was Rs. 718 lacs.
 - c) Net Profit for the year amounted to Rs. 1,146 lacs as against the previous year of Rs. 637 lacs.
 - d) Cash from Operation: During the year Rs. 2,130 lacs were generated from operations as against the previous year figure of Rs. 3,702 lacs.
6. **Fixed Assets:** During the year the Company spent Rs. 434 lacs on CAPEX.
7. **Net Working Capital:**

Inventories increased to Rs. 5,737 lacs from Rs. 4,137 lacs in the previous year due to introduction of many more Stock Keeping Units (SKUs) and opening of new depots at Dehradun, Coimbatore, Lucknow, Kerela, Chennai and Hyderabad.

Sundry Debtors increased to Rs. 3,160 lacs as against Rs. 2,634 lacs of previous year in line with increase in sales.

Loans and advances of Rs. 1,278 lacs representing advances paid for raw materials, stores and spares, advance taxes, Customs duty, un-utilised Cenvat/ Service Tax credit, export entitlement benefit receivable, sundry deposits etc.

Current liabilities and provisions: The amount of Rs. 5,365 lacs includes creditors for suppliers of raw materials, stores and spares, provisions for expenses and taxes, dividend and tax payable thereon, liabilities for gratuity and leave encashment.

8. **Borrowed funds:** During the year the Company repaid principal of Rs. 552 lacs against Term Loan from Banks. The balance term loan outstanding as on 31.03.2010 was Rs. 544 lacs. As on 31.03.2010, the total loan outstanding was Rs. 6,381 lacs which was lower by Rs. 865 lacs from the previous year balance of Rs. 7,246 lacs. The Company remained prompt, as usual, in repayment of principal and interest during the year.

Human resource / Industrial relations

During the year, your Company has made several senior level recruitments to further strengthen our key functional areas. The company's streamlined reporting system ensures job satisfaction and efficiency. The Company continues with the job appraisal system ensuring overall growth of the employees of the Company which remain our assets. Training and Development is a continuous process at Orient which ensures overall personal and professional growth of the employee.

Industrial relations have continued to be cordial throughout the year. As of 31st March 2010, 758 persons were employed.

Risk Assessment

At Orient Ceramics, we recognize that there are many inherent risks in our business as in any other business and that it is, therefore, important to have a formal system of risk identification and mitigation to ensure long term profitability and success of the company.

Apart from employing a system of internal controls along with regular validation to take away the routine business risk, the following corporate risks inherent in the business; along with their mitigation strategy are discussed below.

[illegible]

Risk Type	Nature of Risk	Measures to mitigate Risk
Cost of Production & Margins	Increase in cost of natural gas and cost of raw materials, particularly imported ones may increase the cost of production substantially; putting pressure on margins and profitability.	<p>Natural gas is sourced from GAIL. The company has signed a 10 year contract with GAIL on 01.01.2009 in which the pricing formula is based on the average price of previous 5 years.</p> <p>Therefore, it is unlikely that sudden increase in gas price will be witnessed even if the market price of crude oil and spot price of natural gas goes up again. Moreover, the company has implemented production planning systems to ensure that the company operates within the gas quota allocated without using the spot gas which is available at substantially higher cost unless the product margins justify the higher costs. We have rationalized our number of vendors and selected vendors that are closer to our plant thereby reducing cost of transportation, storage as well as lead time. The company has a detailed product costing system to measure cost of production / sales and profitability. Increased costs are passed on to the customers from time to time. Furthermore, to de-risk the company's margins, the company has launched high end products which give much better margins on sale to us.</p>
Customers	Customer attrition or default risk.	The brand image of Orient and Europa has significantly gone up over the last year. Coupled with the competitively priced product portfolio, the Company has not only been retaining its loyal customers but also acquired new customers to suit its high end product portfolio.
Currency	The risk of fluctuations mainly in USD and Euro that would render imports costlier.	The Company is not excessively dependent on imports and only imports a few raw materials. Moreover, this risk is self mitigating because when raw material imports become costlier, imported tiles become even more costlier which gives local manufacturers a greater share in the market.
Human Resources	Risk of employee attrition.	Employee attrition is within acceptable limit for the company due to employee friendly company policies, focus on training and development and other HR initiatives. With more recruitments completed at senior management level during the year, there is sufficient depth of management in all functions of the company.
Industrial Relations	The risk of production suffering due to Industrial relations.	The Industrial relations in the manufacturing plant are cordial. The Company has recently signed a three year wage agreement and regularly provides training and takes other necessary initiatives to ensure healthy and cordial relations.

Disclaimer

The Management Discussion and Analysis Report may contain some statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statement as important factors could influence Company's operations such as Government policies, economic development, political factors and such other factors beyond the control of the Company.

CORPORATE GOVERNANCE REPORT

Company's philosophy on Corporate Governance

The Company believes that the attainment of the highest levels of transparency, disclosure, financial controls, accountability and equity are the pillars of any good system of corporate governance. At Orient, Corporate Governance is a continuous process, evolving and adopting corporate governance's best practices in all facets of its operations and in all interactions with its stakeholders including shareholders, employees, the Government, lenders and the community at large. Your Company is committed to conduct its affairs in accordance with the best corporate practices and is constantly striving to improve upon them. The Company believes that all its actions must serve the underlying goal of enhancing overall shareholder value sustained over a period of time.

Given below are the Company's corporate governance policies and practices for 2009-10

Board of Directors

i Board Composition

The Board of Directors of the Company consisting of 60% non executive & independent directors, is having an optimum combination of Executive and Non-executive Directors headed by Executive Chairman. The composition of Board is in conformity with clause 49 of the Listing Agreement. The Board consists of the following five directors:

Category	Particulars of the Directors
Promoter / Executive Directors	Mr. Mahendra K. Daga, Chairman & Managing Director
	Mr. Madhur Daga, Executive Director
Non-executive and Independent Directors	Mr. R. N. Bansal
	Mr. Dhruv M. Sawhney
	Mr. N. R. Srinivasan

All the non-executive directors of the Company belongs to the category enumerated under sub clause (I) (A) (iii) of clause 49 of the listing agreement. None of the non-executive director of the Company has any pecuniary relationship or transaction with the Company or its promoters or management.

ii. Attendance of Directors at the Board Meetings held during 2009-10 and the last Annual General Meeting (AGM)

The details of attendance of each Director at the Board Meetings and last Annual General Meeting are as follows:

Name of Directors	No. of Meetings		Attendance at the last AGM
	Held	Attended	
Mr. Mahendra K Daga	6	5	Yes
Mr. R. N. Bansal	6	6	Yes
Mr. Madhur Daga	6	6	Yes
Mr. Dhruv M. Sawhney	6	3	No
Mr. N. R. Srinivasan	6	6	Yes

iii. Details of other Directorships and Committee Memberships / Chairmanships

The details of other Directorships and Memberships / Chairmanships of Committees held by the Directors as on 31st March 2010 are as follows:

Name of Directors	No. of Directorships in other Companies	No. of Committee positions held in other Companies	
		Membership*	Chairmanship*
Mr. Mahendra K Daga	3	None	None
Mr. R. N. Bansal	9	4	4
Mr. Madhur Daga	1	None	None
Mr. Dhruv M. Sawhney	3	None	None
Mr. N. R. Srinivasan	None	None	None

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees as specified in clause 49, across all the Companies in which he is a Director.

* Membership / chairmanship in Audit Committee and Shareholders Grievance Committee of Indian Public Limited Companies is taken into consideration.

iv. Meetings of the Board of Directors

Six Board Meetings were held during the financial year 2009-10 on 27th April, 29th June, 29th July, 25th September, 27th October and 23rd January. The maximum time gap between any two meetings was 88 days and the minimum gap was 30 days. The necessary quorum was present at all the meetings. The agenda papers were circulated well in advance of each meeting of the Board of Directors.

COMMITTEES OF THE BOARD

(i) Audit Committee

Audit Committee of the Board is entrusted with the powers and the role that are in accordance with Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee, inter alia, include overseeing financial reporting processes, reviewing periodic financial results, reviewing with the management the financial statements and adequacy of internal control systems, reviewing the adequacy of internal control function, discussions with the Internal and Statutory Auditors about the scope of audit including the observations of Auditors and discussion with them on any significant findings.

The Composition of Audit Committee as on 31st March, 2010 and the attendance of the members at the Audit Committee Meetings held during the year are as follows:

Name of Directors	Category	No. of meetings	
		Held	Attended
Mr. R. N. Bansal	Independent, Non-executive	5	5
Mr. N. R. Srinivasan	Independent, Non-executive	5	5
Mr. Mahendra K. Daga	Non-independent, Executive	5	4

All the members of Audit Committee are financially literate. Mr. R. N. Bansal, a senior fellow member of the Institute of Chartered Accountants of India and independent director of the Company, is the Chairman of the Audit Committee. He has rich experience and expertise in the fields of accounting, finance and company law.

The committee met five times during the financial year 2009-10 that is on 27th April, 29th June, 29th July, 27th October and 22nd January respectively. The necessary quorum was present at all the meetings. The maximum time gap between any two meetings was as per the listing agreement. The Company Secretary acts as the Secretary of the Committee.

(ii) Remuneration Committee

The Remuneration Committee was set up to review and recommend the remuneration package of the Executive Directors comprising of Managing Director and Whole-time Directors. The role of the Remuneration Committee cover the areas mentioned under Clause 49 of the Listing Agreement, besides other terms, which may be referred by the Board of Directors, from time to time.

The Composition of Remuneration Committee as on 31st March, 2010 and the attendance of the members at the Remuneration Committee Meetings held during the year are as follows:

Name of Directors	Category	No. of meetings	
		Held	Attended
Mr. N. R. Srinivasan	Independent, Non-executive	1	1
Mr. Dhruv M. Sawhney	Independent, Non-executive	1	1
Mr. R.N. Bansal	Independent, Non-executive	1	1

Mr. N.R. Srinivasan is the Chairman of the committee. The committee met only once during the financial year ended 31st March, 2010 and that is on 29th July, 2009. The necessary quorum was present at the meeting. The Company Secretary acts as the Secretary of the Committee.

