

# ANNUAL 2013-14 REPORT

# CERTIFICATION



# CONTENTS

Corporate Information	01
Directors' Report	02
Management Discussion and Analysis	08
Corporate Governance Report	11
Independent Auditor's Report on Standalone Financial Statements	21
Standalone Financial Statements	25
Independent Auditor's Report on Consolidated Financial Statements	55
Consolidated Financial Statements	56
Notice of Annual General Meeting	86

# Corporate information

## BOARD OF DIRECTORS

Mr. Mahendra K. Daga, Chairman & Managing Director  
 Mr. Madhur Daga, Joint Managing Director  
 Mr. K.M. Pai, Executive Director & Chief Financial Officer  
 Mr. Dhruv M. Sawhney  
 Mr. N.R. Srinivasan  
 Mr. P.M. Mathai  
 Mr. R.N. Bansal  
 Mr. Satish Chandra, Nominee Director – IDBI Bank

## AUDIT COMMITTEE

Mr. R.N. Bansal, Chairman  
 Mr. Mahendra K. Daga  
 Mr. K.M. Pai  
 Mr. N.R. Srinivasan  
 Mr. P.M. Mathai

## STAKEHOLDERS RELATIONSHIP AND GRIEVANCE COMMITTEE

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

## NOMINATION AND REMUNERATION COMMITTEE

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

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Madhur Daga, Chairman  
 Mr. K.M. Pai  
 Mr. N.R. Srinivasan  
 Mr. R.N. Bansal

## COMPENSATION COMMITTEE

Mr. Madhur Daga  
 Mr. P.M. Mathai  
 Mr. N.R. Srinivasan  
 Mr. R.N. Bansal

## COMPANY SECRETARY & HEAD-LEGAL

Mr. Yogesh Mendiratta

## STATUTORY AUDITORS

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

## BANKERS / LENDERS

State Bank of India  
 Punjab National Bank  
 ING Vysya Bank  
 IndusInd Bank  
 IDBI Bank  
 Axis Bank  
 Export Import Bank of India  
 Tata Capital Financial Services Limited

## REGISTRAR & SHARE TRANSFER AGENT

M/s MCS Limited  
 F-65, Okhla Industrial Area, Phase-I,  
 New Delhi – 110 020  
 Tel: +91 11 41406149-52

## REGISTERED OFFICE

8, Industrial Area, Sikandrabad – 203 205  
 Distt. Bulandshahr (U.P.)  
 CIN:L14101UP1977PLC021546  
 Tel: +91 5735 222203/22424, +91 8191004575 / 76  
 Fax: +91 5735 222642

## CORPORATE OFFICE

IRIS House, 16, Business Centre,  
 Nangal Raya, New Delhi – 110 046  
 Tel: +91 11 47119100  
 Fax: +91 11 28521273

## PLANTS

1. Industrial Area  
 Sikandrabad,  
 Bulandshahr (U.P.)
2. Village Dora, Taluka Amod,  
 Dist. Bharuch – 392230, Gujarat.
3. Village Chokkahalli,  
 Taluka Hoskote,  
 Bengaluru (Rural)- 562114  
 Karnataka.

# DIRECTORS' REPORT

*Pear Shareholders,*

Your Directors are pleased to present the 37<sup>th</sup> Annual Report and the audited accounts for the financial year ended March 31, 2014.

## FINANCIAL RESULTS

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Gross Income	63,588.07	62,359.93	63,588.07	62,359.93
Profit before interest, depreciation and taxation	4,823.25	6,100.98	4,824.05	6,101.84
Interest	2,423.13	2,501.84	2,423.13	2,501.84
Depreciation	1,941.39	1,855.65	1,941.39	1,855.65
Profit before taxation	458.73	1,743.49	459.53	1,744.35
Tax expense	256.07	760.20	256.05	760.20
Profit after tax	202.67	983.29	203.49	984.15
Earning per share (₹)	1.49	7.24	1.50	7.25

## OPERATIONS

During the year under review, Gross Income has increased marginally by 1.02% over the last year from ₹ 62,360 Lakhs in previous year to ₹ 63,588 Lakhs in current year. The Profit before tax, however, dipped from ₹ 1,743.49 Lakhs to ₹ 458.73 Lakhs. The adverse hit on profits during the year under review was mainly due to the increase in fuel cost. Regasified Liquified Natural Gas (RLNG) is a major component of cost of production which your Company purchases from GAIL (India) Limited. During the year under review, the prices of RLNG increased sharply thereby increasing cost of production. Due to difficult market conditions, your Company was unable to pass on the increased cost to its customers. Your Company has taken steps to rejig the product profile in favour of high value digital and larger format tiles to improve profitability in the coming years.

## INITIATIVES

### Opening of Orient Tile Boutiques and Bell Tile Boutiques

A good and prominent display is important in selling. Your Company is focusing on creating defined spaces in the dealer's shops where only your Company's products are always displayed. Such exclusive display areas are named as Orient Tile Boutique (OTB) for displaying 'Orient' brand and another as Bell Tile Boutique (BTB) for displaying 'Bell' brand. At such OTBs and BTBs the company has the advantage of displaying its entire range and customer the opportunity to choose from a wide selection. During the year under review your Company has opened 55 OTBs and 8 BTBs PAN India and the number is growing. Such boutiques are expected to create significant demand of your Company's higher value products in the medium to long term future.

## Patent Pending Products

Your Company's four out of the box Patent Pending Products (PPPs) viz., Forever Tiles, Germ-Free Tiles, Cool Tiles and Life Tiles have been well received by retail & institutional customers. Forever Tile's self cleaning feature, Germ Free Tile's anti bacterial and hygiene feature, Life Tile's self cleaning and smog removal feature and Cool Tile's reduction of heat and electricity saver feature define their edge over others. Various test reports of recognized laboratories have already proven these features. Due to the environment friendly features of PPPs your Company has been registered with associations like Green Rating for Integrated Habitat Assessment (GRIHA) and Indian Green Building Council (IGBC) which are aggressive in making the environment greener.

The contemporary and elegant designs of PPPs together with their exclusive technology feature set them apart from regular tiles. Various prestigious institutions such as DLF, Ansals, Ashiana Housing, IIT - Patna, Medanta – The Medicity, Gurgaon, Sobha Developers, Hotel Silverline, Devi Narayana Housing and Paharpur Industries have already installed & are happy with the performance of your Company's PPPs. Apart from direct representation to prospective customers & influencers, your Company is actively promoting PPPs through a variety of social media & hopes to gain many more customers for PPPs over the next few quarters.

### Launch of Mobile Application – m.orientbell.com

With the increasing significance of mobile phones and their applications in people's lifestyles, the necessity for new technologies and new applications has risen. Your Company has launched mobile applications on Apple and Android

platforms to help us to build relationship with the customers, increase company's accessibility, increase exposure across mobile devices, and to connect with the on-the-go customers. On the other hand the customer gets easy access to Company's products, Company events like new product launches, display centres etc.

### **Participations – ACETECH (Delhi & Bengaluru & Kolkata), Green Building and Retrofits Expo Asia held in Thailand**

During the year under review your Company has reached Architects, Builders, Interior Designers and General Public to show its innovative designs and products through Acetech Exhibition held at Delhi, Bengaluru and Kolkata and also through GBR EXPO Asia 2014-the 4<sup>th</sup> International Exhibition and Conference on Green Building & Retrofits held in Thailand for the Asia Market.

### **DIVIDEND**

For the year under review, your Directors have recommended a dividend of ₹ 0.50 per equity share for the financial year ended March 31, 2014. The total outgo of dividend (inclusive of tax of ₹ 11.53 lakh) would amount to ₹ 79.40 lakh as against ₹ 238.20 lakh in the previous year. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

### **EMPLOYEE STOCK OPTION SCHEME**

During the year under review, your Company has come out with Orient Bell Employees Stock Option Scheme – 2013 ("Scheme"). The Compensation Committee of the Board monitors and administers the Scheme in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI Guidelines").

The applicable disclosures as stipulated under the SEBI Guidelines as on March 31, 2014 with regard to the Scheme are provided in Annexure 'A'.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

### **CORPORATE GOVERNANCE REPORT**

Your 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 a separate section in the Annual Report. Your Company has also obtained a certificate for compliance of the provisions of Corporate Governance from the Statutory Auditors.

### **SUBSIDIARY COMPANY**

In terms of Section 212 of the Companies Act, 1956 read with the General Circular no. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, Balance Sheet, Profit and Loss Account and other documents of its subsidiary Elit International Trading (HK) Pvt. Ltd., are not being attached with the Balance Sheet of the Company. However, the financial information of Elit International Trading (HK) Pvt. Ltd. is disclosed in the Annual Report in compliance with the said circular. The accounts and the related detailed information of subsidiary company will be made available to any shareholder on request. The annual accounts of the subsidiary company will also be kept open for inspection by any shareholder at the Corporate Office of the Company and also at the venue during the Annual General Meeting.

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

### **PUBLIC DEPOSITS**

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

### **INFORMATION PURSUANT TO SECTION 217(1) (e)**

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

### **PARTICULARS OF EMPLOYEES**

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

### **DIRECTORS**

Mr. K. M. Pai was appointed as Non Executive-Non Independent Director of the Company effective 02.04.2012. The Board of Directors has, in its meeting held on 24.04.2014 approved the appointment of Mr. K.M. Pai as Whole Time Director of the Company for a period from 24.04.2014 to 31.03.2017. The Board of Directors recommends the appointment and remuneration of Mr K.M. Pai as Whole Time Director of the

Company to be passed by the members at the ensuing Annual General Meeting.

Being longest in office, Mr. K.M. Pai will retire by rotation and being eligible, offers himself for reappointment. The Board of Directors recommends his re-appointment.

IDBI Bank has nominated Mr. Satish Chandra as its Nominee Director in place of Ms. Madhavi Kapadia w.e.f. 21.04.2014.

Mr. Mahendra K. Daga and Mr. Madhur Daga earlier appointed as Managing Director and Whole Time Director respectively not liable to retire by rotation are proposed to continue to hold their offices as such whose period of office shall be liable to determination by rotation.

To comply with the provisions of Section 149 and other applicable provisions of the Act, the Board has recommended the appointment of all the existing non executive Independent Directors as Independent Directors viz., Mr. R.N. Bansal, Mr. N.R. Srinivasan, Mr. P.M. Mathai and Mr. Dhurv M. Sawhney to hold office as per their tenure of appointment mentioned in the notice of the forthcoming Annual General Meeting of the Company.

## 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:

- (a) that in the preparation of annual accounts for the financial year ended March 31, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for the year under review;
- (c) 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;
- (d) that the Directors had prepared the accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

## AUDITORS

M/s S. R. Dinodia & Co. LLP, Chartered Accountants, New Delhi Statutory Auditors of your Company, hold office till the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Company has received a letter from M/s S.R. Dinodia & Co. LLP, confirming that their appointment, if made, would be

within the limits prescribed under section 139 and 141 of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Board of Directors recommends the re-appointment of M/s S.R. Dinodia & Co. LLP as Statutory Auditors from the conclusion of ensuing Annual General Meeting till the conclusion of 38<sup>th</sup> Annual General Meeting in accordance with the provisions of Section 139 of the Companies Act, 2013 and rules there under at such remuneration as shall be fixed by the Board of Directors of the Company.

During the year, the Company had received intimation from M/s S.R. Dinodia & Co. LLP stating that M/s S.R. Dinodia & Co. had been converted into a Limited Liability Partnership (LLP) under the provisions of the Limited Liability Partnership Act, 2008 with effect from 15.10.2013. In terms of Ministry of Corporate Affairs, Government of India, General Circular No. 9/2013 dated April 30, 2013, if a firm of Chartered Accountants, being an auditor in a Company under the Companies Act, 1956, is converted into an LLP, then such an LLP would be deemed to be the auditor of the said Company. The Board of Directors of the Company has taken due note of this change. Accordingly, the audit of the Company for financial year 2013-14 was conducted by M/s S.R. Dinodia & Co. LLP.

## AUDITORS' REPORT

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

## COST AUDITORS

During the year under review, the Board of Directors has, on recommendation of Audit Committee, and subject to Central Government approval, appointed M/s J.C. Chandra & Associates, Cost Accountants, as cost auditors of the Company for the FY 2013-14. Central Government has, confirmed the appointment of M/s J.C. Chandra & Associates.

## ACKNOWLEDGEMENT

Your Directors acknowledges with gratitude and appreciation, the continued support and assistance received from banks, government authorities, customers, vendors, business associates, financial institutions and members and also wish to place on record their deep sense of appreciation for the hard work, dedication and committed services by the Company's executives, staff and workers.

On behalf of the Board

Place: New Delhi  
Date: 29-07-2014

**Mahendra K. Daga**  
Chairman & Managing Director

## ANNEXURE – A TO THE DIRECTORS REPORT

DISCLOSURES REQUIRED UNDER THE SEBI (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999

	Nature of Disclosure	Particulars
a.	Options granted	2,63,100
b.	Pricing formula	Exercise Price is Nil.
c.	Options vested	Nil
d.	Options exercised	Nil
e.	Total number of shares arising as a result of exercise of options	Nil
f.	Options lapsed	3,600
g.	Variation of terms of options	None
h.	Money realized by exercise of options	Nil
i.	Total number of options in force	a. (-) d. (-) f. = 2,59,500
j.	Employee wise details of options granted to:-	Mr. Vijay Shankar Sharma - 1,12,500; Mr. Anil Agarwal - 12,000; Mr. Ashish Mehta - 9,000; Mr. Sanjeev Gupta - 6,000; Mr. S.P. Sharma - 6,000
	i) senior managerial personnel	
	ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	Mr. Vijay Shankar Sharma - 1,12,500
	iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	None
k.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	₹ 1.48
l.	Method of calculation of employee compensation cost  Difference between the employee compensation cost computed using the intrinsic value of the stock options and the employee compensation cost that shall have been recognized if the fair value of the options had been used and its impact on profits and EPS of the Company.	Employee Compensation cost has been calculated using Intrinsic Value of Stock Options.  The Employee Compensation Cost would have been lowered by ₹ 20.33 lakh and the profits would have been increased by ₹ 20.33 lakhs and the EPS would have been increased by 0.12 paise if the Fair Value method had been adopted.
m.	(i) Weighted average exercise prices and weighted average fair values of options whose exercise price equals the market price of the stock.	N.A.
	(ii) Weighted average exercise prices and weighted average fair values of options whose exercise price exceeds the market price of the stock.	N.A.
	(iii) Weighted average exercise prices and weighted average fair values of options whose exercise price is less than the market price of the stock.	Weighted average exercise price :- Nil  Weighted average fair value:- ₹ 38.50
n.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:	Black - Scholes Method  (i) Risk-free interest rate 7.57% (ii) Expected life 1 year (iii) Expected volatility 3.14% (iv) Expected Dividend 1.28% (v) The price of the underlying share in market at the time of option grant ₹ 39.00 per share



## ANNEXURE – B TO THE DIRECTORS REPORT

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

### A. CONSERVATION OF ENERGY

#### (a) Energy Conservation measures taken:

##### At Sikandrabad Plant:

1. Modified MP-2 plant -
  - a. Pre kiln dryer entry & exit up to kiln entry from double line to single line for reducing the power consumption by providing the elevator system.
  - b. Press dryer entry table for smooth running production and reducing power consumption.
2. Modified MF-2 plant - Pre kiln dryer entry table & double layer press dryer exit table from double line to single line for reducing the power consumption.
3. Installed Variable Frequency Drives (VFDs) at multiple locations to save electrical energy.
4. Gas saved in all kilns by maintaining proper air and fuel ratio.
5. Provided energy efficient lights i.e. LED/CFL by progressively replacing Sodium Vapor and Metal Halide Lamps.
6. Reduced idle running of machines in the plant.
7. Modified the glazing line in MP-4 plant from double line to single line after digital machine for power saving.
8. Reduced gaps in kiln feeding significantly. This has resulted in reduction of both power & fuel consumption.
9. Erection of new FBCC for Nasseti spray dryer has been completed. Its commissioning is under process. This will result in cost saving by replacing expensive natural gas by Biomass fuel.
10. Provided energy efficient motors for power saving.

##### At Hoskote Plant:

1. Reduced air compressor power consumption by reducing air leakages across the plant and optimizing air pressure required for operation.
2. Provided energy efficient lighting by replacing Sodium Vapor and Metal Halide Lamps with LED lights.
3. Reduced electricity consumption in dryer.
4. Reduced idle running of machineries in the plant.
5. Continuously maintaining the Time of the Day (TOD) metering to take advantage of cheaper Non-peak hour energy pricing.
6. Continuously purchasing power from Open Access Trade through Indian Energy Exchange to reduce cost of electricity.
7. Reduced LPG consumption in press dryer by modifying hot air circulation mechanism.

##### At Dora Plant:

1. Provided VFDs at various locations for better efficiency of machine and to conserve electricity.
2. Reduced kiln feeding gaps to improve power and fuel efficiency.
3. Avoided idle running machines/equipments to save power.
4. Created awareness among users and service provider for less power and fuel consumption.
5. Installed cyclic timers at various locations in body preparation for power conservation.
6. Modified the SACMI kiln entry table by replacing mechanical variator drives with Variable Frequency drives which has resulted saving in power.

#### (b) Additional investment and proposals being evaluated for reduction consumption of energy:

##### At Sikandrabad Plant:

1. To provide energy management system in MF plant. Work is under progress.
2. To provide further VFDs at other strategic locations for a much higher efficiency and to save power.
3. To replace many of existing metal halide lamps with LED/CFL lights.
4. Further fuel saving in kiln & Press dryer with the help of machine manufacturer.

##### At Hoskote Plant:

1. To provide 132KW VFD for pendular mill blower.
2. To provide 55KW VFD for SACMI kiln hot air blower.
3. To provide 30KW VFD for SITI kiln smoke suction blower.
4. To provide air cooling system for hydraulic oil of presses in place of chilling plant.
5. To provide VFD for silo discharging to reduce powder spillage as well as electricity consumption.

##### At Dora Plant:

1. Planning for utilization of waste heat from gas generator to spray dryer.
2. Conversion of silica grinding media to alumina in slip house ball mills to reduce grinding hours and power saving.
3. To use more LED lights.
4. Conventional motors to be replaced with high efficiency motors to save power.
5. To install EMS (Energy Management System) for power monitoring & saving thereafter.
6. To introduce multilayer dryer in place of Zhongyao kiln (being used as a dryer) for fuel saving.



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

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

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

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

## B. TECHNOLOGY ABSORPTION

### Research and Development (R&D)

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

By an ongoing system of applied research in body composition, by re-engineering the glaze composition and applying value engineering in packing we are able to keep the cost under control despite continuous rise in input costs.

2. **Future plan of action:**

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

3. **Expenditure on R&D:**

No separate record of the expenditure incurred is maintained.

### Technology Absorption, Adaptation and Innovation

- (a) **Efforts made towards technology absorption, adaptation and innovation:**

Following initiatives has been taken and some are under consideration.

#### At Sikandrabad Plant:

1. Started Fluidized Bed Combustion Chamber for FT production to reduce the specific cost of fuel.
2. Started cold glue application for size 200x300 mm at auto sorting line for better packing of carton.
3. More Variable Frequency Drives (VFDs) have been ordered for the electrical energy conservation.
4. Increased productivity by almost 15% after numerous modifications and system changes in the plant.
5. Production trials are in process to reduce to cost of engobe & glaze without compromising with the quality of the product.
6. Started automatic strapping at MP2 line to improve the quality of packing and to improve the productivity as well.

#### At Hoskote Plant:

1. Installed and commissioned higher capacity Dry Edge Cut machine to improve production, quality and productivity.
2. Digital printing machine has been installed successfully and started production of digital designs.
3. Production trials are in process to substitute costly Fire clay with suitable local clay to reduce cost of body.
4. Successfully started producing IS Specification complied tiles (Min. 300kg/cm<sup>2</sup> MOR and 3-6% WA) by modifying the body formulation and by increasing cavity size in press mould.
5. Some VFDs are planned for the electrical energy conservation.
6. Work is on to replace LPG with natural gas as and when GAIL pipe line is ready. Signing of contract agreement with GAIL is completed. Natural gas is expecting by Sep'14.
7. Started recycling waste glaze and using ETP glaze in matt engobe to reduce glaze consumption.

#### At Dora Plant:

1. Modified kiln entry with PLC and AC drives to have smooth kiln feeding process & for better efficiency of the machine.
2. Glue application started at sorting machine for better packing of cartons.
3. Production trials are under progress to have common body for all the sizes.
4. Blunger started for reprocessing of the green pitcher and waste powder for power saving.
5. Modified Zhongyao kiln gas train for better safety.
6. Modified press dryer exit table and made it in line to have ease of operation, less loss and better layout.
7. Modified Zhongyao kiln exit table outlet from two line to one line to reduce breakdown & easy operation.
8. Introduced hydro filter on g/line for brushing unit to avoid fly dust in the atmosphere.

- (b) **Benefit derived as a result of the above efforts:**

As a result of these efforts, cost reduction, improved yield, energy saving, and quality up gradation became possible.

- (c) **Technology imported:** New Squaring machine at Hoskote plant during the FY 2013-14.

All the earlier relevant technologies are fully absorbed

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Foreign Currency used : ₹ 984.34 Lakh.  
(b) Foreign Currency earned : ₹ 0.22 Lakh.

On behalf of the Board

Place: New Delhi  
Date: 29-07-2014

**Mahendra K. Daga**  
Chairman & Managing Director

# MANAGEMENT DISCUSSION AND ANALYSIS

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

## ECONOMIC REVIEW

The FY 2013-14 was a year of uncertainty when expectations weathered a setback. The constant change in the Indian and global economic landscape created uncertainty and risks to the growth momentum. The Indian economy continued to languish recording a below 5% growth for the second consecutive year during FY 2013-14. The sudden and strong depreciation of rupee towards the end of Q1 FY14 let down expectations of an upturn in the growth prospects of the economy in the near term. India's Current Account Deficit widened while GDP growth slowed from above 8.5% to below 5%. Despite the loss of momentum of the Indian economy, inflation continued to remain elevated, especially the retail inflation. While high cost of borrowing, low business confidence and delays in project approvals impacted investments, high inflation and slowdown in employment generation led to reduced spending by households. Confronted with a difficult macroeconomic situation of slowing growth, high inflation and depreciating rupee, the Government and the RBI had taken a number of corrective measures to support economic growth. The Indian as well as the global economy is thus at crossroads poised to witness recovery during the FY 2014-15.

(Source: D&B's India Outlook 2014-15)

## INDUSTRY STRUCTURE AND DEVELOPMENT

In the residential replacement industry, ceramic tiles are used for many purposes such as designing, floor and wall fittings, protection from rain and moisture, and other environmental hazards. Residential replacement, besides having maximum market share, is also expected to be the fastest growing application segment of ceramic tiles at a CAGR of 8.6% from 2012 to 2018. Similarly, the floor tiles product category within the ceramic tiles market boasts the maximum share and has the fastest growth at a CAGR of 8.6% from 2012 to 2018.

Floor tiles were followed by wall tiles, and other tiles that include countertop, façade, and so on, respectively. Wall tiles alone accounted for approximately 40% of the total ceramic tiles market in 2011. The global demand for wall tiles is expected to reach 7,096.4 million square meters by 2018, growing at a CAGR of 8.0% from 2012 to 2018. The increasing applications of all types of ceramic tiles are expected to drive the global ceramic tile market.

(data source: [www.reuters.com](http://www.reuters.com))

## OUTLOOK

The growth of Ceramic Industry is directly linked with the growth of real estate sector to a great extent. Over the past few years, residential segment in India has rapidly grown in demand. However, given slowdown in the economic activity and moderation in income, housing sector has suffered a setback. According to data released by Centre for Monitoring Indian Economy (CMIE), during FY 2013-14, approximately Rs. 214.9 billion worth of new investment was made in the housing construction sector as compared with Rs. 412.04 billion during FY 2012-13 – plummeting by 48% year on year basis. Demand

for ceramic tiles in India is driven by a combination of factors like rise in housing sector, urbanization rate, rise in nuclear families, rise in per capita income. Commercial sector and infrastructure projects form a huge customer base for tile industry. The commercial segment comprises office space, retail and hospitality space. The resourcing boom coupled with economic uptrend is expected to create a huge demand for office space in India and this in turn will boost increased sale of tiles.

## OPPORTUNITIES & THREATS

With the increasing construction activities, the tiles market in the country is set to flourish. The demand from institutional customers is outpacing the retail demand in many regions of the country. The overall Indian tiles market is expected to witness compounded annual growth rate of more than 18% till 2017. However, during the same period demand for vitrified tiles is expected to grow at the compounded annual growth rate of 21% due to increasing institutional sales.

Your Company sees opportunity in the digitally printed tiles – the latest in trend. These tiles are increasingly in fashion as they give walls a stunning art work look deviating from the clichés of the dull painted walls. These tiles are created based on principles and procedures which are similar to graphic art work which offer photo-like high-resolution impressions. Through digital design, tiles can be decorated virtually with the best photo-quality image or design on plain or a textured surface. The USP of such tiles are that they are high definition (HD) digital tiles, that is, advanced digital printing technology which provides enhanced high-definition reproduction of colours and objects and also provides exact impressions of stones, marble and wood.

The continuous sharp increase in the prices of natural gas a major source of fuel in manufacture of tiles, and the tiles manufactured in unorganized sector are the major threats to your Company.

(data source: [www.techsciresearch.com](http://www.techsciresearch.com))

## SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Your Company deals with products which come under one segment only i.e. 'ceramics tiles'.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has in-house internal audit department which ensures strong and adequate internal control systems within the Company. As a routine feature of the Internal Audit department, it ensures regular and minute check on the working of every department identifying risks and problem areas and to apprise the Audit Committee and Board. The regular Internal Audits increases efficiency and brings out quality in the working culture. The Internal auditors conduct audits of various departments as per the Annual Internal Audit Plan duly approved by the Audit Committee. The Internal Audit Reports are periodically reviewed by the Audit Committee. The Company is continuously upgrading its internal control systems under valuable guidance of the Audit committee and the Board.

## 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. **Sales :** The Company's gross turnover increased by 2.3% during the year 2013-14.
2. **Finance charges:** Finance charges for the year amounted to ₹ 2,423 lakhs as against the previous year of ₹ 2,502 lakhs.
3. **Depreciation:** The current year depreciation amounted to ₹ 1,941 lakhs as against ₹ 1,856 lakhs of previous year.
4. **Profit:**
  - a) Profit before Depreciation and Taxation amounted to ₹ 2,400 lakhs as against the previous year of ₹ 3,599 lakhs.
  - b) Provision for taxation-During the financial year 2013-14 the Company was subject to Minimum Alternate Tax.
  - c) Net Profit for the year amounted to ₹ 203 lakhs as against the previous year of ₹ 983 lakhs.
  - d) Cash from Operation: During the year ₹ 4,925 lakhs were generated from operations as against the previous year figure of ₹ 5,891 lakhs.
5. **Fixed Assets:** During the year the Gross Block increased from ₹ 53,080 lakhs in the previous year to ₹ 54,275 lakhs in the year 2013-14.
6. **Net Working Capital:**

Inventories decreased to ₹12,469 lakhs from ₹ 13,228 lakhs in the previous year.

Sundry Debtors decreased to ₹ 7,236 lakhs as against ₹ 7,337 lakhs of previous year.

Loans and advances of ₹ 3,344 lakhs 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 ₹ 15,103

lakhs 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.

### 7. Borrowed Funds:

As on 31.03.2014, the total borrowings of the Company were ₹ 16,247 lakhs as against ₹ 18,032 lakhs in the previous year.

## HUMAN RESOURCE / INDUSTRIAL RELATIONS

The HR function at Orient Bell is an important strategic partner for business success. Talent management and development of human capital is paramount for organisational success and excellence. The Company's focus is to attract quality human resources, hire them as per the business need, develop them for their effectiveness in current and future roles, and retain them through appropriate engagement. The Company hires through a judicious sourcing mix of consultants, direct hiring and job portals. The Company believes that its HR systems and processes are contemporary and are in line with business requirements. HR continues to manage industrial relations without work disruption, thereby ensuring continuity of operations in all the units and maintaining industrial peace and harmony. At the end of FY2014, Orient Bell had 1086 permanent employees on its rolls.

## CAUTIONARY STATEMENT

The Management Discussion and Analysis Report may contain some forward looking statements. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include availability of raw materials and their prices and domestic and global demand and supply conditions, changes in Government regulations and tax policies, economic development within India and so many other incidental and relevant factors. The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

## RISK MANAGEMENT

Risks are inherent in every business but successful risk mitigation protects profitability and enhances efficiency. Risk evaluation, planning, assessment and its mitigation is a continuous process followed by a forward looking Company as well as is a strategic and systematic approach to control potentially disruptive areas.

Orient Bell Limited views risks as external or internal events that may exploit the weaknesses in the Company's processes, procedures and systems, impacting objectives and financials. The Company employs a series of governance and activity-level controls to ensure financial statements free from material misstatements. At the enterprise level, risk identification and mitigation procedures employed are discussed below.

Risk Type	Risk Category	Nature of Risk	Measures to mitigate Risk
Industry	Medium	Industry downturn can affect sales and viability of the business.	The tile industry has a direct linkage with real estate sector. There is a growth prospect for the real estate sector and thus for the tile industry, given the fact the refurbishment market provides additional demand and per capita tile consumption is very low in India. The industry is expected to grow at over 15% over the next many years. Orient Bell Limited has planned to open more and more Tile Boutiques over the next period for much larger brand promotion and awareness.

Risk Type	Risk Category	Nature of Risk	Measures to mitigate Risk
Competition	Medium	Imported and Domestic tile manufacturing competitor companies may affect the price realization and sales.	<p>The import of tiles has become expensive due to high FOREX cost and depreciating rupee. As a result the import of tiles dropped. Orient Bell has a separate team of Spanish Designers and well trained domestic designers who have capabilities to develop the contemporary and internationally accepted designs to compete with the imported tiles.</p> <p>The Unorganized and Organized Sector tile manufacturers are always a threat and risk to the business of your Company. We see a better future for our company's contemporary designs of digital tiles. The wide distribution network and huge sales force makes a difference between unorganized and organized sector tile manufacturer. Orient Bell Limited has got not only 'Orient' and 'Bell' well-established brands but also we have local manufacturing capabilities, a large sales force and an established distribution network. Lately, the Government has banned the use of coal gas by some of the unorganized players which neutralizes the competition to some extent.</p>
Cost of Production & Margins	High	Increase in cost of natural gas and cost of raw materials, particularly imported ones may increase the cost of production substantially; may affect margins and profitability.	<p>Natural gas is sourced from GAIL. The long term contract signed by the Company with GAIL will end in the year 2028. The prices of Regasified Liquefied Natural Gas (RLNG) depend on the prices of crude oil and rupee exchange rate with USD. The price of RLNG has almost doubled within the last year.</p> <p>Your Company is using saw dust as an alternate fuel to reduce the cost of fuel. Our focus remains on the selling of high value products with higher margins which will help to absorb some of the possible cost increase.</p>
Customers	Medium	Customer attrition or default risk.	Customers get more attracted to branded products and prefer good and genuine tiles for their areas to look more attractive and contemporary. Orient Bell Limited is strategically expanding its brand awareness in different parts of Country through its exclusive tile boutiques. To attract customer we do road shows, participate in exhibitions and also come out with attractive schemes.
Currency	Medium	The risk of fluctuations mainly in USD and Euro that would render imports costlier and affects cost of production indirectly.	The foreign exchange fluctuation directly impacts the price of RLNG and resultantly, the cost of production. The industry can pass on this price hike in the absence of imports. The Company has reduced the import of tiles and is not excessively dependent on import of raw materials.
Human Resources	Low	Risk of employee attrition	The company has come out with the Employee Stock Option Scheme for retention of Employees. The attrition rate of the Company is within acceptable limit. The employer-employee relations in the Company are cordial and working environment is healthy.
Transportation Cost	Low	Fluctuations in Transportation cost directly impact the cost of production	The Company has arrangements with a fleet of transporters across the country to curb the possibility of monopoly of transporters. The Company does survey at regular intervals to keep the transportation costs within limits.

# CORPORATE GOVERNANCE REPORT

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising of regulators, employees, customers, vendors, investors and the society at large. The Company continues to focus its resources, strengths and strategies to achieve its vision of becoming a truly global leader, while upholding the core values of Integrity, Quality, Customers, Agility, Partners and Performance (IQ CAPP), which are fundamental to your Company. Your Company believes in adopting the 'best practices' that are followed in the area of corporate governance across various geographies.

## Board of Directors

### I. Composition of Board

Your Company is headed by an efficient Board of Directors ('Board' for short) that exhibits leadership, integrity and judgment so as to achieve continuing prosperity and to act in the best interests of the Company. The Board plays a critical role in overseeing how the management serves the short and long-term interests of the stakeholders of the Company.

As on 31<sup>st</sup> March, 2014, the Board consist of 8 (eight) Directors which include 2 (two) Executive Directors (one Executive Chairman & Managing Director and one Whole Time Director), 4 (four) Independent & Non-Executive Directors, 1 (one) Non-Independent and Non-Executive Director and 1 (one) Nominee Director of IDBI Bank Limited, which is one of the bankers/lenders of the Company. The size and composition of the Board conforms to the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

The Composition of Directors and their other Directorships/Committee Memberships in other Companies are as follows:

Sl. No.	Name of Director	Category	Directorship in other companies*	Committee chairmanship**	Committee membership**
1.	Mr. Mahendra K. Daga	P-E-CMD	3	None	None
2.	Mr. Madhur Daga	P-E-WTD	None	None	None
3.	Mr. R. N. Bansal	I-NED	2	1	2
4.	Mr. Dhruv M. Sawhney	I-NED	5	1	None
5.	Mr. N. R. Srinivasan	I-NED	None	None	None
6.	Mr. P. M. Mathai	I-NED	None	None	None
7.	Mr. K. M. Pai@	NI-NED	None	None	None
8.	Ms. Madhavi Kapadia#	Nominee Director – IDBI Bank Limited	None	None	None

P-E-CMD Promoter & Executive Chairman and Managing Director

P-E-WTD Promoter & Executive Whole Time Director

I-NED Independent Non-Executive Director

NI-NED Non-Independent Non-Executive Director

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than five Committees as specified in Clause 49, across all the companies in which he/she is a Director.

\* Excludes the directorship held in private limited companies, foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

\*\* For this purpose only the membership/chairmanship in Audit Committee and Share Transfer-cum-Investor Grievances Committee in all other public limited companies has been considered.

@ The Board of Directors of the Company has, in its meetings held on 24.04.2014 & 29.07.2014, appointed and changed the designation of Mr. K. M. Pai, as Whole Time Director (designated as Executive Director and Chief Financial Officer) for the period 24.04.2014 to 31.03.2017, subject to the approval of Members in the ensuing Annual General Meeting.

# IDBI Bank limited has, vide its letter dated 04.04.2014 withdraw the nomination of Ms. Madhavi Kapadia and nominated Mr. Satish Chandra, as its Nominee Director on the Board of Company w.e.f. 21.04.2014.

## II. Attendance of Directors at the Board Meetings held during the financial year 2013-2014 and at the last Annual General Meeting (AGM)

The attendance record of each Director at the Board Meetings held during the year 2013-2014 and at the last Annual General Meeting is as follows:

Sl. No.	Name of Director	No. of meetings		Whether attended last AGM
		Held	Attended	
1.	Mr. Mahendra K. Daga	4	2	Yes
2.	Mr. Madhur Daga	4	4	No
3.	Mr. R. N. Bansal #	4	4	No
4.	Mr. Dhruv M. Sawhney	4	2	No
5.	Mr. N. R. Srinivasan	4	4	Yes
6.	Mr. K. M. Pai	4	3	No
7.	Mr. P. M. Mathai	4	4	No
8.	Ms. Madhavi Kapadia	4	4	No

# Mr. R.N. Bansal has not attended the AGM due to illness. However, Mr. N. R. Srinivasan, Ex-Officio Chairman and Mr. Mahendra K. Daga member of Audit Committee were available at the AGM to answer the queries of members.

## III. Meetings of the Board of Directors

Four Board Meetings were held during the financial year 2013–14 on 28<sup>th</sup> May 2013, 08<sup>th</sup> August 2013, 13<sup>th</sup> November 2013 and 06<sup>th</sup> February 2014 respectively. The maximum time gap between any two meetings was 104 days and the minimum time gap was 72 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.

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 with Mr. N. R. Srinivasan, Ex Officio Chairman and Mr. Mahendra K. Daga, Mr. P. M. Mathai and Mr. K. M. Pai as its members. The Company Secretary acts as the Secretary of the Committee.

During the financial year ended on 31<sup>st</sup> March 2014, Five Audit Committee Meetings were held on 28<sup>th</sup> May 2013, 18<sup>th</sup> July, 2013, 08<sup>th</sup> August 2013, 13<sup>th</sup> November 2013 and 06<sup>th</sup> February 2014 respectively. The summary of attendance is as under:

Sl. No.	Name of Director	Category	No. of meetings	
			Held	Attended
1.	Mr. R. N. Bansal	Independent, Non-Executive	5	5
2.	Mr. N. R. Srinivasan	Independent, Non-Executive	5	5
3.	Mr. Mahendra K. Daga	Promoter, Executive	5	2
4.	Mr. P. M. Mathai	Independent, Non-Executive	5	5
5.	Mr. K. M. Pai@	Non-Independent, Non-Executive	5	3

@ The Board of Directors of the Company has, in its meetings held on 24.04.2014 & 29.07.2014, appointed and changed the designation of Mr. K. M. Pai, as Whole Time Director (designated as Executive Director and Chief Financial Officer) for the period 24.04.2014 to 31.03.2017, subject to the approval of Members in the ensuing Annual General Meeting.



**(ii) Stakeholders Relationship and Grievance Committee**

The name of 'Shareholders/Investor's Grievance and Share Transfer Committee' has been changed to 'Stakeholders Relationship and Grievance Committee' effective 24.04.2014 in compliance with the provisions of Section 178 of the Companies Act, 2013 and the provisions contained under revised listing agreement.

The Committee comprises of Mr. N.R. Srinivasan as its Chairman and Mr. Mahendra K. Daga and Mr. Madhur Daga as its other two members. The Company Secretary acts as the Secretary of

the Committee. The Committee is entrusted with the power to approve the share transfers, issue of duplicate share certificates, issue of new share certificates upon consolidation of shares, split of shares and also to resolve the grievances of members including complaints relating to transfer of shares, non receipt of balance sheet, non receipt of declared dividends etc.

During the year ended 31<sup>st</sup> March 2014, 4 (four) Committee Meetings were held on 16<sup>th</sup> May 2013, 12<sup>th</sup> August 2013, 05<sup>th</sup> November 2013 and 06<sup>th</sup> February 2014 respectively. The summary of attendance is as under:

Sl. No.	Name of Director	No. of meetings	
		Held	Attended
1.	Mr. N. R. Srinivasan	4	4
2.	Mr. Mahendra K. Daga	4	2
3.	Mr. Madhur Daga	4	3

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

One complaint was pending at the beginning of the financial year i.e. on 01<sup>st</sup> April 2013. During the year, the Company has received 5 (five) complaints from members and all the Complaints including the Complaint pending at the beginning of year were resolved and no complaint is pending for disposal as on 31<sup>st</sup> March, 2014.

**(iii) Nomination and Remuneration Committee**

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement, the Board of Directors of the Company has, in its meeting held on 24.04.2014, changed the name of the Committee to 'Nomination and Remuneration Committee' from 'Remuneration Committee'. The Committee is, inter-alia, entrusted with the following powers:

- a) to identify the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;

- b) To recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- c) to formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- d) to formulate the criteria for evaluation of Independent Directors and the Board;
- e) to devise a policy on Board's diversity;
- f) to recommend to the Board a policy, relating to the remuneration for the Directors and Key Managerial Personnel and other employees.

The composition of the Nomination and Remuneration Committee as on 31<sup>st</sup> March, 2014 was Mr. N. R. Srinivasan as Chairman and Mr. Dhruv M. Sawhney, Mr. R. N. Bansal and Mr. K. M. Pai as its members. On 24.04.2014 the composition of the Committee was changed and accordingly Mr. K.M. Pai stepped out and Mr. P.M. Mathai was inducted as member of the Committee. The Company Secretary acts as the Secretary of the committee. During the year under review only one meeting of members of 'Nomination and Remuneration Committee' was held on 08<sup>th</sup> August, 2013.

The details of remuneration paid to the directors during the financial year 2013-14 are as follows:

(in ₹)

Name of the Director	Salary	Provident Fund	Perquisites	Commission <sup>#</sup>	Sitting fee	Total
Mr. Mahendra K. Daga	84,70,000	9,360	41,02,295	-	-	1,25,81,655
Mr. Madhur Daga	78,00,000	9,360	40,76,740	-	-	1,18,86,100
Mr. R. N. Bansal	-	-	-	3,75,000	1,75,000	5,50,000
Mr. Dhruv M. Sawhney	-	-	-	-	45,000	45,000
Mr. N. R. Srinivasan	-	-	-	3,75,000	1,95,000	5,70,000
Mr. K. M. Pai	-	-	-	3,75,000	1,10,000	4,85,000
Mr. P. M. Mathai	-	-	-	3,75,000	1,70,000	5,45,000
Ms. Madhavi Kapadia*	-	-	-	-	80,000	80,000

\*Sitting fee was paid in the name of IDBI Bank Limited.

<sup>#</sup>the provision has been taken in the Financial Statements for FY 2013-14, however the same has not been paid in view of the application filed by the Company which is pending with the Central Government for its approval.

**Details of shareholding of Non-Executive Directors as on 31<sup>st</sup> March 2014**

Name of Non-Executive Director	No. of shares held
Mr. R. N. Bansal	Nil
Mr. Dhruv M. Sawhney	Nil
Mr. N. R. Srinivasan	Nil
Mr. K. M. Pai@	Nil
Mr. P. M. Mathai	Nil
Ms. Madhavi Kapadia	Nil

@ The Board of Directors of the Company has, in its meetings held on 24.04.2014 & 29.07.2014, appointed and changed the designation of Mr. K. M. Pai, as Whole Time Director (designated as Executive Director and Chief Financial Officer) for the period 24.04.2014 to 31.03.2017, subject to the approval of Members in the ensuing Annual General Meeting.

**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 practices.

**(iv) Finance and Borrowing Committee**

The Finance and Borrowing Committee has been delegated with the powers to manage the banking operations, to open/close bank accounts, decide on the operational limits/matrix of the authorised signatories in addition to borrow secured/unsecured funds, otherwise than by way of debentures from potential lenders to meet out the funding needs of the Company as may be arising from time to time.

The Committee comprise of three Directors viz. Mr. Mahendra K. Daga as Chairman, Mr. Madhur Daga and Mr. N.R. Srinivasan as its members. The Company Secretary acts as the Secretary of the Committee. The Committee met once during the financial year ended 31<sup>st</sup> March 2014 on 08<sup>th</sup> August, 2013. All the members were present at the meeting.

**(v) Compensation Committee**

The Compensation Committee is constituted by the Board on 08<sup>th</sup> November, 2012 for the purpose of finalizing, administering, and supervising the matters applicable to grant, vest and exercise of options under the Employees Stock Option Scheme and the matters prescribed under the SEBI Guidelines. The Committee comprise of the following Directors:

a. Mr. Madhur Daga, Promoter-Executive

- b. Mr. N.R. Srinivasan, Independent-Non Executive
- c. Mr. R.N. Bansal, Independent-Non Executive
- d. Mr. P.M. Mathai, Independent-Non Executive

During the financial year 2013-14, the Committee met 3 (three) times on 18<sup>th</sup> July 2013, 08<sup>th</sup> August 2013 and 06<sup>th</sup> February 2014 respectively. All the members were present at the meeting.

**(vi) Corporate Social Responsibility Committee**

In accordance with the provisions of Companies Act, 2013, a Corporate Social Responsibility Committee has been constituted w.e.f. 24.04.2014, comprising of following Executive and Non Executive Independent Directors:-

- (i) Mr. Madhur Daga, Promoter-Executive
- (ii) Mr. K.M. Pai, Non Independent – Non Executive@
- (iii) Mr. N.R. Srinivasan, Independent – Non Executive
- (iv) Mr. R.N. Bansal, Independent – Non Executive

@ The Board of Directors of the Company has, in its meetings held on 24.04.2014 & 29.07.2014, appointed and changed the designation of Mr. K. M. Pai, as Whole Time Director (designated as Executive Director and Chief Financial Officer) for the period 24.04.2014 to 31.03.2017, subject to the approval of Members in the ensuing Annual General Meeting.

The Committee is authorized to formulate and recommend to the Board, a CSR policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013; recommend the amount to be spent on such activities; monitor the Company's CSR policy periodically and institute a transparent monitoring mechanism for the implementation of CSR projects.

**General Body Meetings**

Detail of last three Annual General Meetings:

Year	Location	Day and Date	Time	Special resolutions
2010-11	Regd Off. : 8, Industrial Area, Sikandrabad-203 205 Distt.Bulandshahr (U.P.)	Friday, 2 <sup>nd</sup> September, 2011	11.30 a.m.	None
2011-12	-do-	Friday, 28 <sup>th</sup> September, 2012	11.30 a.m.	I. Reappointment of Mr. Mahendra K. Daga as Managing Director of the Company II. Increase/revision in remuneration of Mr. Madhur Daga as Executive Director
2012-13	-do-	Friday, 27 <sup>th</sup> September, 2013	11.30 a.m.	Re-appointment and Re-designation of Mr. Madhur Daga, Whole Time Director (designated as Joint Managing Director) of the Company for a further term of 3 years.

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

## Postal ballot

During the year ended 31<sup>st</sup> March, 2014, no resolution was passed through postal ballot. No resolution whether Special/ Ordinary, is proposed to be passed through postal ballot at the ensuing Annual General Meeting.

## 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. 26 forming part of the Accounts.
- (ii) The Company has complied with all the guidelines provided by Stock Exchanges and 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 Nomination and Remuneration Committee as described above.
  - (b) Whistleblower policy  
The Company has established a mechanism called Whistleblower policy which allows any employee to approach the management concern/the Audit Committee without necessarily informing their supervisors to report about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Further, this mechanism also provides for adequate safeguards against victimisation of employees who avail of the mechanism.

## Subsidiary companies

Your Company does not have a materially non-listed Indian subsidiary company as per the criteria laid down in Clause 49 of the Listing Agreement. However, as on 31<sup>st</sup> March, 2014 the Company has a wholly owned subsidiary company namely Elit International Trading (HK) Pvt. Limited incorporated in Hong Kong.

## Means of communication

The quarterly, half-yearly and annual results of the Company are submitted with Bombay Stock Exchange and National Stock Exchange where the equity shares of the Company are listed and the same are published in leading newspapers viz. Financial Express (English) and Jansatta/ Rashtriya Sahara (Hindi) in compliance with the Listing Agreement.

The results are also posted on Company's website viz. www.orientbell.com. The website of the Company also displays the information of the Company's products, dealers, availability among others. There were no presentations made to the institutional investors or analysts.

The Company also dedicated an e-mail ID exclusively for redressal of investor complaints in compliance of Clause 47 (f) of the Listing Agreement namely investor@orientbell.com which is also displayed on the Company's website www.orientbell.com.

## 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 Executive Director and VP (Finance & Accounts) who is heading the finance function, 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:

"I hereby confirm that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year ended on 31<sup>st</sup> March, 2014."

Place: New Delhi  
Dated: 29-07-2014

**Mahendra K. Daga**  
Chairman & Managing Director

## General Shareholder Information

### Annual General Meeting

Date	30th September, 2014
Time	11.30 a.m.
Venue	8, Industrial Area, Sikandrabad-203 205, Distt. Bulandshahr (U.P.)
Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March

### Financial reporting for financial year 2014-15 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.*

\*subject to change of law

## 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 31<sup>st</sup> March 2014, the Register of Members and Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> Sept., 2014 to 30<sup>th</sup> Sept., 2014 (both days inclusive) as well as for the purpose of Annual General Meeting.

## Dividend payment for 2013-14

Dividend on Equity Shares as recommended by the Directors for the year ended 31<sup>st</sup> March 2014 when declared at the Annual

General Meeting will be paid within stipulated period:

- To the members, whose names appear in 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 22<sup>nd</sup> Sept., 2014.
- 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 22<sup>nd</sup> Sept., 2014.

## Listing

Presently, the Equity Shares of the Company are currently listed in the following Stock Exchanges:

NAME OF STOCK EXCHANGES	STOCK CODE
<b>BSE Ltd. (BSE)</b> Floor 25, PJ Towers, Dalal Street, Mumbai – 400001	530365
<b>National Stock Exchange of India Ltd. (NSE)</b> Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400051.	ORIENTBELL

The Company has paid the Annual Listing Fee to BSE and NSE for the financial year 2014–15 within stipulated time.

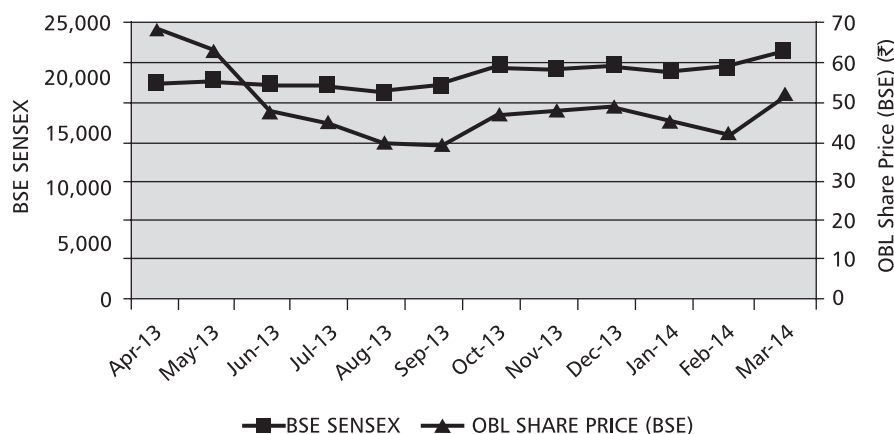
## Market price data

The monthly high and low price of shares traded on the BSE Ltd and the National Stock Exchange of India Ltd are as follows:

Month	BSE Limited				BSE Sensex Month Close	National Stock Exchange of India Limited			
	High Price (₹)	Low Price (₹)	Close Price (₹)	No. of Shares Traded		High Price (₹)	Low Price (₹)	Close Price (₹)	No. of Shares Traded
Apr-13	83.00	66.50	68.40	45,478	19,504.18	86.00	67.40	68.05	1,20,182
May-13	76.00	62.45	63.20	37,702	19,760.30	81.60	62.35	63.20	85,227
Jun-13	69.90	46.85	47.50	25,884	19,395.81	70.50	47.00	47.25	81,822
Jul-13	55.95	44.00	44.85	28,936	19,345.70	56.95	44.35	45.15	57,696
Aug-13	49.00	36.10	39.65	18,130	18,619.72	49.50	37.40	39.70	41,617
Sep-13	47.45	38.15	39.30	26,637	19,379.77	47.00	36.00	38.95	61,123
Oct-13	48.90	38.50	46.95	37,903	21,164.52	48.75	38.60	46.55	53,356
Nov-13	74.45	46.50	48.00	1,42,248	20,791.93	74.40	45.60	48.70	3,30,607
Dec-13	52.50	43.10	48.80	73,485	21,170.68	52.45	42.00	49.00	77,494
Jan-14	51.95	45.00	45.00	26,492	20,513.85	51.40	44.45	45.90	56,696
Feb-14	47.35	41.60	42.00	17,746	21,120.12	46.70	41.60	42.05	32,116
Mar-14	53.45	40.50	52.05	3,00,205	22,386.27	53.80	39.95	52.40	89,328

## Stock price performance

The performance of Company's Equity Shares during 2013-14 in comparison to BSE 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](mailto:admin@mcsdel.com)

## Share transfer system

Members/Investors are requested to send share transfer related documents directly to our Registrar and Share Transfer Agent or to the Company. Members/Investors Grievance and Share Transfer Committee is authorised 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 a stipulated time frame.

## Distribution of shareholding as on 31<sup>st</sup> March 2014

No. of Shares	Total members	% Total members	Total shares	% Total shares
Up to 500	13297	92.92	8,62,115	6.35
501 to 1,000	490	3.42	3,66,986	2.70
1,001 to 2,000	264	1.84	3,71,402	2.74
2,001 to 3,000	99	0.69	2,47,550	1.82
3,001 to 4,000	36	0.25	1,27,354	0.94
4,001 to 5,000	28	0.20	1,28,411	0.95
5,001 to 10,000	52	0.36	3,57,414	2.63
10,001 to 50,000	32	0.22	6,26,309	4.61
50,001 and 1,00,000	3	0.02	2,79,658	2.06
1,00,001 and above	9	0.06	1,02,06,252	75.19
<b>Total</b>	<b>14,310</b>	<b>100.00</b>	<b>1,35,73,451</b>	<b>100.00</b>

## Shareholding pattern as on 31<sup>st</sup> March 2014

Category	No. of shares	% of total shares
Promoter and promoter group	99,13,287	73.03
Bodies corporate	5,83,647	4.30
General public	30,25,722	22.30
NRI/OCBs	50,795	0.37
<b>Total</b>	<b>1,35,73,451</b>	<b>100.00</b>

## Dematerialisation 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 dematerialisation as on 31<sup>st</sup> March 2014

Electronic holdings			Physical holdings			Total		
No. of folios	No. of shares	%	No. of folios	No. of shares	%	No. of folios	No. of shares	%
10,766	1,31,17,904	96.64	3,544	4,55,547	3.36	14,310	1,35,73,451	100.00

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

## ISIN number allotted by NSDL and CDSL: INE607D01018

## Outstanding GDRs/ADR /Warrants

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

### Registered Office:

(CIN: L14101UP1977PLC021546)

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

### Corporate office

Iris House,  
16, Business Centre  
Nangal Raya  
New Delhi-110 046  
Phone : (011) 47119100  
Fax : (011) 28521273  
E-mail : [investor@orientbell.com](mailto:investor@orientbell.com)  
Website: [www.orientbell.com](http://www.orientbell.com)

### Address for correspondence:

Shareholder Services  
Orient Bell Limited  
Iris House, 16, Business Centre  
Nangal Raya, New Delhi-110 046  
Phone: (011) 47119100  
Fax: (011) 28521273  
E-mail : [investor@orientbell.com](mailto:investor@orientbell.com)  
Website: [www.orientbell.com](http://www.orientbell.com)

### Plants:

- (i) Industrial Area,  
Sikandrabad-203 205,  
Bulandshahr (U.P.)
- (iii) Village Chokkahalli,  
Taluka Hoskote,  
Bengaluru (Rural) - 562 114,  
Karnataka

- (ii) Village Dora, Taluka Amod,  
Dist. Bharuch – 392 230,  
Gujarat



## 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 BELL LIMITED

We have examined the compliance of the conditions of Corporate Governance by Orient Bell Limited, for the year ended on 31<sup>st</sup> March, 2014, 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. LLP  
*Chartered Accountants*

**Sandeep Dinodia**  
*Partner*  
M. No. 083689  
Place: New Delhi  
Dated : 16-07-2014

## Annexure 'B'

The Board of Directors  
Orient Bell Limited  
Iris House, 16, Business Centre,  
Nangal Raya,  
New Delhi-110046

Sirs,

Pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, we Mahendra K. Daga, Chairman and Managing Director and Jaywant M. Puri, Vice President, Accounts & Finance of the Company, hereby certify that :

- a. We have reviewed financial statements and the cash flow statement for the year 2013-2014 and that to the best of our knowledge and belief :
  - (i) these statements do not contain any untrue statement or omit any 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 violative of 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 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 that:
  - (i) there were no significant changes in internal control over financial reporting during the year;
  - (ii) the accounting policies adopted in the preparation of financial statements are consistent and if any new adoption, the same has been disclosed in the note no. 2 of the financial statements; and
  - (iii) 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 system over financial reporting.

Place : New Delhi  
Date : 28-05-2014

**Mahendra K. Daga**  
Chairman and Managing Director

**Jaywant M. Puri**  
Vice President, Accounts & Finance

## Independent Auditor's Report

To  
the Members of  
M/S ORIENT BELL LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of M/S ORIENT BELL LIMITED, ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular No. 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular No. 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
  - (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2014 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For S.R. Dinodia & Co. LLP  
Chartered Accountants  
Regn. No. 001478N/N500005

(Sandeep Dinodia)

Place : New Delhi  
Dated : 28-05-2014

Partner  
M. No. 083689

## Annexure To The Auditors' Report

(Referred to in Paragraph 1 under the heading of "Report on Other Legal & Regulatory Requirements" of our report of even date)

### RE: M/S ORIENT BELL LIMITED

- |   |   |
|---|---|
| <p>i) In respect of its fixed assets:</p> <ul style="list-style-type: none"> <li>a) The Company has maintained adequate records showing particulars of fixed assets including quantitative details and situation.</li> <li>b) As explained to us, all the fixed assets have been physical verified by the management in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. The discrepancies noticed during verification were not material.</li> <li>c) In our opinion, during the year the Company has not disposed off substantial part of its fixed assets and going concern status of the Company is not affected.</li> </ul> <p>ii) In respect of its inventories:</p> <ul style="list-style-type: none"> <li>a) On the basis of information and explanation provided by the management, the inventory has been physically verified during the year by the management except the inventories in transit. In our opinion the frequency of physical verification followed by the management is reasonable.</li> <li>b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.</li> <li>c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.</li> </ul> <p>iii) In respect of loans, secured or unsecured, granted or taken by the Company to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:</p> <ul style="list-style-type: none"> <li>a) The Company has not given loan to any company, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956.</li> <li>b) The company had taken loan from five parties covered in the register maintained under section 301 of the Companies Act, 1956. In respect of said loan, the maximum amount outstanding at any time during the year was ₹ 16,72,99,400 and the year-end balance of loans taken from such parties was ₹ 15,00,00,000.</li> <li>c) In our opinion and according to the explanations given to us, the rate of interest and other terms and conditions of the loan taken by the Company, are not prime facie prejudicial to the interest of the Company.</li> </ul> | <ul style="list-style-type: none"> <li>d) In respect of the aforesaid loans taken by the Company, the principal amount is repayable/ adjustable on the prerogative of the Company and the interest amount has been paid as stipulated.</li> </ul> <p>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 record 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.</p> <p>v) In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:</p> <ul style="list-style-type: none"> <li>a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance to the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.</li> <li>b) In our opinion and according to explanation given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 and exceeding values of ₹ 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per the information available with the Company.</li> </ul> <p>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.</p> <p>vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.</p> <p>viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prime facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.</p> <p>ix) In respect of statutory dues:</p> <ul style="list-style-type: none"> <li>a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor</li> </ul> |
|---|---|

Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable have been generally regularly deposited with the appropriate authorities.