The details of remuneration paid to the directors during the financial year 2009-10 is as follows:

(In Rupees)					
Name of Director	Salary	Provident Fund	Perquisites	Sitting Fee	Total*
Mr. Mahendra K. Daga	81,00,000	-	1,58,098	-	82,58,098
Mr. R. N. Bansal	-	-	-	1,20,000	1,20,000
Mr. Madhur Daga	72,00,000	9,360	1,19,140	-	73,28,500
Mr. Dhruv M. Sawhney	-	-	-	50,000	50,000
Mr. N. R. Srinivasan	-	-	-	1,27,500	1,27,500

** The Board of Directors have in their meeting held on 16th July, 2010, subject to the approval of members in ensuing Annual General Meeting, approved the payment of commission to Non Executive Directors for the year 2009-10 within the limits prescribed under Companies Act, 1956. A sum of Rs. 6 Lacs has been provided accordingly in the financial accounts for the year 2009-10. The Remuneration Committee and Board of Directors have in their meetings held on 16th July, 2010 approved Commission of Rs. 12,00,000/- payable to Executive Directors out of profits of financial year 2009-10. The provision for the same is also taken in the financial accounts for the year 2009-10.*

Details of shareholding of Non-executive Directors as on 31st March, 2010.

Name of Non-Executive Director	No. of shares held
Mr. R. N. Bansal	Nil
Mr. Dhruv M. Sawhney	Nil
Mr. N. R. Srinivasan	Nil

Remuneration Policy

Remuneration of managerial personnel consists of Basic Salary, allowances, Commission and Perquisites as per terms approved by the members in terms of the provisions contained in the Companies Act, 1956. The remuneration policy is in consonance with the existing industry practice.

The Company does not operate any Stock Option Scheme.

(iii) Shareholders / Investors Grievance and Share Transfer Committee

The Company's Shareholders / Investors Grievance and Share Transfer Committee reviews compliance of rules and regulations, redresses shareholders' grievances and to monitor the system of share transfer, transmission, sub-division & consolidation of share certificates and issue of duplicate share certificates. The Committee comprises of three Directors viz. Mr. N.R. Srinivasan, Mr. Mahendra K. Daga and Mr. Madhur Daga as its members. Mr. N.R. Srinivasan, Non Executive Director is the Chairman of the Committee and Mr. Yogesh Mendiratta, Company Secretary is the Compliance Officer.

To expedite the process of share transfers, the Board has delegated the power of share transfers to M/s MCS Ltd., Registrar and Share Transfer Agents, who attend the share transfers promptly.

During the year ended 31st March, 2010, the Company has received six complaints from the members directly and/or through SEBI / Stock Exchanges relating to non receipt of dividend, non receipt of annual report etc. One complaint was outstanding at the beginning of the financial year 2009-10. Six complaints were resolved to the satisfaction of members and one complaint was pending for disposal as on 31st March, 2010.

General Body Meetings

Detail of last three Annual General Meetings:

Year	Location	Day & Date	Time	Special Resolutions
2006-07	Regd. Off: 8, Industrial Area Sikandrabad - 203 205, Distt. Bulandshahr (U.P.)	Monday, 17th September, 2007	11.30 a.m.	Re-appointment and Remuneration of Mr. Madhur Daga as Executive Director of the Company.
2007-08	- do -	Friday, 12th September, 2008	11.30 a.m.	There was no special resolution in the notice of Annual General Meeting.
2008-09	- do -	Friday, 25th September, 2009	11.30 a.m.	Re-appointment and Remuneration of Mr. Mahendra K. Daga as Managing Director of the Company.

All the above mentioned special resolutions were passed unanimously and no resolution was put through postal ballot.

Postal Ballot

During the year ended 31st March, 2010, no special resolution was passed through Postal Ballot. The Company has proposed Ordinary Resolutions to be passed under Sections 293(1)(a) and 293(1)(d) of the Companies Act, 1956 by way of Postal Ballot. The Postal Ballot notice alongwith the draft resolutions and detailed procedure is being sent to members separately.

Disclosures

- (i) The Company does not have any material related party transactions that may have potential conflict with the interests of the Company at large. The details of related party information and transactions are placed before the Audit Committee from time to time. The disclosures regarding the transactions with the related parties are disclosed in note no. 12 of Schedule 13 forming part of the Accounts.
- (ii) The Company has complied with all the guidelines provided by Stock Exchanges or SEBI or any other statutory authority and no penalties or strictures were imposed on the Company on any matter relating to the capital markets, during the last three years.
- (iii) The Company is complying with all mandatory requirements of clause 49 of the Listing Agreement. The Company has also fulfilled the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges:
 - (a) The Company has set up a Remuneration Committee. Please see the para of 'Remuneration Committee' for details.
 - (b) Whistle Blower Policy

The Company has established a mechanism called "Whistle Blower Policy" which allows any employee to approach the management / 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.

Means of Communication

The quarterly, half yearly and annual results of the Company were sent to the Stock Exchanges, where Equity Shares are listed and the same were published in various leading newspapers viz. Hindustan Times (English), Mint (English), Hindustan (Hindi), Business Standard (English) and Business Standard (Hindi).

The results have also been displayed at Company's website www.orienttiles.com. The website of the Company also displays the information of the Company's products, dealers, availability etc. There were no presentations made to the Institutional Investors or analysts.

Auditors' certificate on Corporate Governance

As required by clause 49 of the listing agreement, the auditors' certificate is enclosed as **Annexure-A** to this report.

CEO / CFO Certification

A certificate as stipulated in clause 49(v) of the Listing Agreement duly signed by the Chairman & Managing Director and Chief Financial Officer, on financial statements of the Company is enclosed as **Annexure-B** to this report.

Code of Conduct

The Board has adopted a Code of Conduct for the Board Members and Senior Management of the Company. The same has also been posted on the website of the Company. All Board Members and Senior Management personnel have affirmed their compliance with the code. A declaration signed by the Chairman & Managing Director is given below:

"In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel affirmations that they have complied with the Code of Conduct for Directors and Senior Management of the company in respect of the financial year 31st March, 2010."

Place : New Delhi
Dated :29th June, 2010

Sd/-
Mahendra K. Daga
Chairman & Managing Director

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date	31 st August, 2010
Time	11.30 a.m.
Venue	8, Industrial Area, Sikandrabad-203 205, Distt. Bulandshahr (U.P.)

Financial Year	1 st April to 31 st March
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Financial Reporting for financial year 2010-11 is as follows :

Un-audited financial results for the first three quarters	Will be announced within 45 days of the end of respective quarter.*
Fourth / last Quarter financial results	Audited financial results will be announced within 60 days of the end of the financial year.*

* Tentative & Subject to change

Book Closure Dates for the purpose of dividend and Annual General Meeting

To determine the entitlement of members to receive the dividend for the year ended 31st March 2010, the Register of Members and Share Transfer Books of the Company will remain closed from 24th August, 2010 to 31st August, 2010 (both days inclusive) as well as for the purpose of Annual General Meeting.

Dividend Payment for 2009-10

Dividend on Equity Shares as recommended by the Directors for the year ended 31st March 2010 when declared at the Annual General Meeting will be paid:

- to those members whose names appear on the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before 23rd August, 2010.
- in respect of shares held in electronic form, to those “deemed members” whose names appear in the statements of beneficial ownership furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) as at the end of the business hours on 23rd August, 2010.

Listing

NAME OF STOCK EXCHANGES	STOCK CODE
Bombay Stock Exchange Ltd. Floor 25, PJ Towers, Dalal Street, Mumbai – 400001	530365
National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400051.	ORIENTCERA
The Calcutta Stock Exchange Association Ltd. 7, Layons Range, Kolkata -700001.	Applied for Delisting*

* In the Annual General Meeting held on 25.09.2003, the members unanimously passed the resolution to de-list the Equity Shares from the Calcutta Stock Exchange (CSE). Accordingly, the Company has submitted the application for voluntarily delisting of equity shares of the Company. Confirmation of voluntarily delisting from the CSE is awaited.

The Company has duly paid the Annual Listing Fee to BSE and NSE up to 2010-11. As the Company has applied for delisting from CSE in March 2004, the listing fees has been paid up to 2003-04 only.