- b) According to the records of the Company examined by us and the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales

Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable in arrears as at March 31, 2014 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 Income Tax, Sales Tax, Custom duty, Excise Duty, Service Tax, cess that have not been deposited with the appropriate authorities on account of dispute are given below: -

Name of the Statute	Nature of Dispute	Amount (in ₹)	Period	Forum where dispute is pending
Local Sales Tax Act	Entry tax and other dues	11,91,100	2000-01 & 2003-04	Allahabad High Court
Local Sales Tax Act	Entry tax and other dues	3,20,813	2002-03	Ghaziabad Tribunal
Local Sales Tax Act	Sales Tax Demand	41,513	2003-04	Allahabad High Court
Local Sales Tax Act	Sales Tax Demand	5,98,623	2003-04	Allahabad High Court
Local Sales Tax Act	Sales Tax Demand	18,94,965	2003-04	Allahabad High Court
Local Sales Tax Act	Sales Tax Demand	19,19,704	2004-05	Allahabad High Court
Local Sales Tax Act	Sales Tax Demand	9,73,790	2004-05	Allahabad High Court
Local Sales Tax Act	Sales Tax Demand	14,87,865	2005-06	Allahabad High Court
Local Sales Tax Act	Sales Tax Demand	15,07,144	2005-06	Allahabad High Court
Local Sales Tax Act	Sales Tax Demand	12,08,757	2005-06	Allahabad High Court
Local Sales Tax Act	Sales Tax Demand	7,65,898	2006-07	Allahabad High Court
Local Sales Tax Act	Sales Tax Demand	1,03,56,746	2001-02	Allahabad High Court
Local Sales Tax Act	Sales Tax Demand	70,87,329	2009-10	Assistant commissioner, Ernakulam
Local Sales Tax Act	Sales Tax Demand	1,47,45,867	2011-12	Jt. Commissioner (Appeal)
Central Excise Act	Excise And Other dues	1,15,860	2005-06	Commissioner (Appeals) Noida
Central Excise Act	Excise And Other dues	27,02,173	2012	CESTAT, New Delhi
Central Excise Act	Excise And Other dues	6,70,460	2012	CESTAT, New Delhi
Custom Tariff Act, 1975	Custom Duty	85,00,000	2001-02	CEGAT, New Delhi
Income Tax Act, 1961	Income Tax demand	16,92,841	AY:1990-91	Supreme Court
Income Tax Act, 1961	Income Tax demand	22,37,194	AY:1995-96	Gujarat High Court
Income Tax Act, 1961	Income Tax demand	32,73,194	AY:2009-10	CIT (Appeals), New Delhi
Income Tax Act, 1961	Income Tax demand	15,74,700	AY:2010-11	CIT (Appeals), New Delhi
U.P. Trade Tax Act	Sales Tax demand	1,88,487	2006-07	Jt.Com.(Appeals), Lucknow
A.P.VAT Act,2005	Sales Tax demand	4,89,768	2005-06 & 2006-07	High Court of A.P.
A.P.VAT Act,2005	Sales Tax demand	20,25,162	2006-07 to 2009-10	Addl Com (CT) (legal) A.P.
A.P. VAT Act,2005	Sales Tax Demand	5,34,158	2009-10	Commissioner (Appeals)
A.P. VAT Act,2005	Sales Tax Demand	9,34,777	2009-10	Commissioner (Appeals)
Central Excise & Customs Act	Excise & other dues	20,000	1994-95	CESTAT, Mumbai
Central Excise & Customs Act	Excise & other dues	21,53,688	2007-08	Commissioner (Appeals), Vadodara
Central Excise & Customs Act	Service Tax demand	6,19,506	2005 to 2011	Service Tax Deptt., Dora, Bharuch
Central Excise & Customs Act	Service Tax demand	4,77,412	2008-09 to 2011-12	Service Tax Deptt. Hoskote, Bengaluru
Central Excise & Customs Act	Service Tax demand	48,75,725	2011-12	Dy./Addl. Commissioner Excise Division V.

- 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) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks 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) The Company is not a chit fund or a nidhi mutual benefit fund society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, 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) In our opinion and according to the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
- xvii) According to the information and explanations given to us and on the basis of an overall examination of the balance

sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.

- xviii) During the year, the Company has not allotted shares on preferential basis to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year. 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 and according to the information and explanation given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

For **S.R. Dinodia & Co. LLP**  
Chartered Accountants  
Regn. No. 001478N/N500005

(**Sandeep Dinodia**)  
Partner  
M. No. 083689

Place : New Delhi  
Dated : 28-05-2014



**Balance Sheet as at March 31, 2014**

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	3	13,57,34,510	13,57,34,510
(b) Reserves and Surplus	4	163,05,94,989	161,81,71,322
		176,63,29,499	175,39,05,832
<b>Non-Current Liabilities</b>			
(a) Long-Term Borrowings	5	88,50,43,933	82,68,03,298
(b) Deferred Tax Liabilities (Net)	6	9,04,29,627	6,74,40,981
(c) Other Long Term Liabilities	7	1,11,90,654	25,89,859
(d) Long-Term Provisions	8	1,28,78,892	1,35,60,937
		99,95,43,106	91,03,95,074
<b>Current Liabilities</b>			
(a) Short-Term Borrowings	9	73,96,68,808	97,63,91,139
(b) Trade Payables	7	110,53,60,966	107,13,55,542
(c) Other Current Liabilities	7	39,36,14,957	38,37,47,658
(d) Short-Term Provisions	8	1,12,81,119	4,08,20,443
		224,99,25,851	247,23,14,781
<b>TOTAL</b>		<b>501,57,98,455</b>	<b>513,66,15,687</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets	10		
(i) Tangible Assets		233,52,80,395	227,46,71,443
(ii) Intangible Assets		39,61,639	60,03,809
(iii) Capital Work-in-Progress		4,80,01,632	18,32,50,815
(iv) Intangible Assets under Development		-	-
(b) Non-Current Investments	11	20,24,08,207	20,24,08,207
(c) Long-Term Loans and Advances	12	21,12,19,783	18,73,71,880
(d) Other Non-Current Assets	14.2	2,39,35,294	59,29,396
		282,48,06,949	285,96,35,549
<b>Current Assets</b>			
(a) Inventories	13	124,68,51,274	132,28,34,362
(b) Trade Receivables	14.1	72,36,16,646	73,37,26,376
(c) Cash and Bank Balance	15	8,13,12,025	7,88,83,270
(d) Short-Term Loans and Advances	12	12,31,44,327	12,37,69,218
(e) Other Current Assets	14.2	1,60,67,235	1,77,66,912
		219,09,91,506	227,69,80,138
<b>TOTAL</b>		<b>501,57,98,455</b>	<b>513,66,15,687</b>
Significant Accounting policies	2.1		
The Notes referred to above, form an integral part of the Financial Statements			

As per our Report of even date attached

For S R DINODIA &amp; CO. LLP.

Chartered Accountants

Regn. No. 001478N/N500005

for &amp; on behalf of Board of Directors

**ORIENT BELL LIMITED**

(Sandeep Dinodia)

Partner

M.NO. 083689

**Mahendra K. Daga**

Chairman &amp; Managing Director

DIN 00062503

**Madhur Daga**

Joint Managing Director

DIN 00062149

**P M Mathai**

Director

DIN 05249199

**N R Srinivasan**

Director

DIN 00062317

Place : New Delhi

Dated: 28-05-2014

**K M Pai**

Executive Director

DIN 011711860

**Yogesh Mendiratta**

Company Secretary

**Jaywant M Puri**

Vice President, Accounts &amp; Finance

## Statement of Profit and Loss for the year ended March 31, 2014

(Amount in ₹)

Particulars	Note No.	For the Year ended March 31, 2014	For the Year ended March 31, 2013
I. Revenue from Operations (Gross)	16	634,41,90,931	620,49,13,281
Less: Excise duty		49,74,87,665	46,78,88,731
Revenue from Operations (Net)		584,67,03,265	573,70,24,550
II. Other Income	17	1,46,16,549	3,10,80,148
III. Total Revenue (I + II)		586,13,19,814	576,81,04,698
IV. Expenses:			
(a) Cost of Materials Consumed	18	96,60,12,366	99,72,51,785
(b) Purchases of Stock-in-Trade	19	142,07,97,338	162,81,75,210
(c) Decrease/ (Increase) in Inventories	19	7,26,94,626	(28,49,57,875)
(d) Employee Benefits Expense	20	56,12,33,914	54,44,89,272
(e) Finance Costs	21	24,23,12,630	25,01,84,071
(f) Depreciation and Amortization Expense	22	19,41,38,646	18,55,64,506
(g) Other Expenses	23	235,82,57,027	227,30,48,587
Total expenses		581,54,46,547	559,37,55,555
V. Profit before exceptional and extraordinary items and tax (III-IV)		4,58,73,268	17,43,49,143
VI. Exceptional items		-	-
VII. Profit before tax (V - VI)		4,58,73,268	17,43,49,143
VIII. Tax expense:			
Current Tax		97,64,000	3,48,84,000
Less:- MAT Credit Entitlement		(97,64,000)	(3,48,84,000)
		-	-
Deferred Tax		2,29,88,646	7,83,16,086
Income Tax Adjustment for Earlier Years		26,17,994	(22,96,207)
IX Profit / (Loss) after tax (VII-VIII)		2,02,66,628	9,83,29,264
X Earnings per share:	24		
(1) Basic		1.49	7.24
(2) Diluted		1.48	7.24
Significant Accounting Policies	2.1		
The Notes referred to above, form an integral part of the Financial Statements			

As per our Report of even date attached

For S R DINODIA & CO. LLP.  
Chartered Accountants  
Regn. No. 001478N/N500005

for & on behalf of Board of Directors  
ORIENT BELL LIMITED

(Sandeep Dinodia)  
Partner  
M.NO. 083689

Mahendra K. Daga  
Chairman & Managing Director  
DIN 00062503

Madhur Daga  
Joint Managing Director  
DIN 00062149

P M Mathai  
Director  
DIN 05249199

N R Srinivasan  
Director  
DIN 00062317

Place : New Delhi  
Dated: 28-05-2014

K M Pai  
Executive Director  
DIN 011711860

Yogesh Mendiratta  
Company Secretary

Jaywant M Puri  
Vice President, Accounts & Finance

**Cash Flow Statement** for the year ended March 31, 2014

(Amount in ₹)

Particulars	For the Year ended March 31, 2014	For the Year ended March 31, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before tax	4,58,73,268	17,43,49,143
Adjustments for:		
Depreciation and amortization	19,41,38,646	18,55,64,506
Interest Paid	24,23,12,630	24,88,44,564
Provision for employee benefit	78,08,142	-
Provision for diminution in value of asset	50,31,977	-
Loss/(Gain) on sale of fixed assets	18,38,733	(88,20,279)
Other non operating income	(31,59,148)	(32,42,116)
Loss/(Gain) on exchange fluctuation	(53,133)	(35,16,617)
Interest Income	(87,77,771)	(59,94,971)
Sundry Balance Written Off	75,13,160	19,33,454
<b>Operating profit before working capital changes</b>	<b>49,25,26,504</b>	<b>58,91,17,685</b>
<b>Movement in working capital:</b>		
Increase/(Decrease) in Trade Payables & Other Current Liabilities	4,39,25,856	21,00,65,640
Increase/(Decrease) in Provisions	(35,45,490)	(6,55,94,821)
(Increase)/Decrease in Trade Receivables	1,01,09,730	5,43,70,351
(Increase)/Decrease in Loans and advances	(2,01,55,454)	5,15,00,992
(Increase)/Decrease in Inventories	7,59,83,088	(24,92,01,968)
(Increase)/Decrease in Other Current Assets and other bank balances	(1,30,07,765)	(2,60,82,850)
(Increase)/Decrease in Other Non-Current Assets	(1,80,05,898)	1,53,69,610
<b>Cash generated from operations</b>	<b>56,78,30,571</b>	<b>57,95,44,639</b>
Direct Tax paid (Net of Refunds)	2,50,03,606	2,19,16,794
<b>Net cash inflow from/(used in) operating activities (A)</b>	<b>54,28,26,965</b>	<b>55,76,27,845</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of CWIP and Fixed Assets	(11,20,05,529)	(31,72,38,642)
Asset held for disposal	53,61,977	-
(Increase)/Decrease in Capital advances	10,09,274	6,30,937
Sale of Fixed Assets	13,13,607	1,86,81,054
Dividend receipt	31,18,650	31,18,650
Rent receipt	40,498	1,23,466
Interest Income	87,77,771	59,94,971
<b>Net cash from/ (used in) investing activities (B)</b>	<b>(9,23,83,752)</b>	<b>(28,86,89,564)</b>

**Cash Flow Statement** for the year ended March 31, 2014

(Amount in ₹)

Particulars	For the Year ended March 31, 2014	For the Year ended March 31, 2013
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/ (Decrease) in Borrowings and Other Long Term Liabilities	(19,15,56,905)	(2,08,16,486)
Dividend Paid	(2,38,20,388)	(2,36,63,107)
Interest paid (net)	(24,23,12,630)	(24,88,44,564)
<b>Net cash inflow from/(used in) financing activities (C)</b>	<b>(45,76,89,923)</b>	<b>(29,33,24,157)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(72,46,709)</b>	<b>(2,43,85,877)</b>
Cash and cash equivalents at the beginning of the year	3,58,38,514	6,02,24,390
<b>Cash and cash equivalents at the end of the year</b>	<b>2,85,91,804</b>	<b>3,58,38,514</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	8,60,602	7,87,648
With banks - on current account	2,60,70,127	3,33,58,160
- on unpaid dividend account	16,61,074	14,70,706
- on deposit account	-	2,22,000
<b>Total Cash and Cash equivalent (Note no. 15)</b>	<b>2,85,91,804</b>	<b>3,58,38,514</b>

As per our Report of even date attached

For S R DINODIA & CO. LLP.  
Chartered Accountants  
Regn. No. 001478N/N500005

for & on behalf of Board of Directors  
**ORIENT BELL LIMITED**

(Sandeep Dinodia)  
Partner  
M.NO. 083689

**Mahendra K. Daga**  
Chairman & Managing Director  
DIN 00062503

**Madhur Daga**  
Joint Managing Director  
DIN 00062149

**P M Mathai**  
Director  
DIN 05249199

**N R Srinivasan**  
Director  
DIN 00062317

Place : New Delhi  
Dated: 28-05-2014

**K M Pai**  
Executive Director  
DIN 011711860

**Yogesh Mendiratta**  
Company Secretary

**Jaywant M Puri**  
Vice President, Accounts & Finance

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

### NOTE 1 : CORPORATE INFORMATION

Orient Bell Limited (the Company) is a public company domiciled in India and incorporated under the provision of the Companies Act, 1956. Its shares are listed on two stock exchanges in India viz, NSE and BSE. The company is engaged in the manufacturing, trading and selling of reputed brand of ceramic and floor tiles.

### NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNT

#### Accounting Convention

The financial statements of the company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared the financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for Buildings situated at Hoskote and Dora unit which are carried at revalued amounts.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policies explained below.

#### NOTE 2.1 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNT

##### a) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets & liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

##### b) Fixed Assets

Fixed Assets are recorded at their original cost of acquisition less accumulated depreciation. Cost is net of recoverable taxes 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 Statement of Profit & Loss.

##### c) Intangible Assets

All expenditures, qualifying as Intangible Assets are amortized over estimated useful life. Specialized softwares are amortized over a period of 3 years.

##### d) Depreciation/ Amortization

Depreciation is provided on straight-line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956 except on Plant & Machinery installed at Sikandrabad plant till 31st March 2011 which is provided as under

=> For plant & machinery installed at Sikandrabad plant till 31st March 2011, rate has been calculated on the basis of estimated useful life.

=> Certain plants, subassemblies at Dora and Hoskote unit having limited life span of three years which have been written off over such life span.

The assets costing up to Rs. 5,000 are fully depreciated in the year of purchase. Leasehold properties are amortized over the lease period or its useful life, whichever is shorter.

##### e) Revenue/Purchase Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### Sale of goods

Revenue from sale of goods is recognised when all the significant risk and rewards of ownership of the goods have been passed to the buyer, usually on the delivery of the goods. The company collects sales tax and value added tax on behalf of the government, therefore, these are not economic benefits flowing to the company, hence, these are excluded from the revenue. Further Trade discounts are excluded from the Revenue. Excise duty deducted from Revenue (Gross) is the amount that is included in the revenue (Gross) and not the entire amount of liability arising during the year.

#### Interest

Interest income is recognized on time proportion basis taking into account the amount outstanding and the applicable rate.

Interest income is included under the head "Other Income" in the "Statement of Profit and Loss".

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

### Dividend

Dividend income from investments is recognised when the company's right to receive dividend is established by the reporting date.

### Other Income

Export incentives and Rental Incomes are accounted on accrual basis.

Claims are accounted on acknowledgement from the appropriate authority.

Purchase of material is recognized on the basis of receipt of material in the factory premises.

### f) Borrowing Cost

Borrowing costs includes Interest, Amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest 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.

### g) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as Current Investments. All other investments are classified as Long Term Investments.

#### Initial Recognition

All investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

#### Carrying Amount of Investments

- Current Investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.
- Long Term Investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

#### Disposal of Investments

The difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### h) CENVAT and Excise Duty

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. CENVAT credit availed has been credited to the respective cost of stores & spares and capital goods.

### i) 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, non refundable 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 cost, duties, taxes and all other costs incurred in bringing the inventory to their present location. Cost is determined on First In First Out (FIFO) basis.

### j) Translation of Foreign Currency items

#### Initial Recognition

Transactions denominated in Foreign Currencies are recorded at the exchange rate prevailing at the time of the transaction.



## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

### Exchange Differences

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss in the period in which they arise except in case of long term foreign currency monetary items, where the exchange differences arising on reporting of long term foreign currency monetary items, in so far as they relate to the acquisition of a depreciable capital asset, is added to or deducted from the cost of the asset and depreciated over the balance life of the asset, and in other cases, is accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term asset or liability, by recognition as income or expense in each of such periods.

### Conversion

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.

### k) Taxes on Income

Tax expense comprises current tax and deferred tax.

#### Current Tax

Current Tax is measured and expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessment/appeals. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current Income Tax relating to the items recognised directly in equity is recognised in equity and not in the statement of Profit and Loss.

#### Deferred Tax

Deferred tax reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current Income Tax relating to the items recognised directly in equity is recognised in equity and not in the statement of Profit and Loss. 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.

#### Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in the year is charged to the statement of profit and loss as current tax. The company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit entitlement ". The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

### l) Employee Benefits

#### (a) Short-term employee benefit

Short-term employee benefits including short term compensated absences are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which related service is rendered. Terminal benefits are recognized as an expense immediately.

#### (b) Defined Contribution Plan

Contributions payable to recognised provident fund, employee state insurance scheme and superannuation scheme, which are substantially defined contribution plans, are recognised as expense in the Statement of Profit and Loss, as they incurred.

In addition to the provident fund contribution to Govt provident funds, the Company is also having its own provident fund irrevocable trust to which contributions of certain employees along with the corresponding employer contributions are deposited within the specified time.

Certain employees of Dora and Hoskote Unit are covered by a superannuation fund benefit of Life Insurance Corporation of India at a company contribution 15% of basic salary. This is a defined contribution scheme and the contributions are charged to Statement of Profit and Loss of the year when the contribution to the fund is due. There are no obligations other than the contribution payable to the fund.

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

### (c) Defined Benefit Plan

The obligation in respect of defined benefit plans, which cover Gratuity, are provided for on the basis of an actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss.

The company through its trust has taken a policy, for employees of Head Office and Sikandrabad Unit, with Kotak Mahindra Old Mutual Life Insurance Ltd. to cover the gratuity liability of the employees.

For the employees at Dora and Hoskote unit, company has taken an Employees' Gratuity Scheme which is a defined benefit plan of Life Insurance Corporation of India.

### (d) Other Long-term Benefits

Long term compensated absences are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss.

On the basis of Company's policy, compensated absences up to 60 days are recognised as long term employee benefit and compensated absences beyond 60 days, if any are to be recognised as short term employee benefit.

### m) Impairment of Assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the recoverable amount is determined. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses of continuing operations, including impairment on Inventories, are recognised in the statements of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to Revaluation Reserve. In this case, the impairment is also recognised in the revaluation reserve upto the amount of any previous revaluation.

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

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as revaluation increase.

### n) 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.

### o) Lease

Leases, where lessor effectively retains substantially all the risk and benefits of ownership of the leased item, are classified as Operating Lease. Operating lease payments are recognised as an expense in the statement of profit and loss on straight - line-basis over the leased term.

### p) 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.

### q) Cash flow Statement

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

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

## NOTE 3 : SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Authorised:</b>		
4,00,00,000 (March 31,2013: 4,00,00,000) Equity Shares of ₹ 10/- each	40,00,00,000	40,00,00,000
1,50,00,000 (March 31,2013: 1,50,00,000) Non Convertible Redeemable Cumulative Preference Shares of ₹10/- each	15,00,00,000	15,00,00,000
	55,00,00,000	55,00,00,000
<b>Issued, Subscribed &amp; Paid-up:</b>		
1,35,73,451 (March 31,2013: 1,35,73,451) Equity Shares of ₹ 10/- each fully paid up	13,57,34,510	13,57,34,510
	13,57,34,510	13,57,34,510

## (a) Reconciliation Statement of Equity Share Capital

(Amount in ₹)

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount	No. of Shares	Amount
Balances of Shares at the beginning of the year	1,35,73,451 *	13,57,34,510 *	1,05,30,000	10,53,00,000
Add:- Addition during the year	-	-	30,43,451	3,04,34,510
Less:- Buy back during the year	-	-	-	-
Balances of Shares at the end of the year	1,35,73,451	13,57,34,510	1,35,73,451	13,57,34,510

\* The above includes equity shares 30,43,451 nos (₹ 3,04,34,510) which were allotted during 2012-13 pursuant to the schemes of amalgamation without payments being received in cash.

## (b) Terms/right attached to Equity Shares

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2014, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 0.50 per share (March 31, 2013: ₹1.50 per share). In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## (c) Details of shareholder holding more than 5 percent shares in the company

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 10 each fully paid up				
Mr. M K Daga	28,78,079	21.20%	28,78,079	21.20%
Mr. Madhur Daga	10,23,264	7.54%	10,23,264	7.54%
Good Team Investment & Trading Company Pvt Limited	23,62,914	17.41%	23,62,914	17.41%
Orient Bell Holding Trust	20,79,100	15.32%	20,79,100	15.32%

## (d) Shares reserved for issue under Options

Particulars	As at March 31, 2014	As at March 31, 2013
	No. of Shares	No. of Shares
Equity Shares of ₹10 each	9,40,000	-

### Terms and Conditions of Options Granted

- (i) Each Option entitles the holder thereof to apply for and be allotted one equity share of the company of ₹ 10 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the options and expires at the end of 3rd year from the date of vesting in respect of options granted under the Orient Bell Employees Stock Option Scheme-2013.
- (ii) The Employees Stock Options will be granted in three annual tranches of 30%, 35% and 35% of the total options per employee provided such employee shall fulfill the eligibility criteria for each year as decided by Compensation Committee from time to time.

- (iii) The details of the grant is as under:

Grant Date	Sept. 2, 2013
No. of options granted	2,63,100
No. of options accepted by the employees	2,59,500
Exercise Price	Nil
Vesting commenced on	Sept. 2, 2013
Vesting end on	Sept. 1, 2014
No of Options (granted and accepted) outstanding at the beginning of the year	Nil
Options granted and accepted during the year	2,59,500
Options Lapsed during the year	Nil
No of Options (granted and accepted) outstanding at the end of the year	2,59,500
of which-	
Options vested	Nil
Options yet to be vested	2,59,500

- (iv) In respect of stock options granted pursuant to the Company's stock options scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation over the vesting period.
- (v) Expense on Employee Stock Option Schemes debited to the Statement of Profit and Loss during 2013-14 is ₹ 78,08,142 (2012-13 : Nil) pursuant to employee stock option scheme (refer Note 20).
- (vi) Had fair value method been adopted for expensing the compensation arising from employee share-based payment plans:  
The employee compensation charge debited to the Statement of Profit and Loss for the year 2013-14 would have been lower by ₹ 20,32,667 (2012-13: Nil).  
Basic EPS before extraordinary items would have increased by ₹ 0.12.  
Basic EPS after extraordinary items would have increased by ₹ 0.12.  
Diluted EPS before extraordinary items would have increased by ₹ 0.12.  
Diluted EPS after extraordinary items would have increased by ₹ 0.12.
- (vii) Weighted average fair values of options granted during the year is ₹ 38.50 (2012-13: Nil).
- (viii) The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Sr. No.	Particulars	2013-2014	2012-2013
1	Weighted average risk -free interest rate	7.57%	Nil
2	Weighted average expected life of options	1 year	Nil
3	Weighted average expected volatility	3.14%	Nil
4	Weighted average expected dividend yield of the option	1.28%	Nil
5	Weighted average share price	₹ 39.00	Nil
6	Weighted average exercise price	Nil	Nil
7	Method used to determine expected volatility	Expected volatility is based on the historical cost of the company's share price applicable to the total expected life of each option.	

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

## NOTE 4 : RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Capital Reserve</b>		
Balances at the beginning of the year	25,57,050	25,57,050
Add:- Addition on account of Amalgamation	-	-
Less:- Deletion / Utilization during the year	-	-
Balances at the end of the year (A)	25,57,050	25,57,050
<b>Capital Restructuring</b>		
Balances at the beginning of the year	46,15,903	46,15,903
Add:- Addition on account of Amalgamation	-	-
Less:- Deletion / Utilization during the year	-	-
Balances at the end of the year (B)	46,15,903	46,15,903
<b>Amalgamation Reserve</b>		
Balances at the beginning of the year	9,13,03,550	9,13,03,550
Add:- Addition on account of Amalgamation	-	-
Less:- Deletion / Utilization during the year	-	-
Balances at the end of the year (C)	9,13,03,550	9,13,03,550
<b>Securities Premium</b>		
Balances at the beginning of the year	10,00,00,000	10,00,00,000
Add:- Addition on account of Amalgamation	-	-
Less:- Deletion / Utilization during the year	-	-
Balances at the end of the year (D)	10,00,00,000	10,00,00,000
<b>Revaluation Reserve</b>		
Balances at the beginning of the year	63,41,65,202	64,71,59,521
Add:- Addition on account of Amalgamation	-	-
Less:- Deletion during the year	-	52,42,641
Less:- Adjusted against depreciation for the year	77,10,972	77,51,678
Balances at the end of the year (E)	62,64,54,230	63,41,65,202
<b>Share Options Outstanding account:</b>		
<b>Employee Stock Options Outstanding:</b>		
Balances at the beginning of the year	-	-
Add:- Addition during the year	1,35,06,975	-
Less:- Lapse during the year	-	-
Balances at the end of the year	1,35,06,975	-
<b>Less:- Deferred employee compensation expense:</b>		
Balances at the beginning of the year	-	-
Add:- Addition during the year	56,98,833	-
Less:- Deletion during the year	-	-
Balances at the end of the year (F)	56,98,833	-
	78,08,142	-
<b>General Reserve</b>		
Balances at the beginning of the year	47,36,09,961	46,37,77,035
Add:- Addition during the year	-	98,32,926
Add:- Addition on account of Amalgamation	-	-
Less:- Deletion / Utilization during the year	-	-
Balances at the end of the year (G)	47,36,09,961	47,36,09,961
<b>Surplus / (Deficit) in the statement of Profit &amp; Loss</b>		
Balances as per last Financial statements	31,19,19,656	24,72,43,706
Add:- Profit for the year	2,02,66,628	9,83,29,264
Less:- Appropriations during the year		
- Proposed Dividend on Equity Shares	67,86,726	2,03,60,177
[Dividend per share ₹0.50 (March 31,2013: ₹ 1.50)]		
- Tax on Proposed Dividend	11,53,404	34,60,212
- Transfer to General Reserve	-	98,32,926
<b>Balance at the end of the year (H)</b>	<b>32,42,46,153</b>	<b>31,19,19,656</b>
<b>Total Reserves &amp; Surplus (A+B+C+D+E+F+G+H)</b>	<b>163,05,94,989</b>	<b>161,81,71,322</b>

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

## NOTE 5 : LONG TERM BORROWINGS

(Amount in ₹)

Particulars	Non-current		Current Maturities	
	As at March 31,2014	As at March 31,2013	As at March 31,2014	As at March 31,2013
<b>Term Loans</b>				
<b>From Banks</b>				
Corporate loans (secured)	37,35,09,789	38,24,40,789	16,68,69,000	15,04,19,889
Buyers Credit (secured)	13,82,96,016	4,02,61,160	-	-
Vehicle loans (secured)	30,88,421	53,44,494	44,24,100	68,65,479
Corporate loans (unsecured)	2,47,44,490	4,59,82,238	97,20,076	72,60,925
<b>From Financial Institutions</b>				
Corporate loans (unsecured)	8,86,00,000	7,86,00,000	-	-
<b>Other Loans And Advances</b>				
From Related Parties (unsecured) (Refer Note No. 26)	15,00,00,000	16,33,99,400	-	-
Trade Deposits (Unsecured)	10,68,05,217	11,07,75,217	-	-
	<b>88,50,43,933</b>	<b>82,68,03,298</b>	<b>18,10,13,176</b>	<b>16,45,46,293</b>
<b>The above amounts includes -</b>				
Secured Borrowings	51,48,94,226	42,80,46,443	17,12,93,100	15,72,85,368
Unsecured Borrowings	37,01,49,707	39,87,56,855	97,20,076	72,60,925
Amount disclosed under "Other Current Liabilities" (Note 7)	-	-	(18,10,13,176)	(16,45,46,293)
<b>Total Borrowings</b>	<b>88,50,43,933</b>	<b>82,68,03,298</b>	<b>-</b>	<b>-</b>

## a. The nature of Security for Secured Loans are :

- (i) The above secured corporate loans, ₹ 54,03,78,789 (March 31, 2013: ₹ 53,28,60,678 ) is secured by way of first pari passu charge on entire fixed assets excluding assets having specific charge, both present and future, and collaterally by way of second pari passu charge on the current assets of the company. These pertains to various bankers namely, IDBI Bank, Axis Bank and Exim Bank.
- (ii) The buyer's credit of ₹ 13,82,96,016 (March 31, 2013: ₹ 4,02,61,160 ) is secured by way of first pari passu charge on entire fixed assets excluding assets having specific charge, both present and future, and collaterally by way of second pari passu charge on the current assets of the company. The said facility is provided by Tata Capital Financial Services Ltd. arranged through ING Vysya Bank Ltd.
- (iii) Vehicle loans are secured by way of hypothecation of respective vehicles.

## b. Maturity profile of Secured Term Loans are as set out below :

(Amount in ₹)

Particulars	2014-15	2015-16	2016-17	Beyond 2017-18
(i) Term loan from banks are repayable in monthly/quarterly/yearly installments.	16,68,69,000	18,27,81,789	13,07,28,000	6,00,00,000
(ii) Vehicle loans from banks are repayable in monthly installments.	44,24,099	20,12,419	6,38,147	4,37,855
(iii) Buyers Credit	-	9,07,96,016	3,00,00,000	1,75,00,000

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

### c. The nature of guarantee for Unsecured Loans are :

- (i) Unsecured loan from Bank is secured against property of Promoter at Kolkata.
- (ii) Unsecured loan from financial institution is secured by pledge of the shares belonging to Promoters, other than their holding in the Company.

### d. Maturity profile of Unsecured Term Loans are as set out below :

(Amount in ₹)

Particulars	2014-15	2015-16	2016-17	Beyond 2017-18
(i) Term loan from bank is repayable in monthly/ quarterly installments.	97,20,076	1,10,61,764	1,25,88,645	10,94,081
(ii) Loan from Financial Institutions is repayable on maturity.	-	8,86,00,000	-	-

(iii) Loans & Advances from Related Parties are repayable at the prerogative of the company.

(iv) Trade deposits are repayable on cessation of business transaction with dealers.

## NOTE 6 : DEFERRED TAX LIABILITIES / (ASSET) (NET)

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Deferred Tax Liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	10,87,10,352	11,89,16,700
Others	-	9,61,049
<b>Gross Deferred Tax Liability</b>	<b>10,87,10,352</b>	<b>11,98,77,749</b>
<b>Deferred Tax Assets</b>		
Unabsorbed Depreciation / Business Loss	12,91,674	3,68,30,041
Provision for Doubtful Debts	63,18,202	63,18,202
Provision for diminution in value of assets	16,32,625	-
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	90,38,224	92,88,526
<b>Gross Deferred Tax Assets</b>	<b>1,82,80,725</b>	<b>5,24,36,769</b>
<b>Net Deferred Tax Liabilities/ (Assets)</b>	<b>9,04,29,627</b>	<b>6,74,40,981</b>



## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

## NOTE 7 : OTHER LIABILITIES

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Trade Payables</b> (refer note (a) below for details of dues to micro and small enterprises)	83,41,516	-	110,53,60,966	107,13,55,542
<b>Others</b>				
Current maturities of long-term borrowings (Refer note 5)	-	-	18,10,13,176	16,45,46,293
Interest Accrued but not due	-	-	1,34,31,273	1,31,818
Unpaid dividends (refer note (b) below)	-	-	16,57,161	14,66,792
<b>Other Payables</b>				
Statutory Dues Payable	-	-	11,95,54,878	14,78,18,011
Other Liabilities	28,49,138	25,89,859	7,79,58,469	6,97,84,744
	28,49,138	25,89,859	39,36,14,957	38,37,47,658
	1,11,90,654	25,89,859	149,89,75,923	145,56,01,931

## a) Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payments made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

(b) It does not include any amount due to be transferred to Investor Education and Protection Fund.

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

## NOTE 8 : PROVISIONS

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Provisions for Employee Benefits</b>				
Leave Encashment	1,12,80,877	1,35,60,937	24,05,056	54,41,957
<b>Other Provisions</b>				
Proposed Dividend	-	-	67,86,726	2,03,60,177
Provision for tax on Proposed dividend	-	-	11,53,404	34,60,212
Provision for equalised rent	15,98,015	-	7,75,733	4,98,731
Provision for Income Tax [Net of Advance Tax: ₹ 1,87,41,288 (March 31, 2013 : ₹ 25,319,320)]	-	-	-	1,09,04,186
Provision for Wealth Tax [Net of Advance Tax: Nil (March 31, 2013: Nil)]	-	-	1,60,200	1,55,180
	<b>1,28,78,892</b>	<b>1,35,60,937</b>	<b>1,12,81,119</b>	<b>4,08,20,443</b>

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>a) Contingent liabilities</b>		
Claims against company not acknowledged as debt	11,40,50,838	6,84,94,055
Letter of Credit	17,95,54,105	37,19,28,695
Bank Guarantee (Net of Margin)	78,04,595	70,30,362
<b>b) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	1,25,17,200

## NOTE 9 : SHORT TERM BORROWINGS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Loans from Banks (secured)</b>		
Cash Credit	40,46,68,808	84,63,91,139
Working Capital Demand Loan	33,50,00,000	13,00,00,000
<b>Total Short Term Borrowings</b>	<b>73,96,68,808</b>	<b>97,63,91,139</b>

The nature of Security for borrowings are as under:

- The Company has a consortium of various bankers namely State Bank of India, Punjab National Bank, IDBI Bank, ING Vysya Bank, Axis Bank and IndusInd Bank (hereafter called the "Consortium") for secured loans borrowings.
- The above loans are primarily secured by way of first pari passu charge on entire current assets of the company and collaterally by way of second pari passu charge on the entire fixed assets excluding assets having specific charge, both present & future.
- Loans from Banks is repayable on demand and carries interest rate ranges from 10.70% to 12.25% p.a.

# Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

## NOTE 10 : FIXED ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK			DEPRECIATION / AMORTIZATION				NET BLOCK		
	As at April 1, 2013	Addition During the Year	Deduction / Adjustments During the Year	As at March 31, 2014	As at April 1, 2013	For the Year	Deduction/ Adjustments During the Year	Charged to Revaluation Reserve	As at March 31, 2014	As at March 31, 2013
A. Tangible Assets										
Land										
- Freehold	58,17,66,274	-	-	58,17,66,274	-	-	-	-	58,17,66,274	58,17,66,274
- Leasehold	2,25,40,060	-	-	2,25,40,060	33,58,430	2,73,925	-	-	36,32,355	1,91,81,631
Buildings										
- Factory	78,69,75,411	14,63,543	-	78,84,38,954	27,02,23,642	1,77,01,885	-	73,17,031	29,52,42,559	51,67,51,769
- Others	5,10,80,103	4,96,630	-	5,15,76,733	86,64,803	11,68,846	-	3,93,941	1,02,27,590	4,24,15,300
Leasehold Improvements	2,55,47,330	26,89,932	-	2,82,37,262	1,01,46,684	51,28,352	-	-	1,52,75,036	1,54,00,646
Plant and Equipment	345,22,44,886	24,88,25,607	43,43,597	369,67,26,896	243,85,81,006	15,41,05,712	25,88,894	-	259,00,97,823	101,36,63,880
Furniture and fixtures	5,97,88,042	3,26,236	3,41,331	5,97,72,946	2,81,41,101	47,37,065	2,69,463	-	3,26,08,703	3,16,46,941
Vehicles	4,52,14,424	50,18,476	93,88,065	4,08,44,835	1,42,67,663	41,45,168	27,25,086	-	1,56,87,745	3,09,46,762
Office Equipments	2,68,68,664	34,66,933	32,200	3,03,03,397	1,36,78,367	11,89,434	7,434	-	1,48,60,367	1,31,90,297
Computers	4,45,25,955	56,39,493	-	5,01,65,448	3,48,18,012	26,42,222	-	-	3,74,60,234	97,07,943
Total	509,65,51,149	26,79,26,851	1,41,05,193	535,03,72,807	282,18,79,708	19,10,92,609	55,90,878	77,10,972	301,50,92,412	227,46,71,443
B. Intangible Assets										
Computer software	2,81,68,226	10,03,866	-	2,91,72,092	2,21,64,417	30,46,036	-	-	2,52,10,453	60,03,809
Total	2,81,68,226	10,03,866	-	2,91,72,092	2,21,64,417	30,46,036	-	-	2,52,10,453	60,03,809
C. Capital Work in Progress										
CWIP	18,32,50,815	13,97,42,540	27,49,91,723	4,80,01,632	-	-	-	-	-	18,32,50,815
Total	18,32,50,815	13,97,42,540	27,49,91,723	4,80,01,632	4,80,01,632	-	-	-	4,80,01,632	4,80,01,632

### Note 10: 18,32,50,815

- a. Assets acquired on account of Amalgamation includes Land & Building (Dora & Hoskote units) of erstwhile Bell Ceramics Limited which was revalued based on the report by certified valuers as at December 31, 2010 (Other Land & Buildings being insignificant and not having change in value). The historical cost of Land and Building was ₹ 2,24,65,291 and ₹ 31,87,04,446 and their fair values were determined as ₹ 44,49,02,600 and ₹ 56,11,59,900 respectively and therefore an equivalent amount has been credited to Revaluation Reserve account. The method adopted by the certified valuer for both the units for revaluation purpose, was Fair Market Value Method. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the company recoups such additional depreciation out of Revaluation reserve. During the year, consequent to said revaluation there is an additional charge of depreciation of ₹ 77,10,972 (March 31, 2013: ₹ 77,51,678) and an equivalent amount has been withdrawn from Revaluation Reserve and credited to Statement of Profit and Loss.
- b. During the year, the Company has adopted the option given under Para 46A of Accounting Standard-11 "The Effects of Changes in Foreign Exchange Rates". Accordingly, additions in Plant and Machinery includes ₹ 2,16,76,005 (March 31, 2013: Nil) on account of exchange fluctuation.
- c. Vehicles include an adjustment of net written down value of ₹ 53,61,977 on account of reclassification of fixed assets held for sale as other current assets (Refer note 14.2)
- d. **Details of Capital Work in Progress:**

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Buildings- Others	1,35,357	51,93,504
Plant and Equipment	4,37,77,181	17,80,57,312
Lease Hold Improvement	11,27,269	-
Royalty	11,55,000	-
Patents	6,86,000	-
Furniture and fixtures	78,325	-
Software	10,42,500	-
<b>Total</b>	<b>4,80,01,632</b>	<b>18,32,50,816</b>

- e. Additions during the year and capital work-in-progress include ₹ NIL (March 31, 2013: ₹ 57,16,792) being borrowing cost capitalised in accordance with Accounting Standard (AS) 16 on "Borrowing Costs" as specified in the Companies (Accounting Standards) Rules, 2006. Asset wise break-up of borrowing cost capitalised is as follows:

Asset Class	As at March 31, 2014	As at March 31, 2013
Plant and Equipment	-	2,23,728
Capital Work in Progress:-		
Plant and Equipment	-	54,93,064
<b>Total</b>	<b>-</b>	<b>57,16,792</b>

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

## NOTE 11 : NON-CURRENT INVESTMENTS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade investments (Valued at Cost, unless stated otherwise)		
Investment In equity instruments of subsidiaries		
Unquoted		
20,000 Shares of HKD 1 each fully paid-up of ELIT International Trading (HK) Pvt. Ltd. (March 31 2013: 20,000 nos)	1,32,400	1,32,400
Non- Trade investments (Valued at Cost, unless stated otherwise)		
Investment in Controlled Entity		
Investment in Orient Bell Holding Trust	20,22,75,807	20,22,75,807
	20,24,08,207	20,24,08,207

## NOTE 12 : LOANS AND ADVANCES

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Capital Advances				
Unsecured, considered good	-	10,09,274	-	-
(A)	-	10,09,274	-	-
Security Deposits				
Unsecured, considered good*	6,59,67,273	3,84,13,836	5,52,80,156	6,02,61,068
(B)	6,59,67,273	3,84,13,836	5,52,80,156	6,02,61,068
Loan and Advances to Related Parties (Refer Note No. 26)				
Unsecured, considered good	-	-	-	-
(C)	-	-	-	-
Advance Recoverable in cash or in Kind				
Unsecured - considered good	-	-	2,24,84,616	3,62,58,138
Unsecured - considered doubtful	-	-	-	-
	-	-	2,24,84,616	3,62,58,138
Less: Provision for doubtful advances	-	-	-	-
(D)	-	-	2,24,84,616	3,62,58,138
Other Loans and Advances				
Advance Income Tax [Net of Provisions ₹ 6,87,06,684 (March 31, 2013 : Nil)]	1,87,41,288	1,42,35,239	-	-
Advance Wealth Tax	50,516	50,516	-	-
Balance with Government Authorities	4,37,81,691	4,37,81,691	42,44,734	20,49,084
MAT Credit Entitlement	8,25,83,482	8,98,81,324	1,69,28,419	-
Interest Accrued on Security Deposit	-	-	32,65,067	13,87,669
Prepaid expenses	95,533	-	1,70,43,299	1,09,56,382
Advances to Employees	-	-	38,98,036	1,28,56,878
(E)	14,52,52,510	14,79,48,770	4,53,79,555	2,72,50,013
Total Loans & Advances (A+B+C+D+E)	21,12,19,783	18,73,71,880	12,31,44,327	12,37,69,218

\* Out of the above security deposit ₹ 8,38,035 (March 31, 2013: ₹ 9,93,035) pertains to the related parties.

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

## NOTE 13 : INVENTORIES

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Materials	9,46,90,800	9,39,57,147
Work In Progress	4,67,22,280	2,23,20,137
Finished Goods	77,49,81,956	83,40,39,504
Traded Goods	16,86,36,913	20,66,76,134
Good In Transit- Traded Goods	17,83,058	-
Packing Material	1,67,71,374	85,01,679
Stores and Spares	13,51,40,999	14,13,39,109
Good In Transit- Others	81,23,895	1,60,00,653
	124,68,51,274	132,28,34,362

## NOTE 14 : TRADE RECEIVABLES &amp; OTHER ASSETS

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>14.1 - TRADE RECEIVABLES</b> (Unsecured, considered good unless stated otherwise) Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	-	-	1,13,94,395	85,26,665
Unsecured, considered good	-	-	1,09,43,610	3,33,09,416
Unsecured, Doubtful	-	-	1,94,73,576	1,94,73,576
	-	-	4,18,11,581	6,13,09,657
Less: Provision for doubtful receivables	-	-	1,94,73,576	1,94,73,576
(A)	-	-	2,23,38,006	4,18,36,081
<b>Other Receivables</b>				
Secured, considered good	-	-	3,30,20,431	3,82,03,718
Unsecured, considered good	-	-	66,82,58,209	65,36,86,577
(B)	-	-	70,12,78,640	69,18,90,295
(A+B)	-	-	72,36,16,646	73,37,26,376
<b>14.2 - OTHER ASSETS</b> (Unsecured, considered good unless stated otherwise)				
Non-current bank balances (refer note 15)	2,26,05,665	53,93,452	-	-
<b>Others</b>				
Interest accrued on fixed deposits	13,29,629	5,35,944	18,79,727	33,76,237
Export incentive recoverable	-	-	2,95,088	4,38,301
Advances to Suppliers	-	-	1,35,62,420	1,39,52,374
Fixed assets held for sale	-	-	53,61,977	-
Less: Provision for diminution in value	-	-	(50,31,977)	-
	2,39,35,294	59,29,396	1,60,67,235	1,77,66,912

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

## NOTE 15 : CASH &amp; BANK BALANCES

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Cash & Cash Equivalents				
Balances with Banks :				
In Current Account	-	-	2,60,70,127	3,33,58,160
Deposits with original maturity of less than three months	-	-	-	2,22,000
In Unpaid Dividend Account	-	-	16,61,074	14,70,706
Cash on hand	-	-	8,44,074	7,57,652
Foreign Currency on Hand	-	-	16,528	29,997
(A)	-	-	2,85,91,804	3,58,38,514
Others Bank Balances				
Deposits with original maturity of more than 3 months but less than 12 months	-	-	4,48,99,540	2,69,42,741
Deposits with original maturity of more than 12 months	2,26,05,665	53,93,452	78,20,681	1,61,02,015
	2,26,05,665	53,93,452	5,27,20,221	4,30,44,756
Amount disclosed under non-current assets (refer note 14.2)	2,26,05,665	53,93,452	-	-
(B)	-	-	5,27,20,221	4,30,44,756
Total (A+B)	-	-	8,13,12,025	7,88,83,270

- a) Fixed Deposits with a carrying amount of ₹ 7,49,66,808 (March 31, 2013: ₹ 4,82,89,861) are subject to first charge to secure the Company's loans from banks.
- b) Fixed Deposits with a carrying amount of ₹ 3,59,078 (March 31, 2013: ₹ 3,70,347) are pledged with Government Authorities.

## NOTE 16 : REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Sale of Product		
Finished Goods	472,66,11,292	451,75,27,245
Traded Goods	160,80,82,977	167,58,54,302
Other Operating Revenues		
Miscellaneous Sale	94,95,679	1,07,95,486
Export Incentives	983	7,36,248
Revenue from operations (gross)	634,41,90,931	620,49,13,281
Less: Excise duty*	49,74,87,665	46,78,88,731
Revenue from operations (Net)	584,67,03,265	573,70,24,550

\* Excise Duty on Sales amounting to ₹ 49,74,87,665 (March 31, 2013: ₹ 46,78,88,731) has been reduced from Sales and Excise Duty on increase/(decrease) in stock amounting to ₹ (2,21,55,803) (March 31, 2013: ₹ 2,44,50,502) has been considered as expense in Note No. 23 of Financial Statement.

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
a) Details of products sold		
Finished goods sold		
Tiles	472,66,11,292	451,75,27,245
Traded goods sold		
Tiles	160,80,82,977	167,58,54,302
Others	-	-
b) FOB Value of exports	22,294	1,45,31,938

## NOTE 17 : OTHER INCOME

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Income		
On Fixed deposits	61,91,367	32,44,802
On Income Tax Refund	3,60,938	10,08,016
Others	22,25,466	17,42,153
Other non-operating income	58,38,778	2,50,85,178
	1,46,16,549	3,10,80,148

## NOTE 18 : COST OF RAW MATERIAL CONSUMED

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Raw Material		
Balances of Raw Material at the beginning of the Year	9,39,57,147	13,68,11,503
Add:- Purchases during the year	96,67,46,019	95,43,97,429
Less:- Balances of Raw Material at the end of the Year	9,46,90,800	9,39,57,147
Total Raw Material Consumption	96,60,12,366	99,72,51,785
a) Details of Raw Materials Consumed		
Clay & Minerals	37,92,84,455	36,08,96,736
Chemicals & Glaze Materials	58,67,27,911	63,63,55,049
	96,60,12,366	99,72,51,785
b) C.I.F. Value of Imports		
Raw Material	4,49,64,195	5,54,39,843
Traded Goods	2,71,090	7,24,32,282
Capital Goods & Others	1,73,47,499	14,17,78,617
Stores & Spares	3,01,75,776	3,84,78,697
	9,27,58,560	30,81,29,439

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Percentage	Amount	Percentage	Amount
c) Consumption of indigenous & imported raw material				
Indigenous	96.52%	93,24,13,694	96.55%	96,28,94,121
Imported	3.48%	3,35,98,672	3.45%	3,43,57,664



## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

## NOTE 19 : (INCREASE) / DECREASE IN INVENTORIES

(Amount in ₹)		
Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Inventories at the beginning of the year</b>		
Work-in-progress	2,23,20,137	1,79,21,954
Finished goods		
Manufacturing Goods	83,40,39,504	65,39,52,661
Traded Goods	20,66,76,134	10,62,03,285
(A)	<b>106,30,35,775</b>	<b>77,80,77,899</b>
<b>Inventories at the end of the year</b>		
Work-in-progress	4,67,22,280	2,23,20,137
Finished goods		
Manufacturing Goods	77,49,81,956	83,40,39,504
Traded Goods	16,86,36,913	20,66,76,134
(B)	<b>99,03,41,149</b>	<b>106,30,35,775</b>
(Increase) / Decrease in Inventory (B-A)	<b>7,26,94,626</b>	<b>(28,49,57,875)</b>
<b>a) Details of Purchases of Traded Goods</b>		
<b>Indigenous Goods</b>		
Tiles	142,04,47,339	152,90,53,544
<b>Imported Goods</b>		
Tiles	3,49,999	9,91,21,666
	<b>142,07,97,338</b>	<b>162,81,75,210</b>
<b>b) Details of Inventories</b>		
<b>Work In Progress</b>		
Tiles	4,67,22,280	2,23,20,137
<b>Traded Goods</b>		
Tiles	16,86,04,812	20,66,29,137
Others	32,101	46,997
<b>Manufactured</b>		
Tiles	77,49,81,956	83,40,39,504

## NOTE 20 : EMPLOYEE BENEFIT EXPENSE

(Amount in ₹)		
Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries, Wages & Bonus	51,55,46,620	49,89,95,132
Contribution to Provident and Other fund	1,81,19,194	1,72,63,912
Expense on employee stock option schemes	78,08,142	-
Gratuity Expense (Refer note below)	2,08,633	88,81,212
Staff Welfare Expenses	1,95,51,325	1,93,49,016
	<b>56,12,33,914</b>	<b>54,44,89,272</b>

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

### a) Employees Benefits

The company has classified the various benefit provided to employees as under

#### (i) 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 Statement of profit and loss account under company's contribution to defined contribution plan.

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Employer's Contribution to Provident Fund/ Pension Fund	1,41,20,539	1,35,55,237
Employer's Contribution to State Insurance	34,42,723	34,16,228

The contribution payable to these schemes by the Company are at the rates specified in the rules of the schemes.

#### (ii) Defined Benefit plans and Other Long term Benefits

a) Contribution to Gratuity Funds- Employee's Gratuity Fund.

b) Leave encashment/ compensated absence (Long Term)

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation was carried out in respect of the aforesaid defined benefit plans and other long term benefits based on the following assumptions:

#### I. Changes in present value of Defined Benefit obligations :

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit obligation as at the beginning of the year	4,96,63,100	1,62,10,818	4,95,34,779	1,50,82,130
Current Service Cost	48,06,759	30,25,772	49,91,518	36,16,246
Interest Cost	44,69,679	14,58,974	39,62,782	12,06,570
Actuarial (gain) / loss on obligations	(69,01,808)	(32,196)	28,82,058	33,77,513
Excess of Actual over estimated	-	-	-	-
Benefits paid	(50,54,766)	(69,77,435)	(1,17,08,037)	(70,71,641)
Defined Benefit obligation at the year end	4,69,82,964	1,36,85,933	4,96,63,100	1,62,10,818

#### II. Change in the Fair Value of Plan Assets

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Gratuity (Funded)	Gratuity (Funded)
Opening Fair Value of Plan Assets	3,72,45,389	3,64,87,290
Expected Return on Plan Assets	32,58,972	29,55,470
Contribution by employer	299	3,25,981
Benefits paid	(7,70,187)	(25,23,029)
Actuarial gain/(loss) on Plan assets	(10,92,975)	(323)
Closing fair value of Plan Assets	3,86,41,498	3,72,45,389

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

### III. Reconciliation of present value of defined obligation and fair value of assets

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Present Value of Defined Benefit Obligation	(4,69,82,964)	(1,36,85,933)	(4,96,63,100)	(1,62,10,818)
Fair Value of Plan Assets	3,86,41,498	-	3,72,45,389	-
<b>Net Assets/(liability) recognised in Balance Sheet</b>	<b>(83,41,466)</b>	<b>(1,36,85,933)</b>	<b>(1,24,17,711)</b>	<b>(1,62,10,818)</b>

(Amount in ₹)

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Present Value of Defined Benefit Obligation	(4,95,34,779)	(1,51,25,405)	(3,22,41,220)	(37,88,179)
Fair Value of Plan Assets	3,64,75,904	-	1,98,83,437	-
<b>Net Assets/(liability) recognised in Balance Sheet</b>	<b>(1,30,58,875)</b>	<b>(1,51,25,405)</b>	<b>(1,23,57,783)</b>	<b>(37,88,179)</b>

(Amount in ₹)

Particulars	For the year ended March 31, 2010	
	Gratuity (Funded)	Leave Encashment (Unfunded)
Present Value of Defined Benefit Obligation	(2,70,97,237)	(32,59,169)
Fair Value of Plan Assets	1,55,74,823	-
<b>Net Assets/(liability) recognised in Balance Sheet</b>	<b>(1,15,22,414)</b>	<b>(32,59,169)</b>

### IV. Expenses/(Income) recognized in the statement of Profit & Loss

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Current service cost	48,06,759	30,25,772	49,91,518	36,16,246
Interest cost on benefit obligation	44,69,679	14,58,974	39,62,782	12,06,570
Expected return on plan assets	(32,58,972)	-	(29,55,470)	-
Actuarial (gain)/Loss recognised during the year	(58,08,833)	(32,196)	28,82,381	61,69,589
<b>Net benefit expense</b>	<b>2,08,633</b>	<b>44,52,550</b>	<b>88,81,211</b>	<b>1,09,92,405</b>

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

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Gratuity (Funded)	Gratuity (Funded)
Insured with Kotak Mahindra Old Mutual Life Insurance Ltd/Life Insurance Corporation	99.97%	99.97%
Bank Balance	0.03%	0.03%

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

VI. The principal assumptions used in determining gratuity and leave liability for the Company's plans are as follows in percentage:

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Discount Rate	9.00%	9.00%	8.00%	8.00%
Rate of Increase in compensation	5.60%	5.60%	5.50%	5.50%
Rate of return on Plan assets (for gratuity)	8.75%	-	8.10%	-
Mortality (Published notes under the LIC (1994 - 96) duly modified)	-	-	-	-

**Note:**

- (1) 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.
- (2) On account of short term leave encashment benefit, which is being recognised on the basis of actual eligibility of earned leave beyond 60 days, an expense of ₹ 8,75,000 (March, 31 2013: ₹ 27,92,076) has been recognised in addition to the expense recognised by Actuarial and a provision of ₹ Nil (March, 31 2013: ₹ 27,92,076) has been recognised in addition to the obligation recognised by Actuarial.

### NOTE 21 : FINANCE COST

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Expense	22,51,87,531	23,55,64,510
Exchange difference to the extent considered as an adjustment to borrowing cost	-	19,29,172
Interest on delayed payment of Income Tax	-	13,39,506
Other borrowing costs	1,71,25,099	1,13,50,882
	<b>24,23,12,630</b>	<b>25,01,84,071</b>

### NOTE 22 : DEPRECIATION AND AMORTISATION EXPENSE

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Depreciation and Amortisation	20,18,49,618	19,33,16,184
Less: Transferred from Revaluation Reserve (Refer Note 4)	(77,10,972)	(77,51,678)
	<b>19,41,38,646</b>	<b>18,55,64,506</b>

### NOTE 23 : OTHER EXPENSES

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Stores & Spares consumed	10,81,79,595	9,63,44,254
Packing Material Consumed	17,27,79,533	19,98,63,599
Increase/(Decrease) in Excise Duty	(2,21,55,803)	2,44,50,502
Gas & fuel	123,65,32,716	108,48,55,782
Electricity	15,95,46,290	14,15,23,743
Rent	5,37,67,705	4,46,26,892

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Hire Charges	3,40,40,015	2,99,22,999
Rates & Taxes	59,18,420	33,98,889
Insurance	-	8,18,210
Repair & Maintenance		
Plant & Machinery	1,72,14,427	1,84,59,890
Buildings	50,01,589	63,76,327
Other	1,29,49,815	1,29,42,596
Designing & Processing	55,88,906	56,32,679
Freight & Forwarding Charges	16,99,53,143	18,74,06,079
Advertisement and Sales Promotion	5,23,42,944	4,84,16,911
Discount	12,54,52,196	17,75,69,043
Sales Commission	5,84,27,954	5,68,06,910
Travelling & Conveyance	7,31,93,230	6,55,74,291
Communication Costs	1,47,32,657	1,30,91,659
Printing & Stationery	47,74,381	54,14,859
Legal & Professional Expenses	1,16,60,707	1,30,66,370
Director's Sitting fees & Other Expenses	25,63,037	14,36,451
Payment to the Auditors (refer note (b) below)	14,92,104	19,18,723
Sundry Balances written off	75,13,160	19,33,454
Loss on sale of fixed assets	18,38,733	-
Provision for diminution in value of asset held for sale	50,31,977	-
Miscellaneous expenses	3,99,17,595	3,11,97,476
	<b>235,82,57,027</b>	<b>227,30,48,587</b>

## a) Consumption of Imported stores and spares

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Percentage	Amount	Percentage	Amount
Indigenous	75.61%	8,17,97,218	83.72%	8,06,58,713
Imported	24.39%	2,63,82,377	16.28%	1,56,85,541

## b) Payment to the Auditors:

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
As Auditors	9,50,000	9,50,000
For Taxation matters	1,50,000	1,50,000
For other services	3,35,000	7,32,500
Reimbursement of Expenses	57,104	86,223
	<b>14,92,104</b>	<b>19,18,723</b>

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

### c) Gross expenditure in foreign currency (payment basis)

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Travelling	9,72,353	8,55,256
Designing & Processing	47,02,636	52,45,100
	56,74,989	61,00,356

### d) Operating Lease

The Company's significant lease agreements are in the nature of operating leases for premises used at various depots and showrooms. These lease agreements are cancellable by either parties thereto as per the terms and conditions of the agreements. In respect of these leases, lease rent of ₹ 5,37,67,705 (March 31, 2013: ₹ 4,46,26,892) including ₹ 23,73,748 (March 31, 2013 : ₹ 4,98,731) not leviable for the year as per the lease agreement, has been recognised on a straight line basis and the corresponding amount is accounted as provision under Note 8.