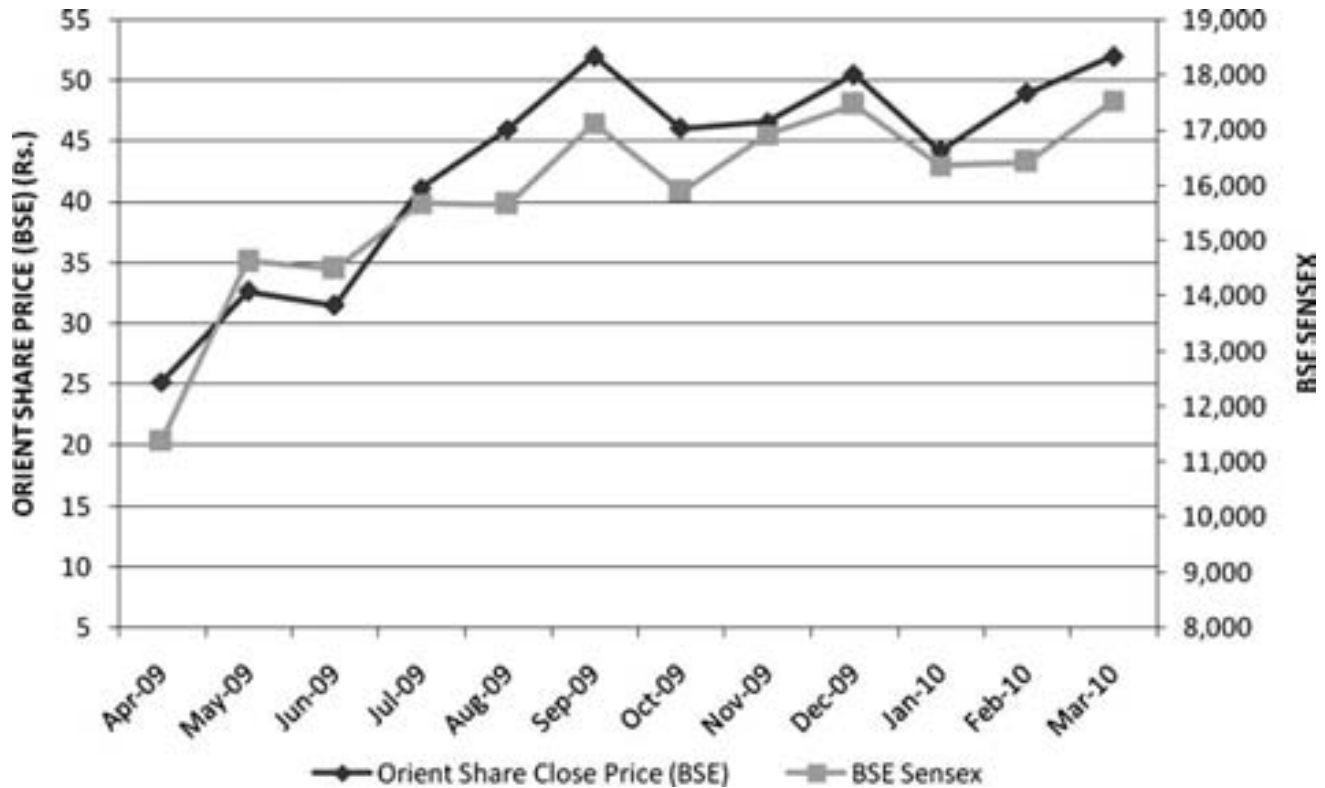
Market Price Data

Monthly high, low & close quotations and also the volume of shares traded on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. in each month of 2009 -10 and BSE Sensex month close:

Month	Bombay Stock Exchange Ltd.				BSE Sensex Month Close	National Stock Exchange of India Ltd.			
	High (Rs.)	Low (Rs.)	Month Close (Rs.)	No. of Shares Traded		High (Rs.)	Low (Rs.)	Month Close (Rs.)	No. of Shares Traded
April, 2009	25.95	16.60	25.20	37,427	11,403.25	24.50	16.65	23.60	20,994
May, 2009	33.95	25.00	32.65	40,874	14,625.25	33.00	23.80	32.15	51,105
June, 2009	35.25	29.95	31.50	45,170	14,493.84	35.60	28.80	31.15	9,288
July, 2009	42.00	28.00	41.15	68,922	15,670.31	42.00	28.00	38.95	51,763
August, 2009	48.95	37.80	46.00	77,588	15,666.64	47.75	38.55	45.20	56,883
September, 2009	53.00	44.75	52.00	1,54,755	17,126.84	52.00	43.75	51.30	14,884
October, 2009	53.00	45.70	46.05	25,436	15,896.28	53.80	46.20	47.50	22,634
November, 2009	50.30	43.95	46.60	11,819	16,926.22	50.65	44.15	48.50	38,202
December, 2009	51.50	44.05	50.50	40,490	17,464.81	52.90	45.15	50.95	1,87,591
January, 2010	54.90	44.20	44.20	62,061	16,357.96	55.00	43.50	44.80	85,647
February, 2010	58.70	42.10	48.95	1,49,800	16,429.55	58.60	43.55	49.65	2,28,294
March, 2010	56.90	45.55	52.00	42,107	17,527.77	56.40	48.00	52.40	79,040

Stock Price Performance

The performance of Company's Equity Shares during 2009-10 in comparison to Bombay Stock Exchange Ltd. Sensitive Index was as follows:



Registrar and Share Transfer Agent

M/s MCS Ltd.
F-65, Okhla Industrial Area, Phase-I
New Delhi - 110 020
Phone No. : (011) 41406149
Fax No. : (011) 41709881
E-mail : admin@mcsdel.com

Share Transfer System

Shareholders / Investors are requested to send share transfer related documents to our Registrar and Share Transfer Agent / Company. Shareholders / Investors Grievance and Share Transfer Committee is authorized to approve / reject transfer of shares. If the transfer documents are in order, our Registrar and Share Transfer Agent register the transfer of shares and return the duly endorsed share certificates within stipulated time frame.

Distribution of shareholding as on 31st March 2010

No. of Shares	No. of shareholders	%	No. of Shares	%
Up to 1,000	2,836	86.57	7,29,815	6.93
1,001 to 2,000	215	6.56	2,98,409	2.83
2,001 to 3,000	89	2.71	2,14,720	2.04
3,001 to 4,000	31	0.95	1,08,124	1.02
4,001 to 5,000	30	0.92	1,34,904	1.28
5,001 to 10,000	35	1.07	2,43,786	2.32
10,001 to 50,000	27	0.82	5,26,235	5.00
50,001 and above	13	0.40	82,74,007	78.58
Total	3,276	100.00	1,05,30,000	100.00

Shareholding pattern as on 31st March, 2010

Category	No. of Shares	% of total Shares
Promoter and Promoter Group	78,70,274	74.74
Bodies Corporate	2,43,294	2.31
General Public	24,08,816	22.88
NRIs / OCBs	7,616	0.07
Total	1,05,30,000	100.00

Dematerialization of Shares and Liquidity

The equity shares of the Company are in compulsory DEMAT mode. In order to enable the members to hold their shares in electronic form and to facilitate scriptless trading, the Company has enlisted its shares with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Status of Dematerialization as on 31st March, 2010

Electronic holdings			Physical holdings			Total		
No. of Folios	No. of Shares	%	No. of Folios	No. of Shares	%	No. of Folios	No. of Shares	%
2541	1,00,07,151	95.03	735	5,22,849	4.97	3,276	1,05,30,000	100

The Company is making efforts to increase the dematerialization of shares.

Demat ISIN Number in NSDL and CDSL for Equity Shares : INE607D01018

Outstanding GDRs / ADRs / Warrants

There are no Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) or any convertible instrument pending for conversion.

Registered Office:

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

Plants:

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

Corporate Office & Showroom:

Iris House
16, Business Centre,
Nangal Raya,
New Delhi - 110 046
Phone : (011) 2852 0168, 2852 1206
Fax : (011) 2852 1273
E-mail : investor@orienttiles.com
Website : www.orienttiles.com

Address for correspondence:

Shareholder Services
Orient Ceramics And Industries Ltd.
Iris House, 16, Business Centre,
Nangal Raya, New Delhi - 110 046
Phone : (011) 2852 0168, 2852 1206
Fax : (011) 2852 1273
E-mail : investor@orienttiles.com

Annexure A

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE
AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE**

To the members of

M/s. ORIENT CERAMICS AND INDUSTRIES LTD.

We have examined the compliance of the conditions of Corporate Governance by Orient Ceramics And Industries Ltd., for the year ended on 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedure and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither, an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing agreement.

We 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 S.R. DINODIA & CO.,
CHARTERED ACCOUNTANTS**

SANDEEP DINODIA

Partner

M.No. : 083689

Place: NEW DELHI

Dated: 12th July, 2010

The Board of Directors

Orient Ceramics And Industries Ltd.
Iris House, 16, Business Centre
Nangal Raya
New Delhi - 110 046

Sirs,

Pursuant to the provisions of clause 49 of the Listing Agreement with the Stock Exchanges, We Mahendra K. Daga, Chairman & Managing Director and Vijay Shankar Sharma, Chief Financial Officer of the Company, hereby certify that :

- a) We have reviewed the financial statements and the cash flow statement of the Company for the year 2009-10 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violating the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
 - (i) there were no significant changes in internal control over financial reporting during the year;
 - (ii) that there have been no significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - (iii) that there have been no instances of any fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

Mahendra K. Daga
Chairman & Managing Director

Vijay Shankar Sharma
Chief Financial Officer

Place: New Delhi
Date : 12th July, 2010

AUDITOR'S REPORT

To the Shareholders of

M/S ORIENT CERAMICS AND INDUSTRIES LIMITED

We have audited the attached Balance sheet of **M/S ORIENT CERAMICS AND INDUSTRIES LIMITED**, as at **31st March 2010** and the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 (as amended by the Companies (Auditor's Report) (Amendment) Order, 2004) 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 the paragraphs 4 and 5 of the said order.

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

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) 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.
- c) The Company's Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and 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.
- e) On the basis of written representations received from the directors as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the 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:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

For S. R. DINODIA & CO.
CHARTERED ACCOUNTANTS
REGN. NO. 01478N

(SANDEEP DINODIA)
PARTNER
M. No. 083689

PLACE: NEW DELHI
DATED: 16th July, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our audit report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, physical verification of major fixed assets has been conducted by the management at reasonable intervals. In our opinion, the program is reasonable having regard to the size of the Company and the nature of the fixed assets. No material discrepancies were noticed on such verification as compared to book records.
- (c) Fixed assets disposed off during the year were not substantial and therefore, do not effect the going concern assumption.
- (ii) (a) On the basis of information and explanation provided by the management, inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. We have been explained that discrepancies noticed on physical verification as compared to book records were not material and the same have been properly dealt with in the books of account.
- iii) (a to d) According to information and explanation given to us, the Company has not granted any loans secured or unsecured to Companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 during the year. As the company has not granted any loans secured or unsecured to parties listed in the register maintained u/s 301 of the Companies Act, 1956, paragraphs (iii) (b), (c) and (d) of the order, are not applicable.
- (e) According to information and explanation given to us, the company had taken loan amounting to Rs. 1,31,63,780 from parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 10,19,00,000 and the year-end balance of loans taken from such parties was Rs.6,04,25,000.
- (f) In our opinion, the rate of interest and other terms and conditions on which unsecured loans have been taken from the companies and persons, listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loan taken by the Company, the principal amount is repayable on demand and the interest amount has been paid as stipulated.
- iv) 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 the purchase of inventory, fixed assets and for the sales of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices, there is no continuing failure to correct the weaknesses in the aforesaid internal control systems.
- v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements have been made at prices, which are reasonable with regard to the prevailing market prices at the relevant times.
- vi) The Company has not accepted deposits within the meaning of section 58A, 58AA and the other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) The Central Government has not prescribed under section 209(1)(d) of the Companies Act, 1956, for the maintenance of any accounts and records in respect of products manufactured by the Company.
- ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues with appropriate authority including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, service tax, cess and any other statutory dues applicable to it.
- (b) According to the information & explanations given to us, no undisputed amount payable in respect of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty and other material statutory dues were in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

- (c) In our opinion and according to the information and explanations given to us, details of dues in respect of Sales Tax, Custom duty, Excise Duty, Service Tax, cess that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending are given below: -

Name of the Statute	Nature of Dispute v	Amount (Rs.)	Period	Forum where dispute is pending
Local Sales Tax Act	Entry tax and other dues	11,91,100	2000-01 & 2003-04	High Court
Local Sales Tax Act	Sales Tax	5,98,623	2003-04	High Court
Central Excise Act	Excise And Other Dues	1,25,860	2005-06	Assessing Authorities
Service Tax under the Ordinance Act, 1944	Service Tax	7,66,054	2000-01 to 2002-03	Assessing Authorities

- x) Company does not have any accumulated losses at the end of the financial year and has not incurred the cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the banks and financial institutions during the year. There were no dues payable to debenture holders.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiii) In our opinion, the Company is not a chit fund or nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xvi) During the year the company has not taken any term loans and the term loans of previous year were applied for the purposes for which the loans were obtained.
- xvii) On the basis of information and explanation given to us and on an overall examination of the balance sheet, we report that during the year no funds raised by the Company on short-term basis have been used for long-term investment.
- xviii) According to information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) During the year covered by our audit report, the Company has not issued any debentures. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx) According to the information and explanation given to us, during the year covered under audit the company has not raised any money by way of public issue. Therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, during the year we have neither come across any instance of fraud on or by the Company nor have we been informed of such case by the management.

**FOR S.R. DINODIA & CO.,
CHARTERED ACCOUNTANTS,
REGN. NO. 01478N**

**(SANDEEP DINODIA)
PARTNER
M. No. 083689**

**PLACE: NEW DELHI
DATED: 16th July 2010**

BALANCE SHEET AS AT MARCH 31, 2010

(Amount in Rupees)

PARTICULARS	SCHEDULE	AS AT MARCH 31, 2010	AS AT MARCH 31, 2009
I SOURCES OF FUNDS			
(1) Shareholders Funds			
(a) Share Capital	1	10,53,00,000	10,53,00,000
(b) Reserves and Surplus	2	50,97,59,096	41,97,25,308
		61,50,59,096	52,50,25,308
(2) Loan Funds			
(a) Secured Loans	3	53,53,30,618	59,18,71,968
(b) Unsecured Loans	4	10,27,47,966	13,27,31,972
		63,80,78,584	72,46,03,940
(3) Deferred Tax Liability (Net)	5	5,45,30,700	6,71,40,722
TOTAL		1,30,76,68,380	1,31,67,69,970
II APPLICATION OF FUNDS			
(1) Fixed Assets	6		
(a) Gross Block		1,99,63,50,498	1,95,75,56,266
(b) Less : Accumulated Depreciation		1,18,82,91,209	1,08,21,87,655
(c) Net Block		80,80,59,289	87,53,68,611
(d) Capital Work-in-Progress		26,04,195	72,73,740
		81,06,63,484	88,26,42,351
(2) Current Assets, Loans and Advances	7		
(a) Inventories		57,36,51,718	41,37,30,353
(b) Sundry Debtors		31,60,48,801	26,33,97,673
(c) Cash and Bank Balances		1,59,94,748	1,18,83,747
(d) Loans and Advances		12,77,76,679	11,87,82,124
		1,03,34,71,946	80,77,93,897
Less : Current liabilities and Provisions	8		
(a) Current Liabilities		50,65,51,764	35,33,02,056
(b) Provisions		2,99,15,286	2,03,64,222
		53,64,67,050	37,36,66,278
Net Current Assets		49,70,04,896	43,41,27,619
TOTAL		1,30,76,68,380	1,31,67,69,970
Significant Accounting Policies and Notes to the Account	13		

As per our report of even date attached
For S.R.DINODIA & CO.
CHARTERED ACCOUNTANTS

(SANDEEP DINODIA)
PARTNER
M. No. 083689

Place : NEW DELHI
Date : 16th July, 2010

for and on behalf of the Board

MAHENDRA K. DAGA
R. N. BANSAL
MADHUR DAGA
N. R. SRINIVASAN

Chairman & Managing Director
Director
Executive Director
Director

VIJAY SHANKAR SHARMA
YOGESH MENDIRATTA

Chief Financial Officer
Company Secretary

ORIENT CERAMICS AND INDUSTRIES LTD.

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

(Amount in Rupees)

PARTICULARS	SCHEDULE	For the year ended 31.03.2010	For the year ended 31.03.2009
INCOME			
Sales		2,69,74,84,383	2,38,65,84,779
Less : Excise Duty recovered on Sales		15,81,33,532	14,51,54,859
Net Sales		2,53,93,50,851	2,24,14,29,920
Other Income	9	2,31,13,162	1,52,37,880
Increase / (Decrease) in stocks	10	14,56,03,644	61,12,026
		<u>2,70,80,67,657</u>	<u>2,26,27,79,826</u>
EXPENDITURE			
Purchases (Traded Goods)		36,45,13,790	12,54,20,397
Manufacturing and Other Expenses	11	1,99,26,03,479	1,83,08,71,850
Finance Charges (Net)	12	6,76,23,111	9,76,53,334
Depreciation	6	10,82,11,603	10,62,62,110
		<u>2,53,29,51,983</u>	<u>2,16,02,07,691</u>
PROFIT			
Profit before Tax		17,51,15,674	10,25,72,135
Provision for Current Tax		7,18,12,000	3,86,00,000
Provision for Deferred Tax Charge/(Release)	5	(1,26,10,022)	(41,99,830)
[Refer to Note 11 on Schedule 13 (II)]			
Provision for Fringe Benefit Tax		-	44,00,000
Provision for Wealth Tax		86,122	85,000
Profit after Tax		11,58,27,574	6,36,86,965
Income Tax Adjustments for earlier years		(12,35,983)	-
Prior period adjustments (Net)		-	-
[Refer to Note 7 on Schedule 13 (II)]			
Balance brought forward		19,92,19,938	16,40,12,333
Profit available for Appropriation		<u>31,38,11,529</u>	<u>22,76,99,298</u>
Appropriation :			
Proposed Dividend		2,10,60,000	1,57,95,000
Provision for Tax on Dividend		34,97,803	26,84,360
Transfer to General Reserve		5,00,00,000	1,00,00,000
Surplus carried to Balance sheet		23,92,53,726	19,92,19,938
		<u>31,38,11,529</u>	<u>22,76,99,298</u>
Basic / Diluted Earning Per Share (Rs.)		10.88	6.05
[Refer to Note 13 on Schedule 13(II)]			
Significant Accounting Policies and Notes to the Account	13		

As per our report of even date attached
For S.R.DINODIA & CO.
CHARTERED ACCOUNTANTS

(SANDEEP DINODIA)
PARTNER

M. No. 083689

Place : NEW DELHI
Date : 16th July, 2010

for and on behalf of the Board

MAHENDRA K. DAGA
R. N. BANSAL
MADHUR DAGA
N. R. SRINIVASAN

Chairman & Managing Director
Director
Executive Director
Director

VIJAY SHANKAR SHARMA
YOGESH MENDIRATTA

Chief Financial Officer
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

(Amount in Rupees)

PARTICULARS	For the Year ended 31.03.2010	For the Year ended 31.03.2009
A Net Profit before Tax and Extra Ordinary Items	17,51,15,674	10,25,72,135
Adjustment for:		
Depreciation	10,82,11,603	10,62,62,110
Interest paid	7,35,28,330	9,90,18,998
Loss / (Profit) on sale of Assets (Net)	17,26,022	99,255
Foreign Exchange Fluctuation on Loan	(17,29,814)	(13,25,164)
Loss on Discarded Assets	-	-
Interest received	(59,05,219)	(13,65,664)
Sundry Balance Written Off	(8,48,864)	2,85,33,745
Operating Profit before Working Capital changes	<u>35,00,97,732</u>	<u>33,37,95,415</u>
Adjustment for :		
Trade and other Receivables	(8,13,70,266)	19,73,48,709
Inventories	(15,99,21,365)	1,02,69,054
Trade and other Payables	15,54,57,359	(14,57,66,577)
Cash Generated from Operations	26,42,63,460	39,56,46,601
Direct Taxes paid	<u>(5,12,95,686)</u>	<u>(2,54,18,510)</u>
Net Cash from Operating Activities	<u>21,29,67,774</u>	<u>37,02,28,091</u>
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(3,87,13,455)	(4,46,91,527)
Sale of Fixed Assets	7,54,696	30,865
Interest Received	59,05,219	13,65,664
Net Cash used in Investing Activities	<u>(3,20,53,540)</u>	<u>(4,32,94,998)</u>
C Cash Flow From Financing Activities		
Proceeds from Long / Short term borrowings	-	-
Repayment of Long / Short term borrowings	(8,47,95,543)	(21,68,33,362)
Interest Paid	(7,35,28,330)	(9,90,18,998)
Dividend paid	(1,84,79,360)	(61,59,787)
Net Cash used in Financing Activities	<u>(17,68,03,233)</u>	<u>(32,20,12,147)</u>
Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)	41,11,001	49,20,946
Cash and Cash Equivalents		
Opening Balance	<u>1,18,83,747</u>	<u>69,62,801</u>
Closing Balance	<u>1,59,94,748</u>	<u>1,18,83,747</u>
Cash and Cash Equivalent Includes		
Cash in hand	1,64,402	1,94,909
Stamps in Hand	734	734
Balances with Scheduled Banks		
-In Current Accounts	18,87,749	13,61,904
-In Unpaid Dividend Accounts	8,33,213	6,52,674
-In Fixed Deposit Accounts	<u>1,31,08,650</u>	<u>96,73,526</u>
	<u>1,59,94,748</u>	<u>1,18,83,747</u>

Figures in bracket represents outflow

As per our report of even date attached
For S.R.DINODIA & CO.
CHARTERED ACCOUNTANTS
(SANDEEP DINODIA)
PARTNER
M. No. 083689

Place : NEW DELHI
Date : 16th July, 2010

for and on behalf of the Board

MAHENDRA K. DAGA
R. N. BANSAL
MADHUR DAGA
N. R. SRINIVASAN

Chairman & Managing Director
Director
Executive Director
Director

VIJAY SHANKAR SHARMA
YOGESH MENDIRATTA

Chief Financial Officer
Company Secretary

ORIENT CERAMICS AND INDUSTRIES LTD.