## NOTE 24 : EARNINGS PER SHARE (EPS)

(Amount in ₹)

Particulars		For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Basic Earnings per share</b>			
Profit/(Loss) attributable to the equity shareholders	(A)	2,02,66,628	9,83,29,264
Weighted Average number of equity shares outstanding at the end of the year	(B)	1,35,73,451	1,35,73,451
<b>Basic Earnings per Share</b>	<b>(A/B)</b>	<b>1.49</b>	<b>7.24</b>
<b>Diluted Earnings per share</b>			
Profit/(Loss) attributable to the equity shareholders		2,02,66,628	9,83,29,264
<b>Diluted Earnings</b>	<b>(C)</b>	<b>2,02,66,628</b>	<b>9,83,29,264</b>
Weighted Average number of equity shares in calculating basic EPS		1,35,73,451	1,35,73,451
<b>Effect of Dilution:</b>			
Diluted no. of employee stock options		1,50,012	-
<b>Weighted Average number of equity shares in calculating Diluted EPS</b>	<b>(D)</b>	<b>1,37,23,463</b>	<b>1,35,73,451</b>
<b>Diluted Earnings per Share</b>	<b>(C/D)</b>	<b>1.48</b>	<b>7.24</b>

## NOTE 25 :

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.

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

### NOTE 26 :

#### RELATED PARTY DISCLOSURE

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:

#### (i) Related Parties :

##### A Subsidiary Company

- (a) ELIT International Trading (HK) Pvt. Ltd.

##### B Enterprises owned or significantly influenced by Key Managerial Personnel ('KMP') or their relatives (Only with whom the Company had transaction during the year)

- (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) Mahendra K. Daga - HUF

##### C Key Managerial Personnel (KMP)

- (a) Mr. Mahendra K. Daga, Chairman and Managing Director  
(b) Mr. Madhur Daga, Joint Managing Director

##### D Relatives of Key Managerial Personnel (Only with whom the Company had transaction during the year)

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

#### (ii) Disclosure of transactions between the Company and related parties and status of outstandings as on March 31, 2014 (Amount in ₹)

Particulars	Subsidiary Company	Enterprises owned or significantly influenced by KMP or their relatives	Key Managerial Personnel	Relatives of Key Managerial Personnel
<b>Nature of Transaction</b>				
a) Loan Received	-	-	6,00,000	39,00,000
	(-)	(71,29,656)	(3,91,87,789)	(41,80,130)
b) Loan Given/Repaid	-	-	1,78,99,400	-
	(-)	(2,67,29,656)	(66,88,389)	(36,80,130)
c) Interest Payment	-	19,70,000	1,01,59,954	33,31,150
	(-)	(41,57,774)	(79,84,323)	(32,30,039)
d) Hire charges paid	-	4,82,000	-	-
	(-)	(18,37,000)	(-)	(-)
e) Rent Paid	-	24,30,000	12,00,000	24,000
	(-)	(12,24,105)	(-)	(24,000)
f) Managerial Remuneration	-	-	2,44,67,755	-
	(-)	(-)	(1,99,99,711)	(-)
g) Security Deposit refunded	-	1,55,000	-	-
	(-)	(6,15,000)	(-)	(-)
h) Legal and Professional Charges	1,60,800	-	-	-
	(1,59,080)	(1,50,000)	(-)	(-)
i) Purchases	-	-	-	-
	(1,19,40,199)	(-)	(-)	(-)



## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

(Amount in ₹)

Particulars	Subsidiary Company	Enterprises owned or significantly influenced by KMP or their relatives	Key Managerial Personnel	Relatives of Key Managerial Personnel
Outstanding as on March 31, 2014				
a) Unsecured Loans Payable	-	1,97,00,000	9,50,00,000	3,53,00,000
	(-)	(1,97,00,000)	(11,22,99,400)	(3,14,00,000)
b) Other Current Liabilities	1,60,800	40,000	-	-
	(1,59,089)	(8,31,356)	(-)	(-)
c) Other Current Assets	-	8,38,035	-	-
	(-)	(9,93,035)	(-)	(-)
d) Investments	1,32,400	-	-	-
	(1,32,400)	(-)	(-)	(-)

Figures in brackets represents figures for the year ended March 31, 2013.

## Disclosure in respect of Material transactions with related parties

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
a) Loan received		
Key Managerial Person ('KMP')		
Mr. Mahendra K. Daga	-	3,30,53,961
Mr. Madhur Daga	6,00,000	61,33,828
Relatives of Key Managerial Persons		
Mrs. Sarla Daga	39,00,000	34,80,130
Mrs. Roma Monisha Sakraney Daga	-	7,00,000
Enterprises owned or significantly influenced by KMP or their relatives		
Mahendra K. Daga - HUF	-	21,39,555
Goodteam Investment & Trading Co Pvt. Ltd	-	49,90,101
Iris Designs Pvt Limited	-	-
b) Loan Given/Repaid		
Key Managerial Person		
Mr. Mahendra K. Daga	33,00,000	12,03,961
Mr. Madhur Daga	1,45,99,400	54,84,428
Relatives of Key Managerial Persons		
Mrs. Sarla Daga	-	36,80,130
Enterprises owned or significantly influenced by KMP or their relatives		
Iris Designs Pvt Limited	-	3,50,000
Goodteam Investment & Trading Co Pvt. Ltd	-	2,63,40,101
Mahendra K. Daga - HUF	-	39,555
c) Interest Payments		
Key Managerial Person		
Mr. Mahendra K. Daga	82,33,676	54,15,321
Mr. Madhur Daga	19,26,187	25,69,002

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Relative of Key Managerial Persons</b>		
Mrs. Sarla Daga	32,31,151	31,85,271
Mrs. Roma Monisha Sakraney Daga	99,999	44,768
<b>Enterprises owned or significantly influenced by KMP or their relatives</b>		
Goodteam Investment & Trading Co Pvt. Ltd	-	23,07,271
Iris Designs Pvt Limited	-	34,425
Mahendra K. Daga - HUF	19,70,000	18,16,078
<b>d) Hire Charges Paid</b>		
<b>Enterprises owned or significantly influenced by KMP or their relatives</b>		
Freesia Investment and Trading Co. Ltd	4,82,000	18,37,000
<b>e) Rent Paid</b>		
<b>Key Managerial Person</b>		
Mr. Mahendra K. Daga	12,00,000	-
<b>Enterprises owned or significantly influenced by KMP or their relatives</b>		
Freesia Investment and Trading Co. Ltd	16,70,625	9,12,000
Alfa Mercantile Ltd.	3,03,750	1,11,000
Morning Glory Leasing & Finance Ltd.	1,51,875	76,605
Iris Designs Pvt Ltd	3,03,750	1,24,500
<b>Relative of Key Managerial Persons</b>		
Mrs. Sarla Daga	24,000	24,000
<b>f) Security Deposit Received</b>		
<b>Enterprises owned or significantly influenced by KMP or their relatives</b>		
Freesia Investment and Trading Co. Ltd	1,55,000	6,15,000
<b>g) Legal &amp; professional Exp</b>		
<b>Subsidiary Company</b>		
ELIT International Trading (HK) Pvt. Ltd.	1,60,800	1,59,089
<b>Enterprises owned or significantly influenced by KMP or their relatives</b>		
Morning Glory Leasing & Finance Ltd.	-	1,50,000
<b>h) Purchases / Sales</b>		
ELIT International Trading (HK) Pvt. Ltd.	-	1,19,40,199
<b>i) Managerial remuneration</b>		
Mr. Mahendra K. Daga		
Salary	84,70,000	67,10,000
Contribution to Provident Fund	9,360	3,900
Perquisites	41,02,295	37,87,141
Mr. Madhur Daga		
Salary	78,00,000	60,50,000
Contribution to Provident Fund	9,360	9,360
Perquisites	40,76,740	34,39,310
	2,44,67,755	1,99,99,711

## Notes Forming Part Of The Financial Statements for the year ended March 31, 2014

### NOTE 27 : DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

#### a. Derivatives outstanding as at the Balance Sheet date

Particulars	Purpose
Forward Contract to buy : Euro : Nil (March 31, 2013: Euro 4,02,018) against INR amounting to Nil (March 31, 2013: ₹ 2,87,81,520) US \$ Nil (March 31, 2013 : \$ Nil) against INR amounting to Nil (March 31, 2013: Nil)	Hedging contracts for payments against import of Raw Material, Stores and Capital items

#### b. Particulars of Unhedged foreign currency exposures as at the reporting date

Particulars	Purpose
(Euro 17,13,234.6 (March 31, 2013 Euro : 17,35,501) against INR amounting to ₹ 36,51,746 (March 31, 2013 : ₹ 1,24,55,543)) (US \$ 1,088.44 (March 31, 2013 : \$ 1,55,661) against INR amounting to ₹ 60,917 (March 31, 2013 : ₹ 84,08,838))	Import of Raw Material, Stores and Capital items

#### c. All Derivative contracts entered into by the company are for hedging purposes only.

#### d. During the year the company has provided ₹ Nil towards premium on forward exchange contracts (March 31, 2013: ₹ 6,03,596).

### NOTE 28 :

- 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.

### NOTE 29 :

During the financial year, managerial remuneration of ₹ 1,25,81,655 was paid to the Chairman and Managing Director and ₹1,18,86,100 was paid to the Joint Managing Director which is in excess of prescribed percentage of net profits as specified under Companies Act, 1956. During the current financial year, the Ministry of Corporate Affairs accorded its approval to the excess remuneration paid to the Chairman and Managing Director. However, the approval for the excess remuneration paid to the Joint Managing Director is still awaited.

### NOTE 30 :

Balances of Sundry Creditors and Debtors are subject to confirmation.

### NOTE 31 :

Figures for the previous year have been reclassified/ regrouped wherever considered necessary.

for & on behalf of Board of Directors  
ORIENT BELL LIMITED

**Mahendra K. Daga**  
Chairman & Managing Director  
DIN 00062503

**Madhur Daga**  
Joint Managing Director  
DIN 00062149

**P M Mathai**  
Director  
DIN 05249199

**N.R.Srinivasan**  
Director  
DIN 00062317

Place : New Delhi  
Dated: 28-05-2014

**K M Pai**  
Executive Director  
DIN 011711860

**Yogesh Mendiratta**  
Company Secretary

**Jaywant M Puri**  
Vice President, Accounts & Finance

## Independent Auditors' Report on the Consolidated Financial Statements

To  
The Board of Directors of  
Orient Bell Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Orient Bell Limited ("the Company") and its subsidiary (collectively referred to as "the Group") as at 31<sup>st</sup> March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto.

### Management's Responsibility for the Consolidated Financial Statement

Management is responsible for the preparation of these consolidated financial statements that give true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular No. 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the

purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the Group, we are of the opinion that the said consolidated financial statements, read together with significant accounting policies and notes appearing thereon, give true and fair view in conformity with the accounting principles generally accepted in India:

- In case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2014;
- In case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Group for the year ended on that date; and
- In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

### Other Matters

We did not audit the financial statements of its subsidiary, whose financial statements reflect total assets of ₹ 2,15,264 & net assets of ₹ 54,464 as at March 31, 2014, total revenue of ₹ 1,84,061 & net revenue of ₹ 86,449 for the year ended March 31, 2014. These financial statements have been audited by other auditor whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of this subsidiary is based solely on the report of the other auditor.

For S.R. Dinodia & Co. LLP  
Chartered Accountants  
Regn. No. 001478N/N500005

(Sandeep Dinodia)  
Partner  
M. No. 083689

Place : New Delhi  
Dated : 28-05-2014

### INFORMATION ON THE FINANCIALS OF THE SUBSIDIARY COMPANY

(As per General Circular no. 1/2011 dated 08 February, 2011 issued by Ministry of Corporate Affairs)

Name of Subsidiary Company	Elit International Trading (HK) Pvt. Limited	
	Hong Kong \$	Indian ₹*
Capital	20,000	1,32,400
Reserves	1,434	17,562
Total Assets	27,034	2,15,264
Total Liabilities	5,600	43,360
Investment made by Subsidiary	-	-
Revenues (Turnover & Other income)	20,000	1,84,061
Profit before Taxation	6,732	54,125
Tax Refund /(Provisions for Taxation)	765	5,932
Profit after tax	7,497	60,057
Proposed Dividend	-	-

\* Exchange rate as on 31.03.2014 is ₹ 7.74 ;

\* The Hong Kong \$ is converted into Indian ₹ as per applicable Accounting Standard.

## Consolidated Balance Sheet as at March 31, 2014

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund</b>			
(a) Share Capital	3	13,57,34,510	13,57,34,510
(b) Reserves and Surplus	4	163,06,08,460	161,81,08,596
		176,63,42,970	175,38,43,106
<b>Non-Current Liabilities</b>			
(a) Long-Term Borrowings	5	88,50,43,933	82,68,03,298
(b) Deferred Tax Liabilities (Net)	6	9,04,55,659	6,74,68,763
(c) Other Long Term Liabilities	7	1,11,90,654	25,89,859
(d) Long-Term Provisions	8	1,28,78,892	1,35,60,937
		99,95,69,138	91,04,22,856
<b>Current Liabilities</b>			
(a) Short-Term Borrowings	9	73,96,68,808	97,63,91,139
(b) Trade Payables	7	110,52,43,526	107,12,60,038
(c) Other Current Liabilities	7	39,36,14,957	38,37,47,658
(d) Short-Term Provisions	8	1,12,81,119	4,08,20,443
		224,98,08,411	247,22,19,277
<b>TOTAL</b>		<b>501,57,20,519</b>	<b>513,64,85,239</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets	10		
(i) Tangible Assets		233,52,80,395	227,46,71,443
(ii) Intangible Assets		39,61,639	60,03,809
(iii) Capital Work-in-Progress		4,80,01,632	18,32,50,815
(iv) Intangible Assets under Development		-	-
(b) Non-Current Investments	11	20,22,75,807	20,22,75,807
(c) Long-Term Loans and Advances	12	21,11,92,512	18,73,71,880
(d) Other Non-Current Assets	14.2	2,39,35,294	59,29,396
		282,46,47,278	285,95,03,149
<b>Current Assets</b>			
(a) Inventories	13	124,68,51,274	132,28,34,362
(b) Trade Receivables	14.1	72,36,16,646	73,37,26,376
(c) Cash and Bank Balance	15	8,13,55,733	7,88,85,221
(d) Short-Term Loans and Advances	12	12,31,82,353	12,37,69,218
(e) Other Current Assets	14.2	1,60,67,235	1,77,66,912
		219,10,73,241	227,69,82,090
<b>TOTAL</b>		<b>501,57,20,519</b>	<b>513,64,85,239</b>
Significant Accounting policies	2		
<b>The Notes referred to above, form an integral part of the Financial Statements</b>			

As per our Report of even date attached

For S R DINODIA & CO. LLP.  
Chartered Accountants  
Regn. No. 001478N/N500005

for & on behalf of Board of Directors  
**ORIENT BELL LIMITED**

(Sandeep Dinodia)  
Partner  
M.NO. 083689

**Mahendra K. Daga**  
Chairman & Managing Director  
DIN 00062503

**Madhur Daga**  
Joint Managing Director  
DIN 00062149

**P M Mathai**  
Director  
DIN 05249199

**N R Srinivasan**  
Director  
DIN 00062317

Place : New Delhi  
Dated: 28-05-2014

**K M Pai**  
Executive Director  
DIN 011711860

**Yogesh Mendiratta**  
Company Secretary

**Jaywant M Puri**  
Vice President, Accounts & Finance

**Consolidated Statement of Profit and Loss for the year ended March 31, 2014**

(Amount in ₹)

Particulars	Note No.	For the Year ended March 31, 2014	For the Year ended March 31, 2013
I. Revenue from Operations (Gross)	16	634,41,90,931	620,49,13,281
Less: Excise duty		49,74,87,665	46,78,88,731
Revenue from Operations (Net)		584,67,03,265	573,70,24,550
II. Other Income	17	1,46,16,549	3,10,80,148
III. Total Revenue (I + II)		586,13,19,814	576,81,04,698
IV. Expenses:			
(a) Cost of Materials Consumed	18	96,60,12,366	99,72,51,785
(b) Purchases of Stock-in-Trade	19	142,07,97,338	162,81,72,007
(c) Decrease/ (Increase) in Inventories	19	7,26,94,626	(28,49,57,875)
(d) Employee Benefits Expense	20	56,12,33,914	54,44,89,272
(e) Finance Costs	21	24,23,12,630	25,01,86,365
(f) Depreciation and Amortization Expense	22	19,41,38,646	18,55,64,506
(g) Other Expenses	23	235,81,76,796	227,29,63,868
Total expenses		581,53,66,315	559,36,69,927
V. Profit before exceptional and extraordinary items and tax (III-IV)		4,59,53,500	17,44,34,771
VI. Exceptional items		-	-
VII. Profit before tax (V - VI)		4,59,53,500	17,44,34,771
VIII. Tax expense:			
Current Tax		97,80,000	3,48,84,000
Less:- MAT Credit Entitlement		(97,80,000)	(3,48,84,000)
		-	-
Deferred Tax		2,29,86,896	7,83,43,868
Income Tax Adjustment for Earlier Years		26,17,994	(22,96,207)
IX. Profit / (Loss) after tax (VII-VIII)		2,03,48,609	9,83,87,110
X. Earnings per share:	24		
(1) Basic		1.50	7.25
(2) Diluted		1.48	7.25
Significant Accounting Policies	2		
The Notes referred to above, form an integral part of the Financial Statements			

As per our Report of even date attached

For S R DINODIA & CO. LLP.  
Chartered Accountants  
Regn. No. 001478N/N500005

for & on behalf of Board of Directors  
ORIENT BELL LIMITED

(Sandeep Dinodia)  
Partner  
M.NO. 083689

Mahendra K. Daga  
Chairman & Managing Director  
DIN 00062503

Madhur Daga  
Joint Managing Director  
DIN 00062149

P M Mathai  
Director  
DIN 05249199

N R Srinivasan  
Director  
DIN 00062317

Place : New Delhi  
Dated: 28-05-2014

K M Pai  
Executive Director  
DIN 011711860

Yogesh Mendiratta  
Company Secretary

Jaywant M Puri  
Vice President, Accounts & Finance

## Consolidated Cash Flow Statement for the year ended March 31, 2014

(Amount in ₹)

Particulars	For the Year ended March 31, 2014	For the Year ended March 31, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before tax	4,59,53,500	17,44,34,771
Adjustments for:		
Depreciation and amortization	19,41,38,646	18,55,64,506
Interest Paid	24,23,12,630	24,88,46,858
Provision for employee benefit	78,08,142	-
Provision for diminution in value of asset	50,31,977	-
Loss/(Gain) on sale of fixed assets	18,38,733	(88,20,279)
Other non operating income	(31,59,148)	(32,42,116)
Loss/(Gain) on exchange fluctuation	(53,133)	(35,16,617)
Interest Income	(87,77,771)	(59,94,971)
Sundry Balance Written Off	75,13,160	19,33,454
<b>Operating profit before working capital changes</b>	<b>49,26,06,735</b>	<b>58,92,05,607</b>
<b>Movement in working capital:</b>		
Increase/(Decrease) in Trade Payables & Other Current Liabilities	4,38,87,382	20,98,49,597
Increase/(Decrease) in Provisions	(35,45,490)	(6,55,94,821)
(Increase)/Decrease in Trade Receivables	1,01,09,730	5,43,77,802
(Increase)/Decrease in Loans and advances	(2,01,55,454)	5,15,00,993
(Increase)/Decrease in Inventories	7,59,83,088	(24,92,01,968)
(Increase)/Decrease in Other Current Assets and other bank balances	(1,30,07,765)	(2,60,82,850)
(Increase)/Decrease in Other Non-Current Assets	(1,80,05,898)	1,53,69,606
<b>Cash generated from operations</b>	<b>56,78,72,328</b>	<b>57,94,23,965</b>
Direct Tax paid (Net of Refunds)	2,50,03,606	2,19,16,794
<b>Net cash inflow from/(used in) operating activities (A)</b>	<b>54,28,68,722</b>	<b>55,75,07,171</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of CWIP and Fixed Assets	(11,20,05,529)	(31,72,38,642)
Asset held for disposal	53,61,977	-
(Increase)/Decrease in Capital advances	10,09,274	6,30,937
Sale of Fixed Assets	13,13,607	1,86,81,054
Dividend receipt	31,18,650	31,18,650
Rent receipt	40,498	1,23,466
Interest Income	87,77,771	59,94,971
<b>Net cash from/ (used in) investing activities (B)</b>	<b>(9,23,83,752)</b>	<b>(28,86,89,564)</b>



## Consolidated Cash Flow Statement for the year ended March 31, 2014

(Amount in ₹)

Particulars	For the Year ended March 31, 2014	For the Year ended March 31, 2013
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/ (Decrease) in Borrowings and Other Long Term Liabilities	(19,15,56,905)	(2,08,16,486)
Dividend Paid	(2,38,20,388)	(2,36,63,107)
Interest paid (net)	(24,23,12,630)	(24,88,46,858)
<b>Net cash inflow from/(used in) financing activities (C)</b>	<b>(45,76,89,923)</b>	<b>(29,33,26,451)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(72,04,953)</b>	<b>(2,45,08,844)</b>
Cash and cash equivalents at the beginning of the year	3,58,40,465	6,03,49,309
Cash and cash equivalents at the end of the year	2,86,35,512	3,58,40,465
<b>Components of cash and cash equivalents</b>		
Cash on hand	8,60,602	7,89,600
With banks - on current account	2,61,13,836	3,33,58,160
- on unpaid dividend account	16,61,074	14,70,706
- on deposit account	-	2,22,000
<b>Total Cash and Cash equivalent (Note no. 15)</b>	<b>2,86,35,512</b>	<b>3,58,40,465</b>

As per our Report of even date attached

For S R DINODIA & CO. LLP.  
Chartered Accountants  
Regn. No. 001478N/N500005

for & on behalf of Board of Directors  
**ORIENT BELL LIMITED**

(Sandeep Dinodia)  
Partner  
M.NO. 083689

**Mahendra K. Daga**  
Chairman & Managing Director  
DIN 00062503

**Madhur Daga**  
Joint Managing Director  
DIN 00062149

**P M Mathai**  
Director  
DIN 05249199

**N R Srinivasan**  
Director  
DIN 00062317

Place : New Delhi  
Dated: 28-05-2014

**K M Pai**  
Executive Director  
DIN 011711860

**Yogesh Mendiratta**  
Company Secretary

**Jaywant M Puri**  
Vice President, Accounts & Finance

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

### NOTE 1 : CORPORATE INFORMATION

Orient Bell Limited (the Company) is a public company domiciled in India and incorporated under the provision of the Companies Act, 1956. Its shares are listed on two stock exchanges in India viz, NSE and BSE. The company is engaged in the manufacturing, trading and selling of reputed brand of ceramic and floor tiles.

### NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNT

#### Note 2.1 Accounting Convention

The financial statements of the company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared the financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for Buildings situated at Hoskote and Dora units which are carried at revalued amounts.

The audited/unaudited financial statements of foreign subsidiary have been prepared in accordance with the Generally Accepted Accounting Principle of its Country of Incorporation or International Financial Reporting Standards. The differences in accounting policies of the Company and its subsidiaries are not material and there are no material transactions in respect of subsidiary having financial year ended 31st March, 2014.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policies explained below.

#### Note 2.2 : The subsidiary company considered in the consolidated financial statements is :

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest as on 31.03.2014	Proportion of ownership interest as on 31.03.2013
ELIT International Trading (HK) Pvt. Ltd.	Hongkong	100%	100%

#### Note 2.3 : Principles of Consolidation

- A. The consolidated financial statements relate to Orient Bell Limited ('the Company') and its subsidiary company. The consolidated financial statements have been prepared on the following basis:
- The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".
  - In case of foreign subsidiary, being an integral foreign operations, revenue items are consolidated at the actual exchange rate prevailing on that date. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation gain/loss.
  - The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
  - Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
  - Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
  - The difference between the proceeds from disposal of investment in subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.
  - As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- B. Investments other than in subsidiaries have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

### NOTE 2.4 : Significant Accounting Policies and Notes to the Account

#### a) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets & liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could results in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

### b) Fixed Assets

Fixed Assets are recorded at their original cost of acquisition less accumulated depreciation. Cost is net of recoverable taxes 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 Statement of Profit & Loss.

### c) Intangible Assets

All expenditures, qualifying as Intangible Assets are amortized over estimated useful life. Specialized softwares are amortized over a period of 3 years.

### d) Depreciation/ Amortization

Depreciation is provided on straight-line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956 except on Plant & Machinery installed at Sikandrabad plant till 31st March 2011 which is provided as under:

=> For plant & machinery installed at Sikandrabad plant till 31st March 2011, rate has been calculated on the basis of estimated useful life.

=> Certain plants, subassemblies at Dora and Hoskote unit having limited life span of three years which have been written off over such life span.

The assets costing up to Rs. 5,000 are fully depreciated in the year of purchase. Leasehold properties are amortized over the lease period or its useful life, whichever is shorter.

### e) Revenue/Purchase Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### Sale of goods

Revenue from sale of goods is recognised when all the significant risk and rewards of ownership of the goods have been passed to the buyer, usually on the delivery of the goods. The company collects sales tax and value added tax on behalf of the government, therefore, these are not economic benefits flowing to the company, hence, these are excluded from the revenue. Further Trade discounts are excluded from the Revenue. Excise duty deducted from Revenue (Gross) is the amount that is included in the revenue (Gross) and not the entire amount of liability arising during the year.

#### Interest

Interest income is recognized on time proportion basis taking into account the amount outstanding and the applicable rate. Interest income is included under the head "Other Income" in the Statement of Profit and Loss.

#### Dividend

Dividend income from investments is recognised when the company's right to receive dividend is established by the reporting date.

#### Other Income

Export incentives and Rental Incomes are accounted on accrual basis.

Claims are accounted on acknowledgement from the appropriate authority.

Purchase of material is recognized on the basis of receipt of material in the factory premises.

### f) Borrowing Cost

Borrowing costs includes Interest, Amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest 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.

### g) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as Current Investments. All other investments are classified as Long Term Investments.

#### Initial Recognition

All investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

#### Carrying Amount of Investments

- Current Investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.
- Long Term Investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

### Disposal of Investments

The difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### h) CENVAT and Excise Duty

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. CENVAT credit availed has been credited to the respective cost of stores & spares and capital goods.

### i) 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, non refundable 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 cost, duties, taxes and all other costs incurred in bringing the inventory to their present location. Cost is determined on First In First Out (FIFO) basis.

### j) Translation of Foreign Currency items

#### Initial Recognition

Transactions denominated in Foreign Currencies are recorded at the exchange rate prevailing at the time of the transaction.

#### Exchange Differences

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss in the period in which they arise except in case of long term foreign currency monetary items, where the exchange differences arising on reporting of long term foreign currency monetary items, in so far as they relate to the acquisition of a depreciable capital asset, is added to or deducted from the cost of the asset and depreciated over the balance life of the asset, and in other cases, is accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term asset or liability, by recognition as income or expense in each of such periods.

#### Conversion

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.

### k) Taxes on Income

Tax expense comprises current tax and deferred tax.

#### Current Tax

Current Tax is measured and expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessment/appeals. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current Income Tax relating to the items recognised directly in equity is recognised in equity and not in the statement of Profit and Loss.

#### Deferred Tax

Deferred tax reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current Income Tax relating to the items recognised directly in equity is recognised in equity and not in the statement of Profit and Loss. 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.

#### Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in the year is charged to the statement of profit and loss as current tax. The company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT credit entitlement". The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

### l) Employee Benefits

#### (a) Short-term employee benefit

Short-term employee benefits including short term compensated absences are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which related service is rendered. Terminal benefits are recognized as an expense immediately.

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

### (b) Defined Contribution Plan

Contributions payable to recognised provident fund, employee state insurance scheme and superannuation scheme, which are substantially defined contribution plans, are recognised as expense in the Statement of Profit and Loss, as they incurred.

In addition to the provident fund contribution to Govt. provident funds, the Company is also having its own provident fund irrevocable trust to which contributions of certain employees along with the corresponding employer contributions are deposited within the specified time.

Certain employees of Dora and Hoskote Units are covered by a superannuation fund benefit of Life Insurance Corporation of India at a company contribution 15% of basic salary. This is a defined contribution scheme and the contributions are charged to Statement of Profit and Loss of the year when the contribution to the fund is due. There are no obligations other than the contribution payable to the fund.

### (c) Defined Benefit Plan

The obligation in respect of defined benefit plans, which cover Gratuity, are provided for on the basis of an actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss.

The company through its trust has taken a policy, for employees of Head Office and Sikandrabad Unit, with Kotak Mahindra Old Mutual Life Insurance Ltd. to cover the gratuity liability of the employees.

For the employees at Dora and Hoskote unit, company has taken an Employees' Gratuity Scheme which is a defined benefit plan of Life Insurance Corporation of India.

### (d) Other Long-term Benefits

Long term compensated absences are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss.

On the basis of Company's policy, compensated absences up to 60 days are recognised as long term employee benefit and compensated absences beyond 60 days, if any are to be recognised as short term employee benefit.

### m) Impairment of Assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the recoverable amount is determined. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses of continuing operations, including impairment on Inventories, are recognised in the statements of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to Revaluation Reserve. In this case, the impairment is also recognised in the revaluation reserve upto the amount of any previous revaluation.

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

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the Assets recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as revaluation increase.

### n) 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.

### o) Lease

Leases, where lessor effectively retains substantially all the risk and benefits of ownership of the leased item, are classified as Operating Lease. Operating lease payments are recognised as an expense in the statement of profit and loss on straight - line- basis over the leased term.

### p) 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.

### q) Cash flow Statement

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

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

## NOTE 3 : SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Authorised:</b>		
4,00,00,000 (March 31, 2013: 4,00,00,000) Equity Shares of ₹ 10/- each	40,00,00,000	40,00,00,000
1,50,00,000 (March 31, 2013: 1,50,00,000) Non Convertible Redeemable Cumulative Preference Shares of ₹ 10/- each	15,00,00,000	15,00,00,000
	<b>55,00,00,000</b>	<b>55,00,00,000</b>
<b>Issued, Subscribed &amp; Paid-up:</b>		
1,35,73,451 (March 31, 2013: 1,35,73,451) Equity Shares of ₹ 10/- each fully paid up	13,57,34,510	13,57,34,510
	<b>13,57,34,510</b>	<b>13,57,34,510</b>

## (a) Reconciliation Statement of Equity Share Capital

(Amount in ₹)

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount	No. of Shares	Amount
Balances of Shares at the beginning of the year	1,35,73,451 *	13,57,34,510 *	1,05,30,000	10,53,00,000
Add:- Addition during the year	-	-	30,43,451	3,04,34,510
Less:- Buy back during the year	-	-	-	-
Balances of Shares at the end of the year	<b>1,35,73,451</b>	<b>13,57,34,510</b>	<b>13,573,451</b>	<b>13,57,34,510</b>

\* The above includes equity shares 30,43,451 nos ₹ 3,04,34,510 which were allotted during 2012-13 pursuant to the schemes of amalgamation without payments being received in cash.