SCHEDULES FORMING PART OF ACCOUNT

(Amount in Rupees)

PARTICULARS	AS MARCH 31, 2010	AT MARCH 31, 2009
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SCHEDULE 1

SHARE CAPITAL

Authorised

1,50,00,000 Equity Shares of Rs. 10 each	15,00,00,000	15,00,00,000
	<u>15,00,00,000</u>	<u>15,00,00,000</u>

Issued, Subscribed and Paid-up

1,05,30,000 Equity shares of Rs. 10 each fully paid up	10,53,00,000	10,53,00,000
	<u>10,53,00,000</u>	<u>10,53,00,000</u>

Out of the above Issued, Subscribed and Paid-up Capital :
81,90,000 (P.Y.-81,90,000) Equity Shares of Rs. 10/- each
are issued as fully paid up bonus shares by way of Capitalisation
Rs. 55,500 (P.Y.-55,500) from Capital Reserve,
Rs. 1,44,00,000 (P.Y.-1,44,00,000) from Share Premium,
Rs.6,74,44,500 (P.Y.-6,74,44,500) from General Reserve.

SCHEDULE 2

RESERVES AND SURPLUS

GENERAL RESERVE

As per last Balance Sheet	22,05,05,370	21,05,05,370
Add: Transfer from Profit and Loss Account	<u>5,00,00,000</u>	<u>1,00,00,000</u>
	27,05,05,370	22,05,05,370

PROFIT AND LOSS ACCOUNT

23,92,53,726	19,92,19,938
<u>50,97,59,096</u>	<u>41,97,25,308</u>

SCHEDULE 3

SECURED LOANS*

TERM LOANS

From Banks :

- Rupee Loan	5,43,85,224	10,96,00,000
- Vehicle Loan	2,08,406	13,41,207

From Others :

- Vehicle Loan	11,61,888	37,81,415
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Note :

- Repayable within one year - Rs. 5,57,55,518
(Previous year - Rs. 5,89,12,000)

SCHEDULES FORMING PART OF ACCOUNT

(Amount in Rupees)

PARTICULARS	AS AT	AS AT
	MARCH 31, 2010	MARCH 31, 2009

WORKING CAPITAL LOANS

From Banks :

Demand Loans

- Rupee Loan	14,36,58,515	13,29,87,460
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Cash Credits

- Rupee Loan	19,66,86,585	23,70,24,386
- Foreign Currency Loan	13,92,30,000	10,71,37,500
	<u>53,53,30,618</u>	<u>59,18,71,968</u>

*[Refer to Note No. 2 on Schedule 13 (II)]

SCHEDULE 4

UNSECURED LOANS

Deposits :

- Trade Deposits	4,23,22,966	3,98,92,966
- Other Loans		
- from Directors	1,69,50,000	3,19,89,006
- from Others	4,34,75,000	6,08,50,000
	<u>10,27,47,966</u>	<u>13,27,31,972</u>

SCHEDULE 5

DEFERRED TAX LIABILITY (NET)*

Opening Balance	6,71,40,722	7,13,40,552
- Transitional Provision as per AS-15	-	-
- Charge / (Release) during the year	(1,26,10,022)	(41,99,830)

*[Refer to Note No. 12 on Schedule 13 (II)]

<u>5,45,30,700</u>	<u>671,40,722</u>
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SCHEDULES FORMING PART OF ACCOUNT

SCHEDULE 6
FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 01.04.2009	Addition/ Adjustment	Sales/ Adjustment	As at 31.03.2010	As at 01.04.2009	During the Year	Adjustments during the year	As at 31.03.2010	As at 31.03.2009
Tangible Assets									
Land									
- Lease hold	1,86,64,331	-	-	1,86,64,331	24,62,359	2,07,382	-	26,69,741	1,59,94,590
- Free hold	13,53,55,939	-	-	13,53,55,939	-	-	-	-	13,53,55,939
Building	25,57,20,361	1,14,58,811	-	26,71,79,172	6,98,42,998	82,57,333	-	7,81,00,331	18,90,78,841
Plant & Machinery	1,49,49,80,688	2,92,33,482	23,99,925	1,52,18,14,245	98,63,73,540	9,59,75,842	15,20,795	1,07,98,28,587	44,19,85,658
Furniture and Fittings	1,70,54,997	12,95,116	-	1,83,50,113	55,56,487	13,39,914	-	68,96,401	1,14,53,712
Vehicles	1,89,71,844	13,95,591	21,88,843	1,81,78,592	37,67,300	18,18,235	5,87,254	49,98,281	1,31,80,311
Intangible Assets									
Specialized Softwares	1,68,08,106	-	-	1,68,08,106	1,51,84,971	6,12,897	-	1,57,97,868	10,10,238
TOTAL	1,95,75,56,266	4,33,83,000	45,88,768	1,99,63,50,498	1,08,21,87,655	10,82,11,603	21,08,049	1,18,82,91,209	80,80,59,289
Previous Year	1,90,73,65,836	5,04,05,715	2,15,285	1,95,75,56,266	97,60,10,709	10,62,82,110	85,164	1,08,21,87,655	87,53,68,611
Capital Work in Progress					-	-	-	-	72,73,740
GRAND TOTAL									81,06,63,484
									88,26,42,351

Notes :

1. Lease Deed of part of the land is yet to be executed in the name of the Company.

SCHEDULES FORMING PART OF ACCOUNT

(Amount in Rupees)

PARTICULARS	AS AT	AS AT
	MARCH 31, 2010	MARCH 31, 2009

SCHEDULE 7

CURRENT ASSETS, LOANS AND ADVANCES

A. CURRENT ASSETS

Inventories

(As taken, valued & certified by the Management)

Stores and Spares	8,16,78,952	6,86,68,663
Raw Materials	11,08,38,787	11,09,08,428
Packing Materials	68,49,444	54,72,371
Finished goods	36,00,54,026	20,29,66,677
Stock in process	1,42,30,509	2,57,14,214
	<u>57,36,51,718</u>	<u>41,37,30,353</u>

Sundry Debtors

(Considered good, unless otherwise specified)

Debts outstanding for a period exceeding six months

- Secured by Deposits	32,98,878	40,93,187
- Unsecured	2,23,21,030	5,20,37,193
- Doubtful & Unsecured	38,93,908	-
Other Debts	-	-
- Secured by Deposits	1,54,91,130	1,56,09,323
- Unsecured	27,49,37,763	19,16,57,970
	<u>31,99,42,709</u>	<u>263,397,673</u>
- Less : Provision for Doubtful Debts	38,93,908	-
	<u>31,60,48,801</u>	<u>26,33,97,673</u>

Cash and Bank Balance

Cash in hand	1,64,402	1,94,909
Stamps in Hand	734	734

Balances with Scheduled Banks

-In Current Accounts	18,87,749	13,61,904
-In Unpaid Dividend Accounts	8,33,213	6,52,674
-In Fixed Deposit Accounts*	1,31,08,650	96,73,526
	<u>1,59,94,748</u>	<u>1,18,83,747</u>

*FDRs Rs.1,31,08,650 (P.Y.-Rs.87,29,497) against Margin Money.

*FDRs Rs.90,000 (P.Y.-Rs.90,000) pledged with Govt. Authorities.

B. LOANS AND ADVANCES

(Unsecured, Considered good, unless otherwise specified)

Advance recoverable in cash or in kind or for value to be recd.	7,88,26,098	4,85,59,736
Balance with Customs and Central Excise Authorities	4,89,50,581	5,04,82,283
Advance Tax*	-	1,97,40,105
	<u>12,77,76,679</u>	<u>11,87,82,124</u>

*[Net of Provision of Rs. Nil (P.Y.-11,70,84,484)]

ORIENT CERAMICS AND INDUSTRIES LTD.