## (b) Terms/right attached to Equity Shares

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2014, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 0.50 per share (March 31, 2013: ₹1.50 per share). In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## (c) Details of shareholder holding more than 5 percent shares in the company

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 10 each fully paid up				
Mr. M K Daga	28,78,079	21.20%	28,78,079	21.20%
Mr. Madhur Daga	10,23,264	7.54%	10,23,264	7.54%
Good Team Investment & Trading Company Pvt Limited	23,62,914	17.41%	23,62,914	17.41%
Orient Bell Holding Trust	20,79,100	15.32%	20,79,100	15.32%

## (d) Shares reserved for issue under Options

Particulars	As at March 31, 2014	As at March 31, 2013
	No. of Shares	No. of Shares
Equity Shares of ₹10 each	9,40,000	-

### Terms and Conditions of Options Granted

- (i) Each Option entitles the holder thereof to apply for and be allotted one equity share of the company of ₹10 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the options and expires at the end of 3rd year from the date of vesting in respect of options granted under the Orient Bell Employees Stock Option Scheme-2013.
- (ii) The Employees Stock Options will be granted in three annual tranches of 30%, 35% and 35% of the total options per employee provided such employee shall fulfill the eligibility criteria for each year as decided by Compensation Committee from time to time.
- (iii) The details of the grant is as under:

Grant Date	Sept. 2, 2013
No. of options granted	2,63,100
No. of options accepted by the employees	2,59,500
Exercise Price	Nil
Vesting commenced on	Sept. 2, 2013
Vesting end on	Sept. 1, 2014
No of Options (granted and accepted) outstanding at the beginning of the year	Nil
Options granted and accepted during the year	2,59,500
Options Lapsed during the year	Nil
No of Options (granted and accepted) outstanding at the end of the year of which-	2,59,500
Options vested	Nil
Options yet to be vested	2,59,500

- (iv) In respect of stock options granted pursuant to the Company's stock options scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation over the vesting period.
- (v) Expense on Employee Stock Option Schemes debited to the Statement of Profit and Loss during 2013-14 is ₹ 78,08,142 (2012-13 : Nil) pursuant to employee stock option scheme (refer Note 20).
- (vi) Had fair value method been adopted for expensing the compensation arising from employee share-based payment plans: The employee compensation charge debited to the Statement of Profit and Loss for the year 2013-14 would have been lower by ₹ 20,32,667 (2012-13: Nil).  
Basic EPS before extraordinary items would have increased by ₹ 0.12.  
Basic EPS after extraordinary items would have increased by ₹ 0.12.  
Diluted EPS before extraordinary items would have increased by ₹ 0.12.  
Diluted EPS after extraordinary items would have increased by ₹ 0.12.
- (vii) Weighted average fair values of options granted during the year is ₹ 38.50 (2012-13: Nil).
- (viii) The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Sr. No.	Particulars	2013-2014	2012-2013
1	Weighted average risk -free interest rate	7.57%	Nil
2	Weighted average expected life of options	1year	Nil
3	Weighted average expected volatility	3.14%	Nil
4	Weighted average expected dividend yield of the option	1.28%	Nil
5	Weighted average share price	₹ 39.00	Nil
6	Weighted average exercise price	Nil	Nil
7	Method used to determine expected volatility	Expected volatility is based on the historical cost of the company's share price applicable to the total expected life of each option.	



## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

## NOTE 4 : RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Capital Reserve</b>		
Balances at the beginning of the year	25,58,279	25,50,830
Add:- Addition on account of Amalgamation	-	-
Add:- Addition on consolidation	-	7,449
Less:- Deletion / Utilization during the year	-	-
Balances at the end of the year (A)	25,58,279	25,58,279
<b>Capital Restructuring</b>		
Balances at the beginning of the year	46,15,903	46,15,903
Add:- Addition on account of Amalgamation	-	-
Less:- Deletion / Utilization during the year	-	-
Balances at the end of the year (B)	46,15,903	46,15,903
<b>Amalgamation Reserve</b>		
Balances at the beginning of the year	9,13,03,550	9,13,03,550
Add:- Addition on account of Amalgamation	-	-
Less:- Deletion / Utilization during the year	-	-
Balances at the end of the year (C)	9,13,03,550	9,13,03,550
<b>Securities Premium</b>		
Balances at the beginning of the year	10,00,00,000	10,00,00,000
Add:- Addition on account of Amalgamation	-	-
Less:- Deletion / Utilization during the year	-	-
Balances at the end of the year (D)	10,00,00,000	10,00,00,000
<b>Revaluation Reserve</b>		
Balances at the beginning of the year	63,41,65,202	64,71,59,521
Add:- Addition on account of Amalgamation	-	-
Less:- Deletion during the year	-	52,42,641
Less:- Adjusted against depreciation for the year	77,10,972	77,51,678
Balances at the end of the year (E)	62,64,54,230	63,41,65,202
<b>Share Options Outstanding account:</b>		
<b>Employee Stock Options Outstanding:</b>		
Balances at the beginning of the year	-	-
Add:- Addition during the year	1,35,06,975	-
Less:- Lapse during the year	-	-
Balances at the end of the year	1,35,06,975	-
<b>Less:- Deferred employee compensation expense:</b>		
Balances at the beginning of the year	-	-
Add:- Addition during the year	56,98,833	-
Less:- Deletion during the year	-	-
Balances at the end of the year (F)	56,98,833	-
	78,08,142	-
<b>General Reserve</b>		
Balances at the beginning of the year	47,36,09,961	46,37,77,035
Add:- Addition during the year	-	98,38,711
Add:- Addition on account of Amalgamation	-	-
Less:- Deletion / Utilization during the year	-	-
Balances at the end of the year (G)	47,36,09,961	47,36,15,746
<b>Surplus / (Deficit) in the statement of Profit &amp; Loss</b>		
Balances as per last Financial statements	31,18,49,916	24,71,21,905
Add:- Profit for the year	2,03,48,609	9,83,87,110
Less:- Appropriations during the year		
- Proposed Dividend on Equity Shares [Dividend per share ₹0.50 (March 31,2013: ₹1.50)]	67,86,726	2,03,60,177
- Tax on Proposed Dividend	11,53,404	34,60,212
- Transfer to General Reserve	-	98,38,711
Balance at the end of the year (H)	32,42,58,395	31,18,49,916
<b>Total Reserves &amp; Surplus (A+B+C+D+E+F+G+H)</b>	<b>163,06,08,460</b>	<b>161,81,08,596</b>

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

## NOTE 5 : LONG TERM BORROWINGS

(Amount in ₹)

Particulars	Non-current		Current Maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Term Loans</b>				
<b>From Banks</b>				
Corporate loans (secured)	37,35,09,789	38,24,40,789	16,68,69,000	15,04,19,889
Buyers Credit (secured)	13,82,96,016	4,02,61,160	-	-
Vehicle loans (secured)	30,88,421	53,44,494	44,24,100	68,65,479
Corporate loans (unsecured)	2,47,44,490	4,59,82,238	97,20,076	72,60,925
<b>From Financial Institutions</b>				
Corporate loans (unsecured)	8,86,00,000	7,86,00,000	-	-
<b>Other Loans And Advances</b>				
From Related Parties (unsecured) (Refer Note No. 26)	15,00,00,000	16,33,99,400	-	-
Trade Deposits (Unsecured)	10,68,05,217	11,07,75,217	-	-
	<b>88,50,43,933</b>	<b>82,68,03,298</b>	<b>18,10,13,176</b>	<b>16,45,46,293</b>
<b>The above amounts includes -</b>				
Secured Borrowings	51,48,94,226	42,80,46,443	17,12,93,100	15,72,85,368
Unsecured Borrowings	37,01,49,707	39,87,56,855	97,20,076	72,60,925
Amount disclosed under "Other Current Liabilities" (Note 7)	-	-	(18,10,13,176)	(16,45,46,293)
<b>Total Borrowings</b>	<b>88,50,43,933</b>	<b>82,68,03,298</b>	<b>-</b>	<b>-</b>

## a. The nature of Security for Secured Loans are :

- (i) The above secured corporate loans ₹ 54,03,78,789 (March 31, 2013: ₹ 53,28,60,678 ) is secured by way of first pari passu charge on entire fixed assets excluding assets having specific charge, both present and future, and collaterally by way of second pari passu charge on the current assets of the company. These pertains to various bankers namely, IDBI Bank, Axis Bank and Exim Bank.
- (ii) The buyer's credit of ₹ 13,82,96,016 (March 31, 2013: ₹ 4,02,61,160 ) is secured by way of first pari passu charge on entire fixed assets excluding assets having specific charge, both present and future, and collaterally by way of second pari passu charge on the current assets of the company. The said facility is provided by Tata Capital Financial Services Ltd. arranged through ING Vysya Bank Ltd.
- (iii) Vehicle loans are secured by way of hypothecation of respective vehicles.

## b. Maturity profile of Secured Term Loans are as set out below :

(Amount in ₹)

Particulars	2014-15	2015-16	2016-17	Beyond 2017-18
(i) Term loan from banks are repayable in monthly/quarterly/yearly installments.	16,68,69,000	18,27,81,789	13,07,28,000	6,00,00,000
(ii) Vehicle loans from banks are repayable in monthly installments.	44,24,099	20,12,419	6,38,147	4,37,855
(iii) Buyers Credit	-	9,07,96,016	3,00,00,000	1,75,00,000

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

### c. The nature of guarantee for Unsecured Loans are :

- (i) Unsecured loan from Bank is secured against property of Promoter at Kolkata.
- (ii) Unsecured loan from financial institution is secured by pledge of the shares belonging to Promoters, other than their holding in the Company.

### d. Maturity profile of Unsecured Term Loans are as set out below :

(Amount in ₹)

Particulars	2014-15	2015-16	2016-17	Beyond 2017-18
(i) Term loan from bank is repayable in monthly/ quarterly installments.	97,20,076	1,10,61,764	1,25,88,645	10,94,081
(ii) Loan from Financial Institutions is repayable on maturity.	-	8,86,00,000	-	-

(iii) Loans & Advances from Related Parties are repayable at the prerogative of the company.

(iv) Trade deposits are repayable on cessation of business transaction with dealers.

## NOTE 6 : DEFERRED TAX LIABILITIES / (ASSETS) (NET)

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Deferred Tax Liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	10,87,10,352	11,89,16,700
Others	-	9,61,049
<b>Gross Deferred Tax Liability</b>	<b>10,87,10,352</b>	<b>11,98,77,749</b>
<b>Deferred Tax Assets</b>		
Unabsorbed Depreciation / Business Loss	12,65,642	3,68,02,259
Provision for Doubtful Debts	63,18,202	63,18,202
Provision for diminution in value of assets	16,32,625	-
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	90,38,224	92,88,526
<b>Gross Deferred Tax Assets</b>	<b>1,82,54,693</b>	<b>5,24,08,987</b>
<b>Net Deferred Tax Liabilities/ (Assets)</b>	<b>9,04,55,659</b>	<b>6,74,68,763</b>

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

### NOTE 7 : OTHER LIABILITIES

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Trade Payables</b> (refer note (a) below for details of dues to micro and small enterprises)	83,41,516	-	110,52,43,526	107,12,60,038
<b>Others</b>				
Current maturities of long-term borrowings (Refer note 5)	-	-	18,10,13,176	16,45,46,293
Interest Accrued but not due	-	-	1,34,31,273	1,31,818
Unpaid dividends (refer note (b) below)	-	-	16,57,161	14,66,792
<b>Other Payables</b>				
Statutory Dues Payable	-	-	11,95,54,878	14,78,18,011
Other Liabilities	28,49,138	25,89,859	7,79,58,469	6,97,84,744
	28,49,138	25,89,859	39,36,14,957	38,37,47,658
	1,11,90,654	25,89,859	149,88,58,483	145,56,01,931

#### a) Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payments made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

(b) It does not include any amount due to be transferred to Investor Education and Protection Fund.

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

## NOTE 8 : PROVISIONS

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Provisions for Employee Benefits</b>				
Leave Encashment	1,12,80,877	1,35,60,937	24,05,056	54,41,957
<b>Other Provisions</b>				
Proposed Dividend	-	-	67,86,726	2,03,60,177
Provision for tax on Proposed dividend	-	-	11,53,404	34,60,212
Provision for equalised rent	15,98,015	-	7,75,733	4,98,731
Provision for Income Tax [Net of Advance Tax: ₹1,87,41,288 (March 31, 2013 : ₹ 2,53,19,320)]	-	-	-	1,09,04,186
Provision for Wealth Tax [Net of Advance Tax: Nil (March 31, 2013: Nil)]	-	-	1,60,200	1,55,180
	<b>1,28,78,892</b>	<b>1,35,60,937</b>	<b>1,12,81,119</b>	<b>4,08,20,443</b>

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>a) Contingent liabilities</b>		
Claims against company not acknowledged as debt	11,40,50,838	6,84,94,055
Letter of Credit	17,95,54,105	37,19,28,695
Bank Guarantee (Net of Margin)	78,04,595	70,30,362
<b>b) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	1,25,17,200

## NOTE 9 : SHORT TERM BORROWINGS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Loans from Banks (secured)</b>		
Cash Credit	40,46,68,808	84,63,91,139
Working Capital Demand Loan	33,50,00,000	13,00,00,000
<b>Total Short Term Borrowings</b>	<b>73,96,68,808</b>	<b>97,63,91,139</b>

The nature of Security for borrowings are as under:

- The Company has a consortium of various bankers namely State Bank of India, Punjab National Bank, IDBI Bank, ING Vysya Bank, Axis Bank and IndusInd Bank (hereafter called the "Consortium") for secured loans borrowings.
- The above loans are primarily secured by way of first pari passu charge on entire current assets of the company and collaterally by way of second pari passu charge on the entire fixed assets excluding assets having specific charge, both present & future.
- Loans from Banks is repayable on demand and carries interest rate ranges from 10.70% to 12.25% p.a.

# Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

## NOTE 10 : FIXED ASSETS

NOTE 10 : FIXED ASSETS										(Amount in ₹)	
Particulars	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK		
	As at April 1, 2013	Addition During the Year	Deduction / Adjustments During the Year	As at March 31, 2014	As at April 1, 2013	For the Year	Deduction/ Adjustments During the Year	Charged to Revaluation Reserve	As at March 31, 2014	As at March 31, 2013	
A. Tangible Assets											
Land											
- Freehold	58,17,66,274	-	-	58,17,66,274	-	-	-	-	58,17,66,274	58,17,66,274	
- Leasehold	2,25,40,060	-	-	2,25,40,060	33,58,430	2,73,925	-	-	36,32,355	1,91,81,631	
Buildings											
- Factory	78,69,75,411	14,63,543	-	78,84,38,954	27,02,23,642	1,77,01,885	-	73,17,031	29,52,42,559	49,31,96,395	
- Others	5,10,80,103	4,96,630	-	5,15,76,733	86,64,803	11,68,846	-	3,93,941	1,02,27,590	4,24,15,300	
Leasehold Improvements	2,55,47,330	26,89,932	-	2,82,37,262	1,01,46,684	51,28,352	-	-	1,52,75,036	1,29,62,226	
Plant and Equipment	345,22,44,886	24,88,25,607	43,43,597	369,67,26,896	243,85,81,006	15,41,05,712	25,88,894	-	259,00,97,823	110,66,29,073	
Furniture and fixtures	5,97,88,042	3,26,236	3,41,331	5,97,72,946	2,81,41,101	47,37,065	2,69,463	-	3,26,08,703	3,16,46,941	
Vehicles	4,52,14,424	50,18,476	93,88,065	4,08,44,835	1,42,67,663	41,45,168	27,25,086	-	1,56,87,745	2,51,57,091	
Office Equipments	2,68,68,664	34,66,933	32,200	3,03,03,397	1,36,78,367	11,89,434	7,434	-	1,48,60,367	1,54,43,030	
Computers	4,45,25,955	56,39,493	-	5,01,65,448	3,48,18,012	26,42,222	-	-	3,74,60,234	1,27,05,214	
Total	509,65,51,149	26,79,26,851	1,41,05,193	535,03,72,807	282,18,79,708	19,10,92,609	55,90,878	77,10,972	301,50,92,412	227,46,71,443	
B. Intangible Assets											
Computer software	2,81,68,226	10,03,866	-	2,91,72,092	2,21,64,417	30,46,036	-	-	2,52,10,453	60,03,809	
Total	2,81,68,226	10,03,866	-	2,91,72,092	2,21,64,417	30,46,036	-	-	2,52,10,453	60,03,809	
C. Capital Work in Progress											
CWIP	18,32,50,815	13,97,42,540	27,49,91,723	4,80,01,632	-	-	-	-	-	18,32,50,815	
Total	18,32,50,815	13,97,42,540	27,49,91,723	4,80,01,632	-	-	-	-	-	18,32,50,815	

### Notes:

- Assets acquired on account of Amalgamation includes Land & Building (Dora & Hoskote units) of erstwhile Bell Ceramics Limited which was revalued based on the report by certified valuers as at December 31, 2010 (Other Land & Buildings being insignificant and not having change in value). The historical cost of Land and Building was ₹ 2,24,65,291 and ₹ 31,87,04,446 and their fair values were determined as ₹ 44,49,02,600 and ₹ 56,11,59,900 respectively and therefore an equivalent amount has been credited to Revaluation Reserve account. The method adopted by the certified valuer for both the units for revaluation purpose, was Fair Market Value Method. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the company recoups such additional depreciation out of Revaluation reserve. During the year, consequent to said revaluation there is an additional charge of depreciation of ₹ 77,10,972 (March 31, 2013: ₹ 77,51,678) and an equivalent amount has been withdrawn from Revaluation Reserve and credited to Statement of Profit and Loss.
- During the year, the Company has adopted the option given under Para 46A of Accounting Standard-11 "The Effects of Changes in Foreign Exchange Rates". Accordingly, additions in Plant and Machinery includes ₹ 2,16,76,005 ( March 31, 2013: Nil) on account of exchange fluctuation.
- Vehicles include an adjustment of net written down value of ₹ 53,61,977 on account of reclassification of 'fixed assets held for sale' as other current assets (Refer note 14.2).
- Details of Capital Work in Progress:**

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Buildings- Others	1,35,357	51,93,504
Plant and Equipment	4,37,77,181	17,80,57,312
Lease Hold Improvement	-	-
Royalty	11,27,269	-
Patents	11,55,000	-
Furniture and fixtures	6,86,000	-
Software	78,325	-
	10,42,500	-
<b>Total</b>	<b>4,80,01,632</b>	<b>18,32,50,816</b>

- Additions during the year and capital work-in-progress include ₹ NIL (March 31, 2013: ₹ 57,16,792) being borrowing cost capitalised in accordance with Accounting Standard (AS) 16 on "Borrowing Costs" as specified in the Companies (Accounting Standards) Rules, 2006. Asset wise break-up of borrowing cost capitalised is as follows:

(Amount in ₹)

Asset Class	As at March 31, 2014	As at March 31, 2013
Plant and Equipment	-	2,23,728
Capital Work in Progress:-		
Plant and Equipment	-	54,93,064
<b>Total</b>	<b>-</b>	<b>57,16,792</b>

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

## NOTE 11 : NON-CURRENT INVESTMENTS

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Non- Trade investments (Valued at Cost, unless stated otherwise)		
Investment in Controlled Entity		
Investment in Orient Bell Holding Trust	20,22,75,807	20,22,75,807
	20,22,75,807	20,22,75,807

## NOTE 12 : LOANS AND ADVANCES

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Capital Advances</b>				
Unsecured, considered good	-	10,09,274	-	-
(A)	-	10,09,274	-	-
<b>Security Deposits</b>				
Unsecured, considered good*	6,59,67,273	3,84,13,836	5,52,80,156	6,02,61,068
(B)	6,59,67,273	3,84,13,836	5,52,80,156	6,02,61,068
<b>Loan and Advances to Related Parties (Refer Note No. 26)</b>				
Unsecured, considered good	-	-	-	-
(C)	-	-	-	-
<b>Advance Recoverable in cash or in Kind</b>				
Unsecured - considered good	-	-	2,24,84,616	3,62,58,138
Unsecured - considered doubtful	-	-	-	-
	-	-	2,24,84,616	3,62,58,138
Less: Provision for doubtful advances	-	-	-	-
(D)	-	-	2,24,84,616	3,62,58,138
<b>Other Loans and Advances</b>				
Advance Income Tax [Net of Provisions ₹ 6,87,06,684 (March 31, 2013 : Nil)]	1,87,25,288	1,42,35,239	-	-
Advance Wealth Tax	50,516	50,516	-	-
Balance with Government Authorities	4,37,81,691	4,37,81,691	42,44,734	20,49,084
MAT Credit Entitlement	8,25,72,212	8,98,81,324	1,69,55,689	-
Interest Accrued on Security Deposit	-	-	32,65,067	13,87,669
Prepaid expenses	95,533	-	1,70,54,054	1,09,56,382
Advances to Employees	-	-	38,98,036	1,28,56,878
(E)	14,52,25,239	14,79,48,770	4,54,17,581	2,72,50,013
<b>Total Loans &amp; Advances (A+B+C+D+E)</b>	<b>21,11,92,512</b>	<b>18,73,71,880</b>	<b>12,31,82,353</b>	<b>12,37,69,218</b>

\* Out of the above security deposit ₹ 8,38,035 (March 31, 2013: ₹ 9,93,035) pertains to the related parties.

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

## NOTE 13 : INVENTORIES

(Amount in ₹)

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Materials	9,46,90,800	9,39,57,147
Work In Progress	4,67,22,280	2,23,20,137
Finished Goods	77,49,81,956	83,40,39,504
Traded Goods	16,86,36,913	20,66,76,134
Good In Transit- Traded Goods	17,83,058	-
Packing Material	1,67,71,374	85,01,679
Stores and Spares	13,51,40,999	14,13,39,109
Good In Transit- Others	81,23,895	1,60,00,653
	124,68,51,274	132,28,34,362

## NOTE 14 : TRADE RECEIVABLES &amp; OTHER ASSETS

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>14.1 - TRADE RECEIVABLES</b>				
(Unsecured, considered good unless stated otherwise)				
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	-	-	1,13,94,395	85,26,665
Unsecured, considered good	-	-	1,09,43,610	3,33,09,416
Unsecured, Doubtful	-	-	1,94,73,576	1,94,73,576
	-	-	4,18,11,581	6,13,09,657
Less: Provision for doubtful receivables	-	-	1,94,73,576	1,94,73,576
(A)	-	-	2,23,38,006	4,18,36,081
<b>Other Receivables</b>				
Secured, considered good	-	-	3,30,20,431	3,82,03,718
Unsecured, considered good	-	-	66,82,58,209	65,36,86,577
(B)	-	-	70,12,78,640	69,18,90,295
(A+B)	-	-	72,36,16,646	73,37,26,376
<b>14.2 - OTHER ASSETS</b>				
(Unsecured, considered good unless stated otherwise)				
Non-current bank balances (refer note 15)	2,26,05,665	53,93,452	-	-
<b>Others</b>				
Interest accrued on fixed deposits	13,29,629	5,35,944	18,79,727	33,76,237
Export incentive recoverable	-	-	2,95,088	4,38,301
Advances to Suppliers	-	-	1,35,62,420	1,39,52,374
Fixed assets held for sale	-	-	53,61,977	-
Less: Provision for diminution in value	-	-	(50,31,977)	-
	2,39,35,294	59,29,396	1,60,67,235	1,77,66,912



## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

## NOTE 15 : CASH &amp; BANK BALANCES

(Amount in ₹)

Particulars	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Cash &amp; Cash Equivalents</b>				
Balances with Banks :				
In Current Account	-	-	2,61,13,836	3,33,58,160
Deposits with original maturity of less than three months	-	-	-	2,22,000
In Unpaid Dividend Account	-	-	16,61,074	14,70,706
Cash on hand	-	-	8,44,074	7,59,603
Foreign Currency on Hand	-	-	16,528	29,997
(A)	-	-	2,86,35,512	3,58,40,465
<b>Others Bank Balances</b>				
Deposits with original maturity of more than 3 months but less than 12 months	-	-	4,48,99,540	2,69,42,741
Deposits with original maturity of more than 12 months	2,26,05,665	53,93,452	78,20,681	1,61,02,015
	2,26,05,665	53,93,452	5,27,20,221	4,30,44,756
Amount disclosed under non-current assets (refer note 14.2)	2,26,05,665	53,93,452	-	-
(B)	-	-	5,27,20,221	4,30,44,756
<b>Total (A+B)</b>	-	-	8,13,55,733	7,88,85,221

- a) Fixed Deposits with a carrying amount of ₹ 7,49,66,808 (March 31, 2013: ₹ 4,82,89,861) are subject to first charge to secure the Company's loans from banks.
- b) Fixed Deposits with a carrying amount of ₹ 3,59,078 (March 31, 2013: ₹ 3,70,347) are pledged with Government Authorities.

## NOTE 16 : REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Sale of Product</b>		
Finished Goods	472,66,11,292	451,75,27,245
Traded Goods	160,80,82,977	167,58,54,302
<b>Other Operating Revenues</b>		
Miscellaneous Sale	94,95,679	1,07,95,486
Export Incentives	983	7,36,248
<b>Revenue from operations (gross)</b>	<b>634,41,90,931</b>	<b>620,49,13,281</b>
Less: Excise duty*	49,74,87,665	46,78,88,731
<b>Revenue from operations (Net)</b>	<b>584,67,03,265</b>	<b>573,70,24,550</b>

\* Excise Duty on Sales amounting to ₹ 49,74,87,665 (March 31, 2013: ₹ 46,78,88,731) has been reduced from Sales and Excise Duty on increase/(decrease) in stock amounting to ₹ (2,21,55,803) (March 31, 2013: ₹ 2,44,50,502) has been considered as Expense in Note No. 23 of Financial Statement.

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
a) Details of products sold		
Finished goods sold		
Tiles	472,66,11,292	451,75,27,245
Traded goods sold		
Tiles	160,80,82,977	167,58,54,302
Others	-	-
b) FOB Value of exports	22,294	1,45,31,938

## NOTE 17 : OTHER INCOME

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Income		
On Fixed deposits	61,91,367	32,44,802
On Income Tax Refund	3,60,938	10,08,016
Others	22,25,466	17,42,153
Other non-operating income	58,38,778	2,50,85,178
	1,46,16,549	3,10,80,148

## NOTE 18 : COST OF RAW MATERIAL CONSUMED

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Raw Material		
Balances of Raw Material at the beginning of the Year	9,39,57,147	13,68,11,503
Add:- Purchases during the year	96,67,46,019	95,43,97,429
Less:- Balances of Raw Material at the end of the Year	9,46,90,800	9,39,57,147
Total Raw Material Consumption	96,60,12,366	99,72,51,785
a) Details of Raw Materials Consumed		
Clay & Minerals	37,92,84,455	36,08,96,736
Chemicals & Glaze Materials	58,67,27,911	63,63,55,049
	96,60,12,366	99,72,51,785
b) C.I.F. Value of Imports		
Raw Material	4,49,64,195	5,54,39,843
Traded Goods	2,71,090	7,24,32,282
Capital Goods & Others	1,73,47,499	14,17,78,617
Stores & Spares	3,01,75,776	3,84,78,697
	9,27,58,560	30,81,29,439

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Percentage	Amount	Percentage	Amount
c) Consumption of indigenous & imported raw material				
Indigenous	96.52%	93,24,13,694	96.55%	96,28,94,121
Imported	3.48%	3,35,98,672	3.45%	3,43,57,664

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

## NOTE 19 : (INCREASE) / DECREASE IN INVENTORIES

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Inventories at the beginning of the year</b>		
Work-in-progress	2,23,20,137	1,79,21,954
Finished goods		
Manufacturing Goods	83,40,39,504	65,39,52,661
Traded Goods	20,66,76,134	10,62,03,285
(A)	<b>106,30,35,775</b>	<b>77,80,77,899</b>
<b>Inventories at the end of the year</b>		
Work-in-progress	4,67,22,280	2,23,20,137
Finished goods		
Manufacturing Goods	77,49,81,956	83,40,39,504
Traded Goods	16,86,36,913	20,66,76,134
(B)	<b>99,03,41,149</b>	<b>106,30,35,775</b>
(Increase) / Decrease in Inventory (B-A)	<b>7,26,94,626</b>	<b>(28,49,57,875)</b>
<b>a) Details of Purchases of Traded Goods</b>		
<b>Indigenous Goods</b>		
Tiles	142,04,47,339	152,90,53,544
<b>Imported Goods</b>		
Tiles	3,49,999	9,91,18,463
	<b>142,07,97,338</b>	<b>162,81,72,007</b>
<b>b) Details of Inventories</b>		
<b>Work In Progress</b>		
Tiles	4,67,22,280	2,23,20,137
<b>Traded Goods</b>		
Tiles	16,86,04,812	20,66,29,137
Others	32,101	46,997
<b>Manufactured</b>		
Tiles	77,49,81,956	83,40,39,504

## NOTE 20 : EMPLOYEE BENEFIT EXPENSE

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries, Wages & Bonus	51,55,46,620	49,89,95,132
Contribution to Provident and Other fund	1,81,19,194	1,72,63,912
Expense on employee stock option schemes	78,08,142	-
Gratuity Expense (Refer note below)	2,08,633	88,81,212
Staff Welfare Expenses	1,95,51,325	1,93,49,016
	<b>56,12,33,914</b>	<b>54,44,89,272</b>

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

### a) Employees Benefits

The company has classified the various benefit provided to employees as under-

#### (i) 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 Statement of profit and loss account under company's contribution to defined contribution plan.