SCHEDULES FORMING PART OF ACCOUNT

(Amount in Rupees)

PARTICULARS	AS AT MARCH 31, 2010	AS AT MARCH 31, 2009
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SCHEDULE 8

CURRENT LIABILITIES AND PROVISIONS

A. CURRENT LIABILITIES

Sundry Creditors*	29,59,46,080	18,49,65,109
Unpaid Dividend **	8,33,213	6,52,674
Other Liabilities	20,94,82,827	16,76,84,273
Interest Accrued but not due	2,89,644	-
	<u>50,65,51,764</u>	<u>35,33,02,056</u>

*[Refer to Note No. 5 on Schedule 13 (II)]

**The above does not include any amount due to Investor Education & Protection Fund.

B. PROVISIONS

Income Tax*	20,98,314	-
Proposed Dividend	2,10,60,000	1,57,95,000
Dividend Tax	34,97,803	26,84,360
Leave Encashment	32,59,169	18,84,863
	<u>2,99,15,286</u>	<u>2,03,64,223</u>

*[Net of Advance Tax of Rs. 11,71,00,003 (P.Y.-Nil)]

SCHEDULE 9

OTHER INCOME

Scrap Sale	97,29,990	57,89,623
Export Incentives	5,23,162	2,05,199
Discount Received	19,22,068	-
Excess Liability Written Back (Net)	8,48,864	-
Miscellaneous Income	83,59,264	79,17,894
Exchange Rate Fluctuation (Net)	17,29,814	13,25,164
	<u>2,31,13,162</u>	<u>1,52,37,880</u>

SCHEDULE 10

INCREASE / (DECREASE) IN STOCKS

Stocks at close:

-Finished Goods	36,00,54,026	20,29,66,677
-Stock in process	1,42,30,509	2,57,14,214
	<u>37,42,84,535</u>	<u>22,86,80,891</u>

Stocks at commencement:

-Finished Goods	20,29,66,677	19,26,54,811
-Stock in process	2,57,14,214	2,99,14,054
	<u>22,86,80,891</u>	<u>22,25,68,865</u>
	<u>14,56,03,644</u>	<u>61,12,026</u>

SCHEDULES FORMING PART OF ACCOUNT

(Amount in Rupees)

PARTICULARS	AS AT	AS AT
	MARCH 31, 2010	MARCH 31, 2009

SCHEDULE 11

MANUFACTURING AND OTHER EXPENSES

Raw Material Consumed :			
Opening Stock	11,09,08,428		14,23,62,729
Add : Purchases	60,93,17,009		55,67,22,561
Less : Closing Stock	11,08,38,787		11,09,08,428
Consumed during the year	60,93,86,650		58,81,76,862
Stores and Spares consumed	8,80,27,773		7,46,60,759
Packing Material consumed	9,97,16,536		9,41,35,117
Power and Fuel	43,93,30,357		41,23,70,530
Designing and Processing Charges	62,25,747		30,13,194
Rent	1,92,28,233		1,04,50,479
Repairs - Plant & Machinery	1,73,90,989		1,75,66,977
- Factory Building	49,26,532		66,32,683
- Others	35,13,522		32,66,907
Inc/(Dec) Excise Duty on Finished Stocks	3,83,34,691		(99,56,214)
Salaries, Wages and Bonus	26,12,17,511		23,63,61,468
Contribution to Provident and Other Funds	1,56,55,045		1,32,86,436
Employee's welfare	94,78,817		61,43,127
Insurance	1,17,53,464		1,40,23,932
Rates and Taxes	19,23,411		30,16,351
Communication Expenses	75,79,438		65,89,974
Travelling and Conveyance	5,47,60,926		4,51,99,123
Payment to Auditors	5,00,000		3,75,000
Directors Sitting Fees	2,97,500		2,50,000
Advertisement and Sales Promotion	4,08,47,099		1,85,94,422
Rebates, Commission and Incentives	12,66,66,634		15,27,67,028
Provision For Doubtful Debts	38,93,908		-
Transportation & Handling Charges	9,56,11,068		7,88,95,690
Loss on sale of Fixed Assets	17,26,022		99,255
Sundry Balances written-off *	-		2,85,33,745
Miscellaneous Expenses	3,46,11,606		2,64,19,005
	<u>1,99,26,03,479</u>		<u>1,83,08,71,850</u>

*[Refer to Note No. 17 on Schedule 13 (II)]

SCHEDULE 12

INTEREST AND FINANCE CHARGES (NET)

On Fixed Loans	1,98,82,696		4,31,85,144
On Other Loans	4,88,54,917		5,09,16,765
Other Finance Charges	47,90,717		49,17,089
	<u>7,35,28,330</u>		<u>9,90,18,998</u>
Less : Interest Received	59,05,219		13,65,664
TDS Rs.2,30,906/- (P.Y. -1,84,074/-)			
	<u>6,76,23,111</u>		<u>9,76,53,334</u>

SCHEDULES FORMING PART OF ACCOUNT**SCHEDULE - 13****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNT****I. SIGNIFICANT ACCOUNTING POLICIES****1. Accounting Convention**

The financial statements are prepared on the accrual basis under the historical cost convention in accordance with applicable mandatory accounting standards issued by Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires making of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

3. Fixed Assets

- Fixed Assets are recorded at their original cost of acquisition less accumulated depreciation. Cost is net of CENVAT and inclusive of freight, duties, taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use.
- Glow-sign Boards, which have no salvage value is charged to the Revenue Account.

4. Intangible Assets

All expenditures, qualifying as Intangible Assets are amortized over estimated useful life.

The following norms are followed for the amortization for the Intangible Assets.

- | | |
|-------------------------|---------|
| - Specialized Softwares | 3 Years |
|-------------------------|---------|

5. Depreciation

- Depreciation is provided on straight-line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.
- The assets costing up to Rs. 5,000 are fully depreciated in the year of purchase.
- Leasehold lands are amortized over the period of respective lease.

6. Revenue/Expense Recognition

- Local sales are recognized at the point of dispatch of goods to the customers. It includes excise duty but excludes sales tax and trade discount. Purchase of material is recognized on the basis of receipt of material in the factory premises.
- Export Sales are recognized on the basis of bill of lading date.
- Export incentives are accounted on accrual basis.

7. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying fixed assets are capitalized as part of the cost of assets. All other borrowing costs are recognized as expense in the year in which they are incurred.

8. CENVAT and Excise Duty

- CENVAT credit availed has been credited to the respective cost of stores & spares and capital goods.
- Excise duty has been accounted for on the basis of payments made in respect of goods cleared from the factory premises and provision made in the accounts for goods manufactured, which are lying in the bonded warehouses of the company as at the end of financial year.

SCHEDULES FORMING PART OF ACCOUNT

9. Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of various components of inventory is determined as follows:

Raw Materials, Stores, Spares and Packing Material	Cost includes purchase price, duties, taxes and all other costs incurred in bringing the inventories to their present location. Cost is determined on First In First Out (FIFO) basis.
Stock-in-process and Finished Goods	Cost includes material cost and also includes an appropriate portion of allocable overheads.
Traded Goods	Cost includes purchase price, duties, taxes and all other costs incurred in bringing the inventories to their present location. Cost is determined on First In First Out (FIFO) basis.

10. Translation of Foreign Currency items

- Transactions denominated in Foreign Currencies are recorded at the exchange rate prevailing at the time of the transaction.
- Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account in the period in which they arise.
- Items denominated in foreign currency at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling on the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract.

11. Taxes on Income

- Income-tax expense comprises current tax and deferred tax charge or release. Current Tax is the amount of tax payable on taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax resulting from timing difference between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward 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 realized. Such assets are reviewed as at each balance sheet date to re-assess realization.

12. Employees Benefits

- Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit or loss account of the year in which related service is rendered.
- The company has defined contribution plans for the post employment benefits' namely provident fund and employee state insurance scheme. The company contributions in the above plans are charged to revenue every year.
- The company has Defined Benefit Plans namely leave encashment /compensated absence and gratuity for employees. Gratuity liability is a defined benefit obligation and is provided for on the basis of the actuarial valuation made at the end of each year. However, the company through its trust has taken a policy with Kotak Mahindra Old Mutual Life Insurance Ltd. to cover the gratuity liability of the employees. The difference between the actuarial valuation of the gratuity of the employees at the year-end and the balance of funds with Kotak Mahindra Old Mutual Life Insurance Ltd. is provided for as liability in the books.
- Actuarial gains/losses are immediately taken to Profit and Loss account.
- Provisions for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.
- Terminal benefits are recognized as an expense immediately.

SCHEDULES FORMING PART OF ACCOUNT**13. Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

14. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

15. Lease

Lease rentals in respect of assets taken under operating lease are charged to profit and loss account as per the terms of the lease agreement.

16. Earning Per Share

- Basic Earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.
- For the purpose of calculating Diluted Earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

17. Cash flow Statement

Cash flow statement is made as per the indirect method prescribed under Accounting Standard-3 "Cash Flow Statement" issued by Companies (Accounting Standard) Rules, 2006.

18. Segment Reporting

- The company is engaged in manufacture of Ceramic and Vitrified Tiles. The entire operations are governed by same set of risk and returns; hence, the same has been considered representing a single primary segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard-17 on segment reporting.
- The company sells its products mostly within India with insignificant export income and does not have any operations in economic environments with different risk and returns, hence, its considered operating in single geographical segment.

SCHEDULES FORMING PART OF ACCOUNT

II NOTES TO THE ACCOUNT

		(Amount in Rupees)	
1. Contingent Liabilities		2009-2010	2008-2009
a) Outstanding Letter of Credit (Net of Margins) furnished in favour of suppliers		3,96,82,881	5,49,63,716
b) Outstanding Guarantees furnished by Company's Banker in favour of Central Excise, Customs and Others (Net of Margins)		92,25,000	1,27,86,948
c) Custom/Excise Duty / Service Tax / Income Tax / Sales Tax demands and Show Cause notice issued against which company has preferred appeals (During the year contingent liability of Rs. 53,613/- pending in consumer court has been settled)		1,62,20,709	5,01,79,644
2. The nature of Security for Secured Loans including Interest accrued thereon are :			
a. The Company has a consortium of four bankers namely State Bank of India, Punjab National Bank, Standard Chartered Bank and Barclays Bank (hereafter called the "Consortium") for secured loans borrowings.			
b. The Term Loan from State Bank of India is secured by way of first charge over entire fixed assets excluding assets having specific charge, both present and future, and collaterally by way of 2nd charge on the current assets of the company.			
c. The Working Capital Limit borrowed by the Company (whether by way of Cash Credit or Working Capital Demand Loan or Overdraft limit) from the Consortium is primarily secured by way of 1st pari passu charge on entire current assets of the company and collaterally by way of 2nd pari passu Charge on the entire fixed assets excluding assets having specific charge, both present & future.			
d. Vehicle loans are secured by way of hypothecation of respective vehicles.			
3. Enterprise Resource Planning (ERP) - A Financial Accounting Package, implemented in the earlier years is still in the process of improvement. A few entries are recorded in the books manually to complete the accounting of current year.			
4. In the opinion of the Board, the Current Assets, Loans & Advances are approximate to the value stated, if realised in the ordinary course of business.			
5. Pursuant to amendments to schedule VI to Companies Act, 1956 vide Notification No. GSR 719 (E) dated 16th November 2007, the amount due to Micro, Small & Medium Enterprises have not been disclosed for the current year, as the company is in the process of identifying vendors registered under Micro, Small & Medium Enterprises Development Act, 2006 and gathering information to make the necessary disclosure.			

6. RETIREMENT BENEFITS

(a) Defined Contribution Plans:

The company makes contribution towards Employees provident Fund and Employee's State Insurance scheme. Under the rules of these schemes, the company is required to contribute a specified percentage of payroll costs. The company during the year recognised the following amount in the profit and loss Account under company's contribution to defined contribution plan.

	(Amount in Rs.)	
	2009 - 2010	2008 - 2009
Provident Fund	70,02,612	66,11,690
Employee State Insurance	21,88,860	19,79,654

SCHEDULES FORMING PART OF ACCOUNT

(b) Defined Benefit Plans:

The employees' gratuity fund scheme managed by Kotak Mahindra Old Mutual Life Insurance Ltd. is a defined Benefit funded Plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to built up the final obligation. The obligation for Leave encashment is a defined unfunded benefit plan, which is recognized in the same manner as gratuity.

I. Net employee benefit expenses

(Amount in Rs.)

Particulars	2009 - 2010		2008-2009	
	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)
Current Service Cost	6,86,556	24,85,411	3,74,986	25,16,778
Interest Cost on benefit obligation	1,55,501	14,02,721	2,96,600	13,01,433
Expected return on plan assets	-	(7,20,458)	-	(3,73,498)
Past service cost	-	-	-	-
Actuarial(gain)/loss recognised in the year	18,71,831	17,32,289	(12,88,479)	12,50,379
Net benefit expense	27,13,888	48,99,963	(6,16,893)	46,95,092

II. Net Asset/(liability)

(Amount in Rs.)

Particulars	2009-2010		2008-2009	
	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)
Present Value of Defined Benefit Obligation	(32,59,169)	(2,70,97,237)	(18,84,865)	(2,00,38,877)
Fair value of Plan Assets	-	1,55,74,823	-	1,02,92,264
Net assets/(liability) recognised in B/Sheet	(32,59,169)	(1,15,22,414)	(18,84,865)	(97,46,613)

III. Changes in the Obligation

(Amount in Rs.)

Particulars	2009-2010		2008-2009	
	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)
Opening Defined Benefit Obligation	18,84,862	2,00,38,877	42,37,142	1,85,91,899
Interest cost	1,55,501	14,02,721	2,96,600	13,01,433
Current Service Cost	6,86,556	24,85,411	3,74,986	25,16,778
Benefits Paid	(13,39,581)	(17,54,484)	(17,35,387)	(22,04,687)
Actuarial (gain)/loss on obligation	18,71,831	49,24,712	(12,88,479)	(1,66,546)
Closing Defined Benefit Obligation	32,59,169	2,70,97,237	18,84,862	2,00,38,877

IV. Changes in the fair value of Plan assets are as follows: (Amount in Rs.)

Particulars	2009-2010	2008-2009
	Gratuity (Funded)	Gratuity (Funded)
Opening fair value of Plan Assets	1,02,92,264	53,35,691
Expected return on Plan Assets	7,20,458	3,73,498
Contribution by employer	31,24,162	60,00,000
Benefits Paid	(17,54,484)	-
Actuarial gain/(loss) on Plan Assets	31,92,423	(14,16,925)
Closing fair Value Plan Assets	1,55,74,823	1,02,92,264

SCHEDULES FORMING PART OF ACCOUNT

V. The major categories of Plan assets of the fair value of total plan assets are as follows in percentage:

Particulars	2009-2010	2008-2009
	Gratuity (Funded)	Gratuity (Funded)
Insured with Kotak Mahindra Old mutual life Insurance Ltd.	99.3%	99.9%
Bank Balance	0.7%	0.1%

The principal assumptions used in determining gratuity and leave liability for the company's plans are as under:

Particulars	2009-2010		2008-2009	
	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)
Discount Rate	8.25%	8.25%	7.00%	7.00%
Rate of increase in compensation	6.00%	6.00%	4.00%	4.00%
Rate of return on Plan assets (for gratuity)	-	8.25%	-	7.00%
Mortality (Published notes under the LIC (1994-96) duly modified)				

Note:

(i) Actuarial's valuation is based on escalation in future salary on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

7. Prior period Adjustment includes the following:

	2009-2010	(Amount in Rs.) 2008-2009
Discounts*	-	2,18,32,156
	-	2,18,32,156

* Note : Discounts against sales pertaining to earlier years finalized during the year.

8. a) Managerial Remuneration :	2009-2010	(Amount in Rs.) 2008-2009
(i) Salary	1,53,00,000	1,44,00,000
(ii) Contribution to Provident Fund	9,360	9,360
(iii) Perquisites	2,77,238	1,60,734
(iv) Commission	12,00,000	-
	1,67,86,598	1,45,70,094

Managerial Remuneration does not include incremental liability for gratuity & leave encashment.

During financial year 2008-09 Managerial remuneration of Rs. 72,79,308/- was paid to the Chairman and Managing Director and Rs. 72,90,786/- was paid to the Executive Director which was in excess of prescribed percentage of net profits as specified under the Companies Act, 1956 and the Company applied to the Ministry of Corporate Affairs (MCA) to seek waiver of excess remuneration paid. During the current financial year, the Ministry of Corporate Affairs accorded its approval to the excess remuneration paid to the Executive Director. However, the approval for the excess remuneration paid to the Chairman and Managing Director is still awaited.

SCHEDULES FORMING PART OF ACCOUNT

b) Computation of Net Profit in accordance with the provisions of section 349 read with section 198 and 309 of the Companies Act, 1956.

	(Amount in Rs.)	
	2009-2010	2008-2009
Profit before Tax	17,51,15,674	10,25,72,135
Add : Directors Sitting Fees	2,97,500	2,50,000
Directors Remuneration	1,67,86,598	1,45,70,094
Non-Executive Directors Commission	6,00,000	-
Provision for Doubtful Debts	38,93,908	-
Loss / (Profit) on Sale of Fixed Assets	17,26,022	99,255
Profit u/s 349	19,84,19,702	11,74,91,484
Commission Payable*	12,00,000	

* Amount of Commission is arrived at to keep the overall Remuneration within the limits specified in Schedule XIII of the Companies Act, 1956.

Maximum Permissible remuneration to managerial as per sections 198 & 309 of the Companies Act, 1956

	1,98,41,970	1,17,49,148
Remuneration Paid	1,67,86,598	1,45,70,094
Excessive Remuneration	-	28,20,946

9. Auditor's Remuneration (excluding service tax):

	(Amount in Rs.)	
	2009-2010	2008-2009
(i) Audit Fees	4,00,000	3,00,000
(ii) Tax Audit Fees	1,00,000	75,000
(iii) Certification and other matters	1,30,000	42,500
	6,30,000	4,17,500

10. Additional information pursuant to the provisions of paragraph 3 & 4 of Schedule VI of the Companies Act, 1956

A. CAPACITY AND PRODUCTION OF CERAMIC TILES

	Unit	2009-2010	2008-2009
Licensed Capacity	M.T.	N.A.	N.A.
Installed Capacity*	M.T.	2,20,000	2,20,000
Production	M.T.	1,77,943	1,67,931

* Above Installed Capacity is certified by the Management, being a technical matter.

B. (i) STOCKS AND SALES OF MANUFACTURED GOODS

	2009 -2010			2008-2009	
	Unit	QTY	Value (Rs.)	QTY	Value (Rs.)
Opening Stock	M.T.	22,591	19,47,68,138	17,904	17,38,40,145
Closing Stock	M.T.	29,638	33,68,68,909	22,591	19,47,68,138
Sales	M.T.	1,70,896*	2,31,37,67,457	1,63,244*	2,24,27,39,797

(ii) STOCKS, PURCHASES AND SALES OF TRADED GOODS

	2009-2010			2008-2009	
Tiles :		QTY	Value (Rs.)	QTY	Value (Rs.)
Opening Stock	Cartons	22,762	72,75,187	31,295	83,36,382
Purchases	Cartons	21,27,550	36,45,13,790	6,83,618	12,50,94,197
Sales	Cartons	20,52,706	38,30,89,110	6,92,151	14,30,95,740
Closing Stock	Cartons	97,606	2,31,06,361	22,762	72,75,187
Others :					
Opening Stock	Pcs.	1,15,563	9,23,352	2,07,271	1,04,78,284
Purchases	Pcs.	-	-	860	3,26,201
Sales	Pcs.	17,272*	6,27,816	92,568*	7,49,241
Closing Stock	Pcs.	98,291	78,756	1,15,563	9,23,352

* Includes own consumption, breakages & samples

SCHEDULES FORMING PART OF ACCOUNT

C. RAW MATERIALS CONSUMED

	2009-10		2008-09	
	QTY (MT)	Value (Rupees)	QTY (MT)	Value (Rupees)
Clay & Minerals	1,97,907	30,64,51,771	1,94,501	25,99,71,276
Chemicals & Glaze Materials	9,165	30,29,34,879	9,995	32,82,05,587
	<u>2,07,072</u>	<u>60,93,86,650</u>	<u>2,04,496</u>	<u>58,81,76,863</u>

D. VALUE OF IMPORTED & INDIGENOUS RAW MATERIAL, SPARE PARTS AND COMPONENTS CONSUMED

	Value (Rupees)	%	Value (Rupees)	%
Raw Materials :				
- Imported	4,02,19,389	6.60%	7,40,38,508	12.59%
- Indigenous	56,91,67,261	93.40%	51,41,38,355	87.41%
	<u>60,93,86,650</u>	<u>100.00%</u>	<u>58,81,76,863</u>	<u>100.00%</u>
Stores and Spares :				
- Imported	3,86,08,256	43.86%	3,09,03,802	41.39%
- Indigenous	4,94,19,517	56.14%	4,37,56,957	58.61%
	<u>8,80,27,773</u>	<u>100.00%</u>	<u>7,46,60,759</u>	<u>100.00%</u>

(Amount in Rs.)