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Employer's Contribution to Provident Fund/ Pension Fund	1,41,20,539	1,35,55,237
Employer's Contribution to State Insurance	34,42,723	34,16,228

The contribution payable to these schemes by the Company are at the rates specified in the rules of the schemes.

#### (ii) Defined Benefit plans and Other Long term Benefits

a) Contribution to Gratuity Funds- Employee's Gratuity Fund.

b) Leave encashment/ compensated absence (Long Term)

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation was carried out in respect of the aforesaid defined benefit plans and other long term benefits based on the following assumptions:

#### I. Changes in present value of Defined Benefit obligations :

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit obligation as at the beginning of the year	4,96,63,100	1,62,10,818	4,95,34,779	1,50,82,130
Current Service Cost	48,06,759	30,25,772	49,91,518	36,16,246
Interest Cost	44,69,679	14,58,974	39,62,782	12,06,570
Actuarial (gain) / loss on obligations	(69,01,808)	(32,196)	28,82,058	33,77,513
Excess of Actual over estimated	-	-	-	-
Benefits paid	(50,54,766)	(69,77,435)	(1,17,08,037)	(70,71,641)
<b>Defined Benefit obligation at the year end</b>	<b>4,69,82,964</b>	<b>1,36,85,933</b>	<b>4,96,63,100</b>	<b>1,62,10,818</b>

#### II. Change in the Fair Value of Plan Assets

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Gratuity (Funded)	Gratuity (Funded)
Opening Fair Value of Plan Assets	3,72,45,389	3,64,87,290
Expected Return on Plan Assets	32,58,972	29,55,470
Contribution by employer	299	3,25,981
Benefits paid	(7,70,187)	(25,23,029)
Actuarial gain/(loss) on Plan assets	(10,92,975)	(323)
<b>Closing fair value of Plan Assets</b>	<b>3,86,41,498</b>	<b>3,72,45,389</b>

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

### III. Reconciliation of present value of defined obligation and fair value of assets

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Present Value of Defined Benefit Obligation	(4,69,82,964)	(1,36,85,933)	(4,96,63,100)	(1,62,10,818)
Fair Value of Plan Assets	3,86,41,498	-	3,72,45,389	-
<b>Net Assets/(liability) recognised in Balance Sheet</b>	<b>(83,41,466)</b>	<b>(1,36,85,933)</b>	<b>(1,24,17,711)</b>	<b>(1,62,10,818)</b>

(Amount in ₹)

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Present Value of Defined Benefit Obligation	(4,95,34,779)	(1,51,25,405)	(3,22,41,220)	(37,88,179)
Fair Value of Plan Assets	3,64,75,904	-	1,98,83,437	-
<b>Net Assets/(liability) recognised in Balance Sheet</b>	<b>(1,30,58,875)</b>	<b>(1,51,25,405)</b>	<b>(1,23,57,783)</b>	<b>(37,88,179)</b>

(Amount in ₹)

Particulars	For the year ended March 31, 2010	
	Gratuity (Funded)	Leave Encashment (Unfunded)
Present Value of Defined Benefit Obligation	(2,70,97,237)	(32,59,169)
Fair Value of Plan Assets	1,55,74,823	-
<b>Net Assets/(liability) recognised in Balance Sheet</b>	<b>(1,15,22,414)</b>	<b>(32,59,169)</b>

### IV. Expenses/(Income) recognized in the statement of Profit & Loss

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Current service cost	48,06,759	30,25,772	49,91,518	36,16,246
Interest cost on benefit obligation	44,69,679	14,58,974	39,62,782	12,06,570
Expected return on plan assets	(32,58,972)	-	(29,55,470)	-
Actuarial (gain)/loss recognised during the year	(58,08,833)	(32,196)	28,82,381	61,69,589
<b>Net benefit expense</b>	<b>2,08,633</b>	<b>44,52,550</b>	<b>88,81,211</b>	<b>1,09,92,405</b>

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

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Gratuity (Funded)	Gratuity (Funded)
Insured with Kotak Mahindra Old Mutual Life Insurance Ltd/Life Insurance Corporation	99.97%	99.97%
Bank Balance	0.03%	0.03%

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

VI. The principal assumptions used in determining gratuity and leave liability for the Company's plans are as follows in percentage:

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Discount rate	9.00%	9.00%	8.00%	8.00%
Rate of Increase in compensation	5.60%	5.60%	5.50%	5.50%
Rate of return on Plan assets (for gratuity)	8.75%	-	8.10%	-
Mortality (Published notes under the LIC (1994 - 96) duly modified)	-	-	-	-

Note:

- (1) 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.
- (2) On account of short term leave encashment benefit, which is being recognised on the basis of actual eligibility of earned leave beyond 60 days, an expense of ₹ 8,75,000 (March, 31 2013: ₹ 27,92,076) has been recognised in addition to the expense recognised by Actuarial and a provision of ₹ Nil (March, 31 2013: ₹ 27,92,076) has been recognised in addition to the obligation recognised by Actuarial.

### NOTE 21 : FINANCE COST

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Expense	22,51,87,531	23,55,64,510
Exchange difference to the extent considered as an adjustment to borrowing cost	-	19,31,466
Interest on delayed payment of Income Tax	-	13,39,506
Other borrowing costs	1,71,25,099	1,13,50,882
	<b>24,23,12,630</b>	<b>25,01,86,365</b>

### NOTE 22 : DEPRECIATION AND AMORTISATION EXPENSE

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Depreciation and Amortisation	20,18,49,618	19,33,16,184
Less: Transferred from Revaluation Reserve (Refer Note 4)	(77,10,972)	(77,51,678)
	<b>19,41,38,646</b>	<b>18,55,64,506</b>

### NOTE 23 : OTHER EXPENSES

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Stores & Spares consumed	10,81,79,595	9,63,44,254
Packing Material Consumed	17,27,79,533	19,98,63,599
Increase/(Decrease) in Excise Duty	(2,21,55,803)	2,44,50,502
Gas & fuel	123,65,32,716	108,48,55,782
Electricity	15,95,46,290	14,15,23,743
Rent	5,37,95,017	4,46,26,892

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Hire Charges	3,40,40,015	2,99,22,999
Rates & Taxes	59,18,420	33,98,889
Insurance	-	8,18,210
Repair & Maintenance		
Plant & Machinery	1,72,14,427	1,84,59,890
Buildings	50,01,589	63,76,327
Other	1,29,49,815	1,29,42,596
Designing & Processing	55,88,906	56,32,679
Freight & Forwarding Charges	16,99,53,143	18,74,06,079
Advertisement and Sales Promotion	5,23,42,944	4,84,16,911
Discount	12,54,52,196	17,75,69,043
Sales Commission	5,84,27,954	5,68,06,910
Travelling & Conveyance	7,31,93,230	6,55,74,291
Communication Costs	1,47,32,657	1,30,91,659
Printing & Stationery	47,74,381	54,14,859
Legal & Professional Expenses	1,15,15,514	1,30,66,370
Director's Sitting fees & Other Expenses	25,63,037	14,36,451
Payment to the Auditors (refer note (b) below)	15,31,121	19,18,723
Sundry Balances written off	75,13,160	19,33,454
Loss on sale of fixed assets	18,38,733	-
Provision for diminution in value of asset held for sale	50,31,977	-
Miscellaneous expenses	3,99,16,227	3,11,12,757
	235,81,76,796	227,29,63,868

## a) Consumption of Imported stores and spares

(Amount in ₹)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Percentage	Amount	Percentage	Amount
Indigenous	75.61%	8,17,97,218	83.72%	8,06,58,713
Imported	24.39%	2,63,82,377	16.28%	1,56,85,541

## b) Payment to the Auditors

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
As Auditors	9,89,017	9,50,000
For Taxation matters	1,50,000	1,50,000
For other services	3,35,000	7,32,500
Reimbursement of Expenses	57,104	86,223
	15,31,121	19,18,723

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

### c) Gross expenditure in foreign currency (payment basis)

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Travelling	9,72,353	8,55,256
Designing & Processing	47,02,636	52,45,100
	56,74,989	61,00,356

### d) Operating Lease

The Company's significant lease agreements are in the nature of operating leases for premises used at various depots and showrooms. These lease agreements are cancellable by either parties thereto as per the terms and conditions of the agreements. In respect of these leases, lease rent of ₹ 5,37,67,705 (March 31, 2013: ₹ 4,46,26,892) including ₹ 23,73,748 (March 31, 2013 : ₹ 4,98,731) not leviable for the year as per the lease agreement, has been recognised on a straight line basis and the corresponding amount is accounted as provision under Note 8.

## NOTE 24 : EARNINGS PER SHARE (EPS)

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Basic Earnings per share</b>		
Profit/Loss attributable to the equity shareholders (A)	2,03,48,609	9,83,87,110
Weighted Average number of equity shares outstanding at the end of the year (B)	1,35,73,451	1,35,73,451
<b>Basic Earnings per share (A/B)</b>	<b>1.50</b>	<b>7.25</b>
<b>Diluted Earnings per share</b>		
Profit/(Loss) attributable to the equity shareholders	2,03,48,609	9,83,87,110
<b>Diluted Earnings (C)</b>	<b>2,03,48,609</b>	<b>9,83,87,110</b>
Weighted Average number of equity shares in calculating basic EPS	1,35,73,451	1,35,73,451
<b>Effect of Dilution:</b>		
Diluted no. of employee stock options	1,50,012	-
<b>Weighted Average number of equity shares in calculating Diluted EPS (D)</b>	<b>1,37,23,463</b>	<b>1,35,73,451</b>
<b>Diluted Earnings per Share (C/D)</b>	<b>1.48</b>	<b>7.25</b>

## NOTE 25 :

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.



## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

### NOTE 26 :

#### RELATED PARTY DISCLOSURE

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:

#### (i) Related Parties :

##### A Subsidiary Company

- (a) ELIT International Trading (HK) Pvt. Ltd.

##### B Enterprises owned or significantly influenced by Key Managerial Personnel ('KMP') or their relatives (only with whom the Company had transaction during the year)

- (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) Mahendra K. Daga - HUF

##### C Key Managerial Personnel (KMP)

- (a) Mr. Mahendra K. Daga, Chairman and Managing Director  
(b) Mr. Madhur Daga, Joint Managing Director

##### D Relatives of Key Managerial Personnel (only with whom the Company had transaction during the year)

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

#### (ii) Disclosure of transactions between the Company and related parties and status of outstandings as on March 31, 2014

(Amount in ₹)

Particulars	Subsidiary Company	Enterprises owned or significantly influenced by KMP or their relatives	Key Managerial Personnel	Relatives of Key Managerial Personnel
<b>Nature of Transaction</b>				
a) Loan Received	-	-	6,00,000	39,00,000
	(-)	(71,29,656)	(3,91,87,789)	(41,80,130)
b) Loan Given/Repaid	-	-	1,78,99,400	-
	(-)	(2,67,29,656)	(66,88,389)	(36,80,130)
c) Interest Payment	-	19,70,000	1,01,59,954	33,31,150
	(-)	(41,57,774)	(79,84,323)	(32,30,039)
d) Hire charges paid	-	4,82,000	-	-
	(-)	(18,37,000)	(-)	(-)
e) Rent Paid	-	24,30,000	12,00,000	24,000
	(-)	(12,24,105)	(-)	(24,000)
f) Managerial Remuneration	-	-	2,44,67,755	-
	(-)	(-)	(1,99,99,711)	(-)
g) Security Deposit refunded	-	1,55,000	-	-
	(-)	(6,15,000)	(-)	(-)
h) Legal and Professional Charges	1,60,800	-	-	-
	(1,59,080)	(1,50,000)	(-)	(-)
i) Purchases	-	-	-	-
	(1,19,40,199)	(-)	(-)	(-)

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

(Amount in ₹)

Particulars	Subsidiary Company	Enterprises owned or significantly influenced by KMP or their relatives	Key Managerial Personnel	Relatives of Key Managerial Personnel
Outstanding as on March 31, 2014				
a) Unsecured Loans Payable	-	1,97,00,000	9,50,00,000	3,53,00,000
	(-)	(1,97,00,000)	(11,22,99,400)	(3,14,00,000)
b) Other Current Liabilities	1,60,800	40,000	-	-
	(1,59,089)	(8,31,356)	(-)	(-)
c) Other Current Assets	-	8,38,035	-	-
	(-)	(9,93,035)	(-)	(-)
d) Investments	1,32,400	-	-	-
	(1,32,400)	(-)	(-)	(-)

Figures in brackets represents figures for the year ended March 31, 2013.

## Disclosure in respect of Material transactions with related parties

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
a) Loan received		
Key Managerial Person (KMP)		
Mr. Mahendra K. Daga	-	3,30,53,961
Mr. Madhur Daga	6,00,000	61,33,828
Relatives of Key Managerial Persons		
Mrs. Sarla Daga	39,00,000	34,80,130
Mrs. Roma Monisha Sakraney Daga	-	7,00,000
Enterprises owned or significantly influenced by KMP or their relatives		
Mahendra K. Daga - HUF	-	21,39,555
Goodteam Investment & Trading Co Pvt. Ltd	-	49,90,101
Iris Designs Pvt Limited	-	-
b) Loan Given/Repaid		
Key Managerial Person		
Mr. Mahendra K. Daga	33,00,000	12,03,961
Mr. Madhur Daga	1,45,99,400	54,84,428
Relatives of Key Managerial Persons		
Mrs. Sarla Daga	-	36,80,130
Enterprises owned or significantly influenced by KMP or their relatives		
Iris Designs Pvt Limited	-	3,50,000
Goodteam Investment & Trading Co Pvt. Ltd	-	2,63,40,101
Mahendra K. Daga - HUF	-	39,555
c) Interest Payments		
Key Managerial Person		
Mr. Mahendra K. Daga	82,33,676	54,15,321
Mr. Madhur Daga	19,26,187	25,69,002

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

(Amount in ₹)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Relative of Key Managerial Persons</b>		
Mrs. Sarla Daga	32,31,151	31,85,271
Mrs. Roma Monisha Sakraney Daga	99,999	44,768
<b>Enterprises owned or significantly influenced by KMP or their relatives</b>		
Goodteam Investment & Trading Co Pvt. Ltd	-	23,07,271
Iris Designs Pvt Limited	-	34,425
Mahendra K. Daga - HUF	19,70,000	18,16,078
<b>d) Hire Charges Paid</b>		
<b>Enterprises owned or significantly influenced by KMP or their relatives</b>		
Freesia Investment and Trading Co. Ltd	4,82,000	18,37,000
<b>e) Rent Paid</b>		
<b>Key Managerial Person</b>		
Mr. Mahendra K. Daga	12,00,000	-
<b>Enterprises owned or significantly influenced by KMP or their relatives</b>		
Freesia Investment and Trading Co. Ltd	16,70,625	9,12,000
Alfa Mercantile Ltd.	3,03,750	1,11,000
Morning Glory Leasing & Finance Ltd	1,51,875	76,605
Iris Designs Pvt Ltd	3,03,750	1,24,500
<b>Relative of Key Managerial Persons</b>		
Mrs. Sarla Daga	24,000	24,000
<b>f) Security Deposit Received</b>		
<b>Enterprises owned or significantly influenced by KMP or their relatives</b>		
Freesia Investment and Trading Co. Ltd	1,55,000	6,15,000
<b>g) Legal &amp; professional Exp</b>		
<b>Subsidiary Company</b>		
ELIT International Trading (HK) Pvt. Ltd.	1,60,800	1,59,089
<b>Enterprises owned or significantly influenced by KMP or their relatives</b>		
Morning Glory Leasing & Finance Ltd.	-	1,50,000
<b>h) Purchases / Sales</b>		
ELIT International Trading (HK) Pvt. Ltd.	-	1,19,40,199
<b>i) Managerial remuneration</b>		
Mr. Mahendra K. Daga		
Salary	84,70,000	67,10,000
Contribution to Provident Fund	9,360	3,900
Perquisites	41,02,295	37,87,141
Mr. Madhur Daga		
Salary	78,00,000	60,50,000
Contribution to Provident Fund	9,360	9,360
Perquisites	40,76,740	34,39,310
	2,44,67,755	1,99,99,711

## Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2014

### NOTE 27 : DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

#### a. Derivatives outstanding as at the Balance Sheet date

Particulars	Purpose
Forward Contract to buy : Euro : Nil (March 31, 2013: Euro 4,02,018) against INR amounting to Nil (March 31, 2013: ₹ 2,87,81,520) US \$ Nil (March 31, 2013: \$ Nil) against INR amounting to Nil (March 31, 2013: Nil)	Hedging contracts for payments against import of Raw Material, Stores and Capital items

#### b. Particulars of Unhedged foreign currency exposures as at the reporting date

Particulars	Purpose
(Euro 17,13,234.6 (March 31, 2013 Euro : 17,35,501) against INR amounting to ₹ 36,51,746 (March 31, 2013 : ₹ 1,24,55,543)) (US \$ 1,088.44 (March 31, 2013 : \$ 1,55,661) against INR amounting to ₹ 60,917 (March 31, 2013 : ₹ 84,08,838))	Import of Raw Material, Stores and Capital items

#### c. All Derivative contracts entered into by the company are for hedging purposes only.

#### d. During the year the company has provided ₹ Nil towards premium on forward exchange contracts (March 31, 2013: ₹6,03,596).

### NOTE 28 :

- (i) 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.
- (ii) 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.

### NOTE 29 :

During the financial year, managerial remuneration of ₹ 1,25,81,655 was paid to the Chairman and Managing Director and ₹1,18,86,100 was paid to the Joint Managing Director which is in excess of prescribed percentage of net profits as specified under Companies Act, 1956. During the current financial year, the Ministry of Corporate Affairs accorded its approval to the excess remuneration paid to the Chairman and Managing Director. However, the approval for the excess remuneration paid to the Joint Managing Director is still awaited.

### NOTE 30 :

Balances of Sundry Creditors and Debtors are subject to confirmation.

### NOTE 31 :

Figures for the previous year have been reclassified/ regrouped wherever considered necessary.

for & on behalf of Board of Directors  
ORIENT BELL LIMITED

**Mahendra K. Daga**  
Chairman & Managing Director  
DIN 00062503

**Madhur Daga**  
Joint Managing Director  
DIN 00062149

**P M Mathai**  
Director  
DIN 05249199

**N R Srinivasan**  
Director  
DIN 00062317

Place : New Delhi  
Dated: 28-05-2014

**K M Pai**  
Executive Director  
DIN 011711860

**Yogesh Mendiratta**  
Company Secretary

**Jaywant M Puri**  
Vice President, Accounts & Finance

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37<sup>th</sup> Annual General Meeting of the members of Orient Bell Limited will be held on Tuesday, the 30<sup>th</sup> day of September, 2014 at 11.30 a.m. at the Registered Office of the Company at 8, Industrial Area, Sikandrabad-203 205, Distt. Bulandshahr (U.P.) to transact the following businesses:

## Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2014, the Profit & Loss Account and Cash Flow Statement for the financial year ended on that date and the reports of Directors' and Statutory Auditors' thereon.
2. To appoint a director in place of Mr. K. M. Pai (DIN: 01171860), who retires by rotation and being eligible has offered himself for re-appointment.
3. To declare dividend on equity shares.
4. To appoint M/s S.R. Dinodia & Co. LLP, Chartered Accountants (firm registration no. 01478N) as Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to authorize Board of Directors to fix their remuneration.

## Special Business:

5. **Appointment of Mr. R.N. Bansal (DIN:00270908) as an Independent Director**

**To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED that pursuant to the provisions of section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("Act") and Companies (Appointment and Qualification of Directors) Rules, 2014 ("Rules") (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. R. N. Bansal (DIN: 00270908), Director of the Company, whose period of office is liable to be determined for retirement by rotation and who has submitted necessary declarations under relevant provisions of the Act and Rules and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for the period of 2 (two) consecutive years with effect from 30.09.2014 up to 29.09.2016."

6. **Appointment of Mr. N.R.Srinivasan (DIN: 00062317) as an Independent Director**

**To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED that pursuant to the provisions of section 149,

152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("Act") and Companies (Appointment and Qualification of Directors) Rules, 2014 ("Rules") (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. N.R.Srinivasan (DIN: 00062317), Director of the Company, whose period of office is liable to be determined for retirement by rotation and who has submitted necessary declarations under relevant provisions of the Act and Rules and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for the period of 1 (one) year with effect from 30.09.2014 to 29.09.2015."

7. **Appointment of Mr. Dhruv M. Sawhney (DIN 00102999) as an Independent Director**

**To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED that pursuant to the provisions of section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("Act") and Companies (Appointment and Qualification of Directors) Rules, 2014 ("Rules") (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Dhruv M. Sawhney (DIN 00102999), Director of the Company, whose period of office is liable to be determined for retirement by rotation and who has submitted necessary declarations under relevant provisions of the Act and Rules and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for the period of 1 (one) year with effect from 30.09.2014 to 29.09.2015."

8. **Appointment of Mr. P.M. Mathai (DIN: 05249199) as an Independent Director**

**To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED that pursuant to the provisions of section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("Act") and Companies (Appointment and Qualification of Directors) Rules, 2014

("Rules") (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. P.M. Mathai (DIN 05249199), Director of the Company, who retires by rotation at this Annual General Meeting and who has submitted necessary declarations under relevant provisions of the Act and Rules and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for the period of 5 (five) consecutive years with effect from 30.09.2014 up to 29.09.2019."

#### 9. Borrowings by the Company

**To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:**

"RESOLVED that in supersession of the ordinary resolution passed through postal ballot by the members of the Company on 13.09.2010 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called "the Board" and which term shall be deemed to include any Committee, which the Board may have constituted to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) for borrowing from time to time, as it may think fit, any sum or sums of money not exceeding ₹ 300 Crore (Rupees Three Hundred Crore), with or without security, for the business purpose of the Company in any form or manner from any Bank, Financial Institution, any other lending institutions, firms, bodies corporate or persons, either in domestic or foreign markets, on such terms and conditions as may be considered suitable by the Board notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business), may exceed the aggregate, for the time being, of the paid up capital and free reserves of the Company.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to sign all such documents as may be necessary, proper, desirable, expedient and incidental thereto."

#### 10. Modification to the terms of appointment of Mr. Mahendra K. Daga

**To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:**

"RESOLVED that in partial modification of the Resolution passed by the members of the Company in Annual General

Meeting held on 28.09.2012 regarding the appointment and payment of Remuneration to Mr. Mahendra K. Daga, Managing Director (designated as Chairman & Managing Director) of the Company for the period of 3 years from 01.12.2012 to 30.11.2015 and pursuant to the provisions of section 196, 197 read with Schedule V and other applicable provisions of Companies Act, 2013 and rules made there under and any amendments thereto or statutory modifications or re-enactment thereof and subject to the approval of the Central Govt., if necessary and such other approvals, permissions and sanctions as may be required in this regard, the consent of the Members be and is hereby accorded to modify the terms of appointment of Mr. Mahendra K. Daga as Managing Director (designated as Chairman & Managing Director) of the Company to the following effect:

'That the period of office of Mr. Mahendra K. Daga shall be liable to be determined for retirement by rotation in terms of section 152 of the Companies Act, 2013 and any re-appointment due to rotation shall not break his term as Managing Director.'

RESOLVED FURTHER that all other terms and conditions of the appointment of Mr. Mahendra K. Daga, shall remain unchanged."

#### 11. Modification to the terms of appointment of Mr. Madhur Daga

**To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:**

"RESOLVED that in partial modification of the Resolution passed by the members of the Company in its Annual General Meeting held on 27.09.2013 regarding the appointment and payment of remuneration to Mr. Madhur Daga, Whole Time Director (designated as Joint Managing Director) of the Company for the period of 3 years effective from 01.10.2013 to 30.09.2016 and pursuant to the provisions of section 196, 197 read with Schedule V and other applicable provisions of Companies Act, 2013 and rules made there under and any amendments thereto or statutory modifications or re-enactment thereof and subject to the approval of the Central Govt., if necessary and such other approvals, permissions and sanctions as may be required in this regard, the consent of the Members be and is hereby accorded to modify the terms of appointment of Mr. Madhur Daga as Whole Time Director (designated as Joint Managing Director) of the Company to the following effect:

'That the period of office of Mr. Madhur Daga shall be liable to be determined for retirement by rotation in terms of section 152 of the Companies Act, 2013 and any re-appointment due to rotation shall not break his term as Whole Time Director.'

RESOLVED FURTHER that all other terms and conditions of the appointment of Mr. Madhur Daga, shall remain unchanged."

## 12. Appointment, re-designation and payment of remuneration to Mr. K.M. Pai

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 196 & 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereafter called the 'Act') and rules made there under and any amendments thereto or statutory modifications or re-enactment thereof, based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, subject to the approval Central Government, if necessary and such other approvals, permissions and sanctions as may be required in this regard, consent of the Company be and is hereby accorded for the change in designation and appointment of Mr. K. M. Pai as Whole Time Director (designated as Executive Director & Chief Financial Officer) of the Company in the category of Key Managerial Personnel, liable to retire by rotation and any re-appointment due to rotation shall not break his term as Whole Time Director, for a period from 24<sup>th</sup> April 2014 to 31<sup>st</sup> March, 2017, on the remuneration and terms and conditions as set out below:

- a) **Basic Salary:**  
₹ 3,75,000/- (Rupees Three lakhs seventy five thousand only) per month.
- b) **House Rent Allowance (HRA):**  
Up to ₹1,50,000/- (Rupees One lakh fifty thousand only) per month.
- c) **Transport Allowance:**  
₹5,000/- (Rupees five thousand only) per month.
- d) **Special Allowance:**  
₹1,35,000/- (Rupees One lakh thirty five thousand only) per month.
- e) **Leave Travel Allowance:**  
₹5,00,000/- (Rupees Five lakhs only) annually, Mr. Pai can avail it according to the Company policy and procedures.
- f) **Reimbursement of Medical Expenses:**  
Up ₹15,000/- (Rupees Fifteen thousand only) annually, Mr. Pai can avail it quarterly after producing the Medical bills, according to the Company policy and procedures. In addition, the Company will reimburse Mr. Pai expenses for medical checks as stipulated by the Company.
- g) **Reimbursement of Books & Periodicals:**  
₹5,000/- (Rupees Five thousand only) annually, Mr. Pai can avail it quarterly after producing the respective bills, according to the Company policy and procedures.
- h) **Commission/ Profit & Performance Linked Bonus:**  
Mr. Pai may also be paid remuneration by way of commission/

profit & performance linked Bonus (in addition to salary, house rent allowance, perquisites, reimbursements or other allowances) calculated with reference to the Net Profits of the Company for a particular financial year based on his performance appraisal and Company's performance and on recommendation of Mr. Madhur Daga, Joint Managing Director and approved by Nomination & Remuneration Committee and Board of Directors, subject to the overall ceilings laid down under the provisions of Section 197 of the Companies Act, 2013.

### i) **Employees Stock Options (ESOP):**

As approved by the Compensation Committee, Mr. K.M. Pai will be eligible for 50,000 Employees Stock Options (convertible into equal number of equity shares of the Company) in terms of Orient Bell Employees Stock Option Scheme, 2013 (hereafter called the "Scheme"), to be granted in three annual tranches of 30%, 35% and 35%, respectively, subject to fulfillment of eligibility criteria by him for each year as may be set up by the Compensation Committee for such year.

The vesting/ exercise of Employees Stock Options and its consequent conversion into Equity Shares shall be subject to the said Scheme and fulfillment of such eligibility/ performance / other criteria, as may be determined by the Compensation Committee from time to time.

### j) **Perquisites and Other Entitlements:**

Mr. K. M. Pai will be entitled to the below mentioned perquisites and other entitlements for official purposes (subject to applicable Standard Operating Procedures (SOPs) of the Company):

- i) Car with chauffeur in Bengaluru with on-road value not exceeding ₹ 25 lakhs;
- ii) iPad Tablet;
- iii) 2 Mobile Phones, combined value not to exceed ₹ 50,000/-;
- iv) Reimbursement of call and data usage expenses for Mobile Phones and iPad;
- v) Bengaluru Club entrance fee, subscription fee with official expenses;
- vi) Official Transport & Lodging during Mr. Pai's visits & stay in Delhi;
- vii) Air Travel for official purposes;
- viii) Leaves as per Company Policy;
- ix) Mediclaim, Group Personal Accident (GPA) Insurance and Group Term Insurance;
- x) Reimbursement of traveling, entertainment and other business promotion expenses actually incurred for the business of the Company.

Mr. K. M. Pai shall be entitled to such other benefits or amounts as may be permissible within the limits under Section 197 read with Schedule V of the Companies Act, 2013 subject to approval of Board of Directors, members and Central Government, if required.



The following perquisites shall also be allowed and they will not be included in the computation of the ceiling on perquisites:

- I. Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- II. Payment of Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- III. Encashment of leave at the end of the tenure.

For the purpose of Gratuity and other benefits, the services of Mr. K.M. Pai will be considered continuous service with the Company from the date he joined the services of this Company in any capacity including renewal of his agreement with the Company as Whole Time Director or in any other capacity as may be decided by the Board of Directors from time to time.

Perquisites and allowances shall be evaluated as per Income Tax Rules, 1962 wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost. The payment of remuneration including perquisites and allowances are subject to provisions under the laws applicable at that time.

#### Minimum Remuneration:

Notwithstanding anything herein contained, in case of no profits or inadequate profits in any financial year, the payment of salary, perquisites and other allowances shall be as aforesaid subject to the limits/ approvals as prescribed under Section II of Part II of Schedule V to the Act or any other statutory modifications therein, substitutions or re-enactment thereof and shall be adjusted accordingly.