E. C.I.F. VALUE OF IMPORTS

	2009-2010	2008-2009
(i) Raw Materials	3,64,61,107	3,92,53,923
(ii) Stores and Spares	4,71,56,818	4,00,50,906
(iii) Finished Goods	-	-
(iv) Capital Goods	1,52,85,066	24,32,972

F. EXPENDITURE IN FOREIGN CURRENCY (Payment basis)

- Others	73,75,731	34,24,113
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(subject to deduction of Tax where applicable)

G. F.O.B. VALUE OF EXPORTS

66,91,513	27,47,793
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11. As per the Accounting Standard 22 "Accounting for Taxes on Income" issued by the Companies (Accounting Standards) Rules, 2006, the Company estimates the deferred tax charge / (release) using the applicable rate of taxation based on the impact of timing difference between financial statement and estimated taxable income for the current year. The Components of deferred tax balances are as follows :

(Amount in Rs.)

Particulars	Opening as at 01.04.2009	Charge / (Release) during the year	Closing as at 31.03.2010
(i) Depreciation / Amortisation	7,11,69,097	(1,02,22,615)	6,09,46,482
(ii) Transitional Provision Gratuity/Leave Encashment	-	-	-
(iii) Disallowance under the Income tax Act, 1961	(40,28,375)	(23,87,407)	(64,15,782)
Net Balance DTL/(DTA)	6,71,40,722	(1,26,10,022)	5,45,30,700

12. As per Accounting Standard 18 "Related Party Disclosures" issued by the Companies (Accounting Standard) Rules, 2006 related parties and transactions with related parties are as follows:

SCHEDULES FORMING PART OF ACCOUNT

(i) Related Parties :

A Associates

- (a) Freesia Investment and Trading Co. Ltd.
- (b) Goodteam Investment & Trading Co. Pvt. Ltd.
- (c) Alfa Mercantile Ltd.
- (d) Morning Glory Leasing & Finance Ltd.
- (e) Iris Designs Pvt. Ltd.
- (f) Orient Rave Mercantile Ltd.

B Key Managerial Personnel

- (a) Mahendra K. Daga
- (b) Madhur Daga

C Relatives of key Managerial Personnel

- (a) Sarla Daga w/o Mahendra K. Daga
- (b) Roma Monisha Sakraney Daga w/o Madhur Daga

(ii) Disclosure of transactions between the Company and related parties and status of outstandings as on 31st March 2010

(Amount in Rs.)

Particulars	A	B	C
Nature of Transaction :			
(i) Loan received	32,00,000	99,63,780	-
	(1,15,00,000)	(57,52,786)	(-)
(ii) Loan repaid	2,05,75,000	2,50,02,786	-
	(56,50,000)	(63,780)	(-)
(iii) Interest payment	51,39,474	22,46,411	-
	(61,53,068)	(28,99,000)	(-)
(iv) Hire Charges paid	58,74,839	-	-
	(53,29,631)	(-)	(-)
(v) Rent paid	8,32,140	-	24,000
	(8,32,140)	(-)	(24,000)
(vi) Managerial Remuneration	-	1,67,86,598	-
	(-)	(1,45,70,094)	(-)
(vii) Security Deposit Paid	9,30,000	-	-
	(11,35,000)	(-)	(-)
(viii) Security Deposit Received	2,35,000	-	-
	(3,05,000)	(-)	(-)
(ix) Consultancy Charges	3,00,000	-	-
	(3,00,000)	(-)	(-)
(x) Others	-	-	4,91,285
	(5,618)	(-)	(4,04,952)

SCHEDULES FORMING PART OF ACCOUNT

(Amount in Rs.)

Particulars	A	B	C
Outstandings as on 31.03.2010			
(i) Unsecured Loans Payable	4,34,75,000	1,69,50,000	-
	(6,08,50,000)	(3,19,89,006)	(-)
(ii) Other Current Liabilities	2,54,263	-	-
	(2,53,265)	(-)	(1,02,500)
(iii) Other Current Assets	31,58,035	-	-
	(24,63,035)	(-)	(-)

Figures in brackets represents previous year amounts

(Amount in Rs.)

(iii) Disclosure in respect of material transactions with related parties		2009-2010	2008-2009
a) Loan Received			
IRIS Designs Pvt. Ltd.		25,00,000	86,00,000
Mahendra K. Daga		76,00,000	43,52,786
Madhur Daga		23,63,780	14,00,000
Goodteam Investment & Trading Co. Pvt. Ltd.		7,00,000	22,50,000
b) Loan Repaid			
IRIS Designs Pvt. Ltd.		1,25,00,000	1,00,000
Mahendra K. Daga		2,50,02,786	-
Freesia Investment and Trading Co. Ltd.		-	12,00,000
Morning Glory Leasing & Finance Ltd.		-	27,75,000
Alfa Mercantile Ltd.		-	15,75,000
c) Interest Payments			
Goodteam Investment & Trading Co. Pvt. Ltd.		13,67,575	13,54,672
IRIS Designs Pvt. Ltd.		33,28,234	37,68,862
Mahendra K. Daga		19,44,562	28,18,836
d) Hire Charges Paid			
Freesia Investment and Trading Co. Ltd.		58,74,839	53,29,631
e) Rent Paid			
Freesia Investment and Trading Co. Ltd.		6,66,000	6,66,000
f) Security Deposit Paid			
Freesia Investment and Trading Co. Ltd.		9,30,000	11,35,000
g) Security Deposit Received			
Freesia Investment and Trading Co. Ltd.		2,35,000	3,05,000
h) Consultancy Charges			
Morning Glory Leasing & Finance Ltd.		3,00,000	3,00,000
i) Salary Paid			
Roma Monisha Sakraney Daga		4,91,285	4,04,952

(Amount in Rs.)

13. Earnings Per Share (EPS) - The numerators and denominators used to calculate basic and diluted EPS :		2009-2010	2008-2009
- Profit attributable to the Equity Shareholders (A)	Rupees	11,45,91,591	6,36,86,965
- Basic / Weighted Average number of Equity Shares outstanding during the year (B)	Nos.	1,05,30,000	1,05,30,000
- Basic / Diluted Earnings per Share (A / B)	Rupees	10.88	6.05

SCHEDULES FORMING PART OF ACCOUNT

14. The Company has taken some assets on Non cancellable operating lease. Vehicle lease rent amounting Rs.58,74,839/- (PY- Rs. 53,29,631/-) and Showroom lease rent amounting Rs. 4,23,388/- (PY- Rs. NIL) has been debited to Profit and Loss Account. The future minimum lease payment is as under

	(Amount in Rs.)			
	Vehicles		Showroom	
	2009-2010	2008-2009	2009-2010	2008-2009
Not later than one year	44,80,500	53,38,050	63,00,000	-
Later than one year and not later than five years	26,83,500	41,91,500	1,18,12,500	-
Later than five years	-	-	-	-
Total	71,64,000	95,29,550	1,81,12,500	-

Detail of Lease agreements is enumerated below

Property taken on lease	Date of termination of Lease	Escalation Clause	Terms of renewal	Purchase option
Vehicles	Various Agreement	No	Not Applicable	Yes
Showroom	15th Feb 2013	No	At 18% enhancement	No

15. The company is in the business of manufacture of Ceramic and Vitrified Tiles. Since, all the activities are related to the main activity, there are no reportable segments as per the requirement of Accounting Standard-17.
16. Derivative Contracts entered into by the company and outstanding as on 31st March 2010 for Hedging Currency and Interest Rate Related Risks:
- (i) Nominal amount of derivatives including forward contracts entered into by the company and outstanding as on 31.03.10 amounts to Rs. 16,15,88,958/- (Previous Year 10,71,37,500/-).
 - (ii) All Derivative contracts entered into by the company are for hedging purposes only.
 - (iii) During the year the company has provided Rs. 68,92,388/- towards premium on forward exchange contracts. (Previous Year Rs. 1,48,712/-).
17. During the year the company has written off Rs. NIL towards old debtors. (Previous Year Rs. 2,53,04,821/-)
18. Balances of Sundry Creditors and Debtors are subject to confirmation.
19. The previous year's figures have been regrouped, rearranged and reclassified, wherever necessary.

for and on behalf of the Board

MAHENDRA K. DAGA
R. N. BANSAL
MADHUR DAGA
N. R. SRINIVASAN

Chairman & Managing Director
Director
Executive Director
Director

Place : NEW DELHI
Date : 16th July, 2010

VIJAY SHANKAR SHARMA
YOGESH MENDIRATTA

Chief Financial Officer
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i) REGISTRATION DETAILS

Registration No.	21546	State Code	20
Balance Sheet Date	31.03.2010		

ii) CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. '000)

Public Issue	Nil	Right Issue	Nil
Private Placement	Nil	Bonus Issue	Nil

iii) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. '000)

Total Liabilities	13,07,668	Total Assets	13,07,668
Sources of Funds		Application of Funds	
Paid-up Capital	1,05,300	Net Fixed Asset	8,10,663
Reserves & Surplus	5,09,759	Investments	-
Deferred Tax Liability	54,530	Net Current Assets	4,97,005
Secured Loans	5,35,331	Miscellaneous Expenditure	-
Unsecured Loans	1,02,748		

iv) PERFORMANCE OF COMPANY (AMOUNT IN Rs. '000)

Turnover	27,08,068	Total Expenditure	25,32,952
Profit/Loss before Tax	1,75,116	Profit/Loss after Tax	1,15,828
Earning per Share (in Rs.)	10.88	Dividend Rate	20%

v) NAME OF GENERIC PRINCIPAL PRODUCTS

Item Code No.(ITC)	6906.10	Product Description	Ceramic Tiles
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for and on behalf of the Board

MAHENDRA K. DAGA	Chairman & Managing Director
R. N. BANSAL	Director
MADHUR DAGA	Executive Director
N. R. SRINIVASAN	Director

Place : NEW DELHI
Date : 16th July 2010


VIJAY SHANKAR SHARMA	Chief Financial Officer
YOGESH MENDIRATTA	Company Secretary

PAN INDIA PRESENCE





ANDORRA - OEV6012



EBANO - OEV6021



ZEBRANO - OEV6018



ANTIC - OE2052

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