Mr. K.M. Pai shall not be paid any fee for attending meeting(s) of the Board or Committee(s) thereof.

RESOLVED FURTHER that subject to the approval of Central Government, if required, the Board of Directors/ Nomination & Remuneration Committee be and is hereby authorised to grant further increments and other perquisites may be granted to Mr. K.M. Pai so as not to exceed the maximum limit for payment of remuneration specified in Schedule V to the Companies Act, 2013 or any amendments thereto and / or alter and vary the terms and conditions of his appointment and / or change his designation as may be agreed to between the Board of Directors/ Nomination & Remuneration Committee and Mr. K. M. Pai."

#### 13. Payment of commission to Non Whole Time Directors of the Company

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of section 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), as amended from time to time and in accordance with Article no. 82 of the Articles of Association of the Company and subject to approval of

Central Government and/or such other statutory approval(s) as may be necessary, the Directors, other than Managing Director or Whole time Directors, be paid remuneration by way of Commission out of net profits of the Company in such proportion and/or manner as may be decided by the Board of Directors and payment of such remuneration by way of Commission may be made in respect of the profits of the Company for each year, for a period of five years, commencing from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2019."

#### 14. Amendment in Articles of Association

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), subject to such approvals or sanctions as may be necessary to be taken in this regard, the Articles of Association of the Company be and are hereby modified as under:

The existing Article 109 of the Articles of Association be deleted and the following new Article 109 be substituted thereof:

109. The Board of Directors of the Company may, subject to the provisions of the Companies Act, 2013, or any modification thereof from time to time, appoint or re-appoint one or more of their body to the office of Chairman, Managing Director, Deputy Managing Director, Joint Managing Director, Executive Director or Whole Time Director (s) for such period and on such terms as it thinks fit. The Board of Directors may appoint or re-appoint an individual amongst themselves as Chairman of the Company as well as Managing Director of the Company in terms of the provisions of Section 203 of the Companies Act, 2013. The Managing Director, Deputy Managing Director, Joint Managing Director, Executive Director or Whole Time Director (s) shall be subject to retirement by rotation at the Annual General Meeting(s). The Board of Directors may entrust to and confer upon such Chairman, Managing Director, Chairman and Managing Director, Deputy Managing Director, Joint Managing Director, Executive Director or Whole Time Director (s) all or any of the powers exercisable by them, with such restrictions as they may think fit, either collaterally with or to the exclusion of their own powers and subject to the superintendence, control and direction. The remuneration payable to such persons shall be such as may be approved by the Company in General Meeting."

By order of the Board  
For Orient Bell Limited

Place: New Delhi  
Dated: 29-07-2014

Yogesh Mendiratta  
Company Secretary & Head- Legal



**NOTES:**

- i. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF /HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE APPOINTMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE CORPORATE OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING, IN THE FORM ENCLOSED HERETO, DULY FILLED AND AUTHENTICATED.

A PERSON CAN ACT AS PROXY ON BEHALF OF THE MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY, CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

- ii. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
- iii. In case of joint holders attending the meeting, only the first holder will be entitled to vote.
- iv. The explanatory statement pursuant to section 102(1) of the Companies Act, 2013 in respect of special business is annexed hereto.
- v. The register of members and share transfer books will remain closed from Tuesday, 23<sup>rd</sup> September, 2014 to Tuesday, 30<sup>th</sup> September, 2014 (both days inclusive) for the purpose of determining the names of members eligible for dividend on equity shares, if declared by the members at the Meeting.
- vi. The dividend, if declared, will be paid to those members whose name appear on the register of members of the Company after giving effect to all valid transfers in physical form lodged with the Company on or before Monday, 22<sup>nd</sup> September, 2014; in respect of shares held in electronic form, the dividend will be paid to members whose names appear as beneficial owners as at the end of business hours on Monday, 22<sup>nd</sup> September, 2014 as per the list to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited ("Depositories").
- vii. Members holding shares in physical form who have not yet provided their Bank details are requested to provide their Bank Account Number, name and address of the Bank, folio number, so that the same can be printed on dividend instrument, to avoid the incidence of fraudulent encashment of the instrument. In respect of members who are holding shares in electronic form, their bank particulars registered against their respective depository accounts, will be used by the Company for payment of dividend. Any change in bank particulars, will therefore be intimated to Depository Participants.
- viii. The shares of the Company are traded in DEMAT segment only. Members who still hold the shares of Company in physical form are advised to contact their Depository Participant for dematerialization of their holdings in

their own interest. The ISIN No. allotted to Company is INE607D01018.

- ix. Members holding equity shares in physical form are requested to notify any change in address, bank mandate or e-mail ID to the Company's Registrar i.e. MCS Limited at F-65, Okhla Industrial Area, Phase-I, New Delhi 110020 or at Company's Corporate Office at IRIS House, 16, Business Centre, Nangal Raya, New Delhi-110 046. Members holding equity shares in electronic form are requested to notify any change in address, bank mandate or e-mail ID to their Depository Participants (DPs).
- x. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days except Sundays and Holidays during business hours up to the date of Annual General Meeting.
- xi. Pursuant to section 124 of the Companies Act, 2013 (Corresponding section of 205A of the Companies Act, 1956) any money transferred to unpaid dividend, which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred to the Investor Education and Protection Fund. Accordingly, the money will be transferred to the said fund as and when it becomes due and no claim relating to such amount shall lie against the Company or the said fund after such transfer.

The details of unpaid dividend, which is due for transfer in the next three years, are as follows:

Period	Date of Declaration	Due date for Transfer
2006-2007	17.09.2007	16.10.2014
2007-2008	12.09.2008	11.10.2015
2008-2009	25.09.2009	24.10.2016

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

- xii. Members are entitled to make nomination in respect of shares held by them in physical form as per the provisions of section 72 of the Companies Act, 2013. Members desirous of making nomination are requested to send Form SH.13 either to the Company or its Registrar and Share Transfer Agent. Members holding shares in DEMAT form may contact their respective Depository Participant for recording nomination in respect of their shares.
- xiii. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. However, the members having their shareholding in the Demat form are requested to provide their PAN details to their respective DPs and those who have in physical mode are requested to provide their PAN details to the company or its registrar.
- xiv. Members (Transferees) who wish to get the shares held by them in physical form transferred in their name are advised to send copy of their PAN card along with the request for share transfer.
- xv. The Annual Report for the FY 2013-14 has been sent electronically to those members whose e-mail IDs are registered with the Company/ Depositories Participant(s). For members who have not registered their email address with Company/ Depository Participant(s), physical copies of

the Annual Report for FY 2013-14 is being sent through permitted mode and the same is also placed on the website of the company viz. [www.orientbell.com](http://www.orientbell.com).

- xvi. Members who have not registered their e-mail addresses with Company/ Depository Participant(s) so far are requested to register their e-mail address with the Company/ Depository Participant(s).
- xvii. In compliance with the provisions of section 108 of the Act and Rules framed there under, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.

The instructions for e-voting are as under:

- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories),
  - a) The member shall open the e-mail and also open PDF file namely "Orient evoting.pdf" with Client ID or Folio No. as password. The said PDF file contains user ID and password for e-voting. The password is an initial password.
  - b) The member shall open the URL: <https://www.evoting.nsdl.com>.
  - c) The member shall click on Shareholder – Login.
  - d) If member is already registered with NSDL for e-voting then he can use his existing user ID and password.
  - e) If member is logging in for the first time, the user ID and password shall be entered as provided in the PDF file attached with the e-mail as initial password.
  - f) The Password Change Menu will appear on screen. The password will have to be changed with a new password of members' choice, making sure that it contains a minimum of 8 digits or characters or a combination of both.
  - g) Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
  - h) Select "EVEN" (E-Voting Event Number) of Orient Bell Limited as mentioned on the e-voting instruction sheet after which Cast Vote page opens for e-voting.
  - i) The member shall cast his vote by selecting appropriate option and clicking on "Submit" button and also "Confirm" when prompted.
  - j) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - k) Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
  - l) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [agc.scrutinizer@gmail.com](mailto:agc.scrutinizer@gmail.com), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  - m) In case of any queries, the member may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):

- a) EVEN (E-Voting Event Number), user ID and password are provided in the enclosed e-voting instruction sheet.
- b) The member should follow all steps from Sl. No. A (b) to Sl. No. (m) above in order to cast his vote.
- C. Other Instructions:
  - a) The e-voting period commences on Wednesday, 17<sup>th</sup> September, 2014 (10.00 a.m. IST) and ends on Friday, 19<sup>th</sup> September, 2014 (5.30 p.m. IST) (hereafter called the 'e-voting period'). During e-voting period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut off date i.e. Friday, 22<sup>nd</sup> August, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
  - b) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut off date i.e. Friday, 22<sup>nd</sup> August, 2014.
  - c) Ms. Ashu Gupta, Company Secretary in whole time practice (Membership No. FCS 4123; COP No. 6646), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - d) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and will make and submit a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  - e) The results on resolutions shall be declared at or after the Annual General Meeting of the Company and the resolutions will be deemed to have been passed on the Annual General Meeting date subject to receipt of the requisite number of votes cast in favour of the Resolutions.
  - f) The results declared along with the Scrutinizer's Report shall be placed on the Company's website ([www.orientbell.com](http://www.orientbell.com)) and on the website of NSDL ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)) within two days of the passing of the resolutions at the 37<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, 30<sup>th</sup> September, 2014 and communicate the same to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
- xviii. Members are requested to send their queries, if any, to the Company Secretary at Corporate Office at least 10 days before the date of the Annual General Meeting.
- xix. Members are requested to bring their copy of the Annual Report to the Annual General Meeting. Members/Proxies/ Representatives are requested to bring the attendance slip enclosed to the Annual Report for attending the meeting.
- xx. As usual, no gifts will be distributed at the meeting.

By order of the Board  
For Orient Bell Limited

Place: New Delhi  
Dated: 29-07-2014

Yogesh Mendiratta  
Company Secretary & Head- Legal

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

### Item No. 5 to 8

Pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, the Company had appointed Mr. R. N. Bansal, Mr. N. R. Srinivasan, Mr. Dhruv M. Sawhney and Mr. P. M. Mathai, as Independent Directors at various times, in compliance with the requirements of the said clause.

Section 149 of the Companies Act, 2013, effective from April 1, 2014, requires every listed public company to have at least one-third of the total number of directors as independent directors, who shall not be liable to retire by rotation. It further provides that an independent director shall hold office for an initial term up to five consecutive years on the Board of a Company but shall be eligible for re-appointment on passing of a special resolution by the Company.

The Nomination and Remuneration Committee and the Board of Directors have, in their respective meetings held on 29<sup>th</sup> July, 2014 recommended the appointment of Mr. N. R. Srinivasan and Mr. Dhruv M. Sawhney for a period of 1 year effective from 30.09.2014 to 29.09.2015, Mr. R. N. Bansal for a period of 2 consecutive years effective from 30.09.2014 to 29.09.2016 and Mr. P. M. Mathai for a period of 5 consecutive years effective from 30.09.2014 to 29.09.2019 as Independent Directors not liable to retire by rotation.

Mr. R. N. Bansal, Mr. N. R. Srinivasan, Mr. Dhruv M. Sawhney and Mr. P. M. Mathai, non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

A candidature under section 160 of the Companies Act, 2013 along with the requisite fee has been received from the members of the Company proposing Mr. R. N. Bansal, Mr. N. R. Srinivasan, Mr. Dhruv M. Sawhney and Mr. P. M. Mathai for the office of Director of the Company.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The draft letters of appointment of the above Directors setting out the terms and conditions shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

A brief profile of the Independent Directors to be appointed is given below:

#### Mr. R.N. Bansal

Mr. R. N. Bansal is a commerce graduate and M. A. (Economics) and an eminent professional. He is a fellow member of the Institute of Chartered Accountants of India since 1954 and an Associate member of the Institute of Company Secretaries of India. He has served the Department of Company Affairs in various capacities such as Registrar of Companies, Regional

Director and retired as member, Company Law Board. He was Director (Investment) and Additional Controller of Capital Issues in the Ministry of Finance. He was also a nominee of the Central Government on the Central Council of Institute of Chartered Accountants of India, Institute of Company Secretaries of India and Governing Board of various stock exchanges.

#### Mr. N.R. Srinivasan

By education and profession, Mr. N.R. Srinivasan is a ceramic technologist. As senior advisor to the Government of India and later at the United Nations and as consultant on ceramic industry development, he has over 50 years of experience in this field. He has represented India and the UN in several conferences and has done field work in ceramic industry development in a number of countries and is author of a number of publications.

#### Mr. Dhruv M. Sawhney

Mr. Sawhney graduated with a Master's degree in Mechanical Sciences from Emmanuel College, University of Cambridge, U.K. and an M.B.A with distinction from the Wharton School, University of Pennsylvania, U.S.A. He was on the Dean's list for all terms, came second in the University, and is a life member of Beta Gama Sigma. Mr. Sawhney received the Chevalier de la Legion d'Honneur from President Jacques Chirac of the France, and was made an Honorary Lieutenant of the Royal Victorian Order (LVO) by HM Queen Elizabeth II. Mr. Sawhney was past President of the Confederation of Indian Industry (CII). He received the 'Lifetime Achievement Award' from the Sugar Technologists' Association of India, and was made 'Indian Business Leader of the Year' by Horasis. Mr. Sawhney is Co-Chair of the Indo-French CEO's Forum set up by the President of France and the Prime Minister of India. He is the Chairman of IIM, Kashipur, and a past Chairman of the Doon School, one of India's premier schools. Mr. Sawhney is also a Companion Member of the Chartered Institute of Management, UK. Mr. Sawhney is Chairman and Managing Director of Triveni Engineering and Industries Ltd. and Triveni Turbine Ltd. Mr. Sawhney chairs the Board of Trustees of North India's oldest private charitable hospital (named after his greatgrandfather, and inaugurated by the first President of India), for the weaker sections of society.

#### Mr. P.M. Mathai

Mr. Mathai is a B.Tech. chemical engineering from IIT Kanpur, PGDM from IIM, Kolkata. He brings more than three decades of rich professional experience across several functional areas including sales, capital investments management, engineering, HR, profit centre management and leading large teams to successfully complete global scale projects. After starting his career & spending more than a decade with Voltas, Mr. Mathai subsequently spent over 20 years at GlaxoSmithKline and retired as part of their Global Director Grade.

Other details of the above Independent Directors pursuant to clause 49 of the Listing Agreement, have been given in the annexure attached.

Considering the expertise of each of said Independent Directors in their respective fields and their continual valuable contribution

in the growth of the Company, it is in the interest of the Company to continue to have them on Board of the Company and to get benefits of their rich experience and knowledge. The Board recommends the appointment of Mr. N. R. Srinivasan, Mr. Dhruv M. Sawhney, Mr. R.N. Bansal and Mr. P. M. Mathai as independent director not liable to retire by rotation for a term as mentioned in the Resolutions as Item No. 5 to 8.

The Board recommends resolutions at Item No. 5 to 8 to be passed as Ordinary Resolutions.

None of the Directors, except Mr. R. N. Bansal, Mr. N. R. Srinivasan, Mr. Dhruv M. Sawhney and Mr. P. M. Mathai, are deemed concerned and interested in the aforesaid resolutions.

### Item No. 9

The Members of the Company had by way of an Ordinary Resolution passed through postal ballot on 13.09.2010 authorised the Board of Directors under section 293(1) (d) of the Companies Act, 1956, to borrow monies (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business), from time to time on behalf of the Company not exceeding ₹ 300 Cr. (Rupees Three Hundred Crores) over and above the paid up capital of the Company and its free reserves.

Section 180 (1)(c) of the Companies Act, 2013 which came into effect from 01.04.2014 authorizes a Company to borrow money (apart from temporary loans obtained from Company' bankers in the ordinary course of business) exceeding the aggregate of its paid up capital and free reserves provided it is authorized by the Members by way of a Special Resolution. The Board proposes no change in the existing borrowing limits of ₹ 300 Crores except the passing of Resolution as a Special Resolution. The Board of Directors accordingly recommends the resolution as set out at item no. 9 of the accompanying notice to be passed by the members as a Special Resolution.

None of the Directors of the Company is, in anyway, concerned or interested in the said resolution.

### Item No. 10

The members of the Company have, at 35<sup>th</sup> AGM held on 28.09.2012, subject to the approval of Central Government, passed the appointment and payment of Remuneration to Mr. Mahendra K. Daga as Managing Director (designated as Chairman and Managing Director) of the Company for the Period of 3 years commencing from 01.12.2012 to 30.11.2015, not liable to retire by rotation.

The Central Government has, vide its letter no. SRN No. B69123560/2013-CL-VII dated 23.10.2013 approved the appointment and payment of remuneration to Mr. Mahendra K. Daga, as Managing Director (designated as Chairman & Managing Director) of the Company, not liable to retire by rotation, for the period of 3 years commencing from 01.12.2012 to 30.11.2015.

Section 152(6) of Companies Act, 2013 provides that, unless Articles of Association of a Company provide for the retirement of all the Directors at every annual general meeting, the office of atleast 2/3<sup>rd</sup> of the total number of Directors, shall be determined for retirement by rotation and 1/3<sup>rd</sup> of such Directors shall retire

at every annual general meeting. Independent directors are non rotational and shall not be considered for calculating above said proportions.

The present office of Mr. Mahendra K. Daga is not liable to be determined for retirement by rotation. To meet out the minimum limit of rotational directors it is proposed to make the office of Mr. Mahendra K. Daga, Chairman & Managing Director as that of Rotational Directors. The Nomination & Remuneration Committee and the Board of Directors have in their respective meetings held on 29<sup>th</sup> July, 2014 passed and recommended such change in the terms of appointment of Mr. Mahendra K. Daga to the members.

Section 196 of the Companies Act, 2013, inter-alia, provides that no company shall appoint or continue the employment of any person as managing director, who has attained the age of 70 years, unless his appointment is approved by a special resolution. Though his re-appointment as Chairman & Managing Director had already been approved by the members by passing a Special Resolution, it is intended to seek approval of the members to comply with the relevant provisions of the Companies Act, 2013. Mr Mahendra K. Daga, aged 75 years, has vast experience in erecting, commissioning and successfully managing various multi location tiles plants, and is acclaimed as an authority in this field. He takes an active part in overall functional areas of the Company. Under the overall supervision of the Board of Directors, he has been instrumental in taking the company from strength to strength. It is in the interest of the Company and justified to continue Mr. Mahendra K. Daga as Chairman & Managing Director of the Company.

The Board of Directors accordingly recommends the resolution as set out at item no. 10 of the accompanying notice to be passed by the members as a Special Resolution.

None of the Directors except Mr. Mahendra K. Daga and Mr. Madhur Daga (who is son of Mr Mahendra K. Daga) are concerned or interested in the resolution.

### Item No. 11

The members of the Company have, at 36<sup>th</sup> AGM held on 27.09.2013, subject to the approval of Central Government, passed the appointment and payment of Remuneration to Mr. Madhur Daga as Whole Time Director (designated as Joint Managing Director) of the Company for the Period of 3 years commencing from 01.10.2013 to 30.09.2016, not liable to retire by rotation.

An application to the Central Government has been filed in statutory form 25A vide SRN. No. B92400134 dated 26.12.2013, for seeking its approval for the appointment and payment of remuneration to Mr. Madhur Daga, as Whole Time Director (designated as Joint Managing Director) of the Company, not liable to retire by rotation, for the period of 3 years commencing from 01.10.2013 to 30.09.2016. The application is under the consideration of the Central Government.

Section 152(6) of Companies Act, 2013 provides that, unless Articles of Association of a Company provide for the retirement of all the Directors at every annual general meeting, the office of atleast 2/3<sup>rd</sup> of the total number of Directors, shall be determined for retirement by rotation and 1/3<sup>rd</sup> of such Directors shall retire



at every annual general meeting. Independent directors are non rotational and shall not be considered for calculating above said proportions.

The present office of Mr. Madhur Daga is not liable to be determined for retirement by rotation. To meet out the minimum limit of rotational directors it is proposed to make the office of Mr. Madhur Daga, Joint Managing Director as that of Rotational Director. The Nomination & Remuneration Committee and the Board of Directors have in their respective meetings held on 29<sup>th</sup> July, 2014 passed and recommended such change in the terms of appointment of Mr. Madhur Daga to the members.

The Board of Directors accordingly recommends the resolution as set out at item no. 11 of the accompanying notice to be passed by the members as a Special Resolution.

None of the Directors except Mr. Madhur Daga and Mr. Mahendra K. Daga (who is father of Mr Madhur Daga) are concerned or interested in the resolution.

## Item No. 12

Mr. K.M. Pai was appointed as Non Executive and Non Independent Director on the Board of the Company w.e.f. 02.04.2012. Prior to that Mr. K. M. Pai was associated with erstwhile Bell Ceramics Limited as its Managing Director looking after the overall functioning and operations of the Bell Ceramics Limited.

The Nomination & Remuneration Committee and Board of Directors have, in their respective meetings held on 24.04.2014 and 29.07.2014, recommended the appointment of Mr. K.M. Pai as a Whole Time Director (designated as Executive Director and Chief Financial Officer) of the Company in terms of Section 196, 197 & Schedule V of the Companies Act, 2013. It is therefore proposed to change the designation of Mr. K. M. Pai as Whole Time Director of the Company and appoint him as Whole Time Director (designated as Executive Director and Chief Financial Officer) of the Company for a period from 24.04.2014 to 31.03.2017, subject to the approval of Central Government, if necessary. The remuneration proposed to be paid to Mr. K. M. Pai is justified having regard to the responsibility entrusted on him as Executive Director and Chief Financial Officer of the Company.

Subject to the provisions contained under sections 196 and 197 read with schedule V of the Companies Act, 2013, member's approval by way of Special Resolution is required for the appointment of Mr. K. M. Pai as Whole Time Director (designated as Executive Director and Chief Financial Officer) and payment of his remuneration for an amount as stated in the Special Resolution at item no. 12 of the accompanying notice.

The following disclosures are being made in this Explanatory Statement in compliance with Section II in Part II of Schedule V to the Companies Act, 2013:

### I. General Information:

- The Company is engaged in the business of manufacture and trading of Ceramic Tiles. The manufacturing facilities of the Company are situated at Sikandrabad (Uttar Pradesh), Dora (Gujarat) and Hoskote (Karnataka).

- The Company commenced commercial production w.e.f. 7<sup>th</sup> October, 1977.
- The Company is an existing entity and has already commenced Commercial Production.
- Financial performance of the Company for the FY 2013-14 is as follows :

(₹ in Lakh)

Particulars	2013-14	2012-13
Revenue from Operations (Gross)	63,441	62,049
Profit Before Tax	459	1,743
Profit After Tax	203	983
Paid up Equity Capital	1,357	1,357
Reserves & Surplus	16,306	16,182
Basic / Diluted Earning Per Share (₹)	1.49/1.48	7.24/7.24

- The company has earned ₹ 0.22 Lakhs (FOB value of Exports) in foreign Exchange during the financial year 2013-14.

### II. Information about the appointee:

- Mr. Pai is M.Sc. from IIT, Bombay, MBA (Finance) from IIM, Bengaluru, ACMA, ACS with around 41 years of rich experience across finance, costing, systems, operations, marketing and general management having worked at ABB, BHEL, Bajaj Tempo and Murudeshwar Ceramics.
- During FY 2013-14 Mr. K. M. Pai has received remuneration of ₹ 1,10,000/- in the capacity of Non Executive-Non Independent Director by way of sitting fee only.
- As an Executive Director and Chief Financial Officer of the Company, Mr. K.M. Pai is responsible for day to day management of the affairs of the Company. His major area of operations includes Sales & Distribution of Products, New product development, Costing, Finance, Accounts, Materials, Supply chain, Business Development and Maintaining Systems. He is working under the superintendence, control and directions of the Board of Directors.
- Based on his past rich experience in Ceramic Industry, Mr. K.M. Pai's appointment and re-designation as Executive Director and Chief Financial Officer of the Company is most suitable considering his present role in the Company's day to day management. Under his valuable guidance and leadership duly assisted by Senior Executives, the Company foresees improvement in its profitability and operations.
- The detail of proposed remuneration is as per special resolution at item no. 12.
- The remuneration proposed to be paid to Mr. K. M. Pai is commensurate with the size of the Company, nature of its operations and is in line with the industry standards.
- Besides his remuneration, Mr. K. M. Pai do not have any other pecuniary relationship with the Company.

### III. Other Information:

- a. At present, the performance of the Company is satisfactory as compared to the industry norms. However, in the event of any unforeseen circumstances and conditions beyond its control, the profitability of the Company may be affected.
- b. The Company is continuously looking at the new business opportunities and new markets to grow. The Company's main thrust is on display of its exclusive product through its Tile Boutiques which are being opened in different parts of the country rapidly. Such exclusive display areas are named as Orient Tile Boutique (OTB) for displaying 'Orient' brand and another as Bell Tile Boutique (BTB) for displaying 'Bell' Brand. During the year under review among various other initiatives taken to improve the Company's sale, the company has started online promotion / sale of its Picture tiles using which a Customer can get his/ her desired picture printed on a Tile in specified sizes. Besides above measures the Company is continuously working on new product development to catch the market sentiments and earn more profits.
- c. It is difficult to forecast the productivity and profitability in measurable terms. However, the productivity and profitability may improve and would be comparable with the industry average.

### IV. Disclosures:

- a. The details of remuneration etc. of all the Directors are included in the Corporate Governance Report and forming part of the Annual Report of the Company.
- b. The detail of fixed component and performance link incentives has been completely described in the special resolution.
- c. The detail of Service Contract, notice period severance fee forms part of the appointment letter, which shall be available for inspection as the registered office of the company during the business hours.
- d. Detail of stock options has been described in the special resolution.

None of the Directors except Mr. K. M. Pai is concerned or interested in the resolution.

The Board recommends the passing of the Resolution at Item No. 12 as special resolution.

### Item No. 13

The members of the Company have, in Annual General Meeting held on 31.08.2010, approved the payment of commission to

Non Executive Directors of the Company not exceeding one percent per annum of the net profits of the Company for a period of 5 years commencing from FY 2009-10 to FY 2013-14. It is proposed in terms of section 197 of the Companies Act, 2013 to continue with the payment of Commission to Non Whole Time Directors of the Company, out of profits of the Company for a further period of 5 years from FY 2014-15 to FY 2018-19 in such proportion and/or manner as may be decided by the Board of Directors and with the approval of Central Government, wherever necessary.

All the Non Whole Time Directors are concerned or interested in the resolution at Item No. 13 to the extent of remuneration in the form of commission as may be received by each of them.

The Board recommends the passing of the Resolution at Item No. 13 as Ordinary Resolution.

### Item No. 14

The Board of Directors has in its meeting held on 29.07.2014 recommended amendment of Articles of Association of the Company by replacing existing article 109 with a new article 109 providing for clubbing of the offices of Chairman and that of Managing Director of the Company to comply with the provisions of Section 203 of the Companies Act, 2013 and that the office of Managing Director, Deputy Managing Director, Joint Managing Director, Executive Director or Whole Time Director(s) are liable to retire by rotation to comply with Section 152 of the Companies Act 2013. In terms of Section 14 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 consent of the members of the Company is proposed to be obtained by way of Special Resolution. A copy of the Articles of Association together with the proposed amendments will be available for inspection by the members during office hours on any working day at the Registered Office of the Company. Mr. Mahendra K. Daga, Chairman and Managing Director; Mr. Madhur Daga, Joint Managing Director and Mr. K.M. Pai, Executive Director and Chief Financial Officer are deemed to be interested in this resolution.

The Board recommends the passing of the Resolution at Item No. 14 as Special Resolution.

By order of the Board  
For Orient Bell Limited

Place: New Delhi  
Dated: 29-07-2014

Yogesh Mendiratta  
Company Secretary & Head- Legal

## INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

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

Name of Director	Mr. R. N. Bansal	Mr. N. R. Srinivasan	Mr. Dhruv M. Sawhney	Mr. P. M. Mathai	Mr. K. M. Pai
Date of Birth	15.07.1930	11.10.1925	26.06.1944	23.07.1950	25.08.1952
Date of Appointment	08.03.1989	16.09.1988	09.08.1994	23.04.2012	02.04.2012
No. of Shares held	Nil	Nil	Nil	Nil	Nil
Expertise in Specific Functional area	Finance and Company Law	Ceramic Consultant having vast experience in Ceramics Industry	Industrialist with vast business experience	Sales, Capital Investment Management, Engineering, HR, Profit Centre Management	Finance, Costing, Managing general Commerical Operations of a Company.
Qualification	M.A., F.C.A, A.C.S., A.C.I.S.	B.Sc. Technologies/ M.Sc. Technologies (Ceramic Technology)	M.A.Hons. Mechanical Sciences, University of Cambridge, UK.; M.B.A., University of Pennsylvania, U.S.A.	B.Tech. Chemical Engineering from IIT (Kanpur) and PGDBM from IIM (Calcutta).	MBA Finance from IIM, Bengaluru, ACMA, ACS
List of Companies in which outside Directorship held as on 31.03.2014	1. Chambal Fertilizers and Chemicals Ltd. 2. The Hindoostan Spinning & Weaving Mills Ltd.	--	1. Triveni Engineering & Industries Ltd. 2. Triveni Engineering Ltd. 3. Triveni Energy Systems Ltd. 4. Triveni Turbine Ltd, 5. GE Triveni Ltd.	--	--
Chairman / Member of the Committee(s) of the Board of Directors of other Companies in which he is a Director					
i Audit Committee	<b>Member:</b> 1. Chambal Fertilizers and Chemicals Ltd. 2. The Hindoostan Spinning & Weaving Mills Ltd.	--	GE Triveni Ltd. (Chairman)	--	--
ii Investors Grievance Committee	<b>Chairman:</b> Chambal Fertilizers and Chemicals Ltd	--	--	--	--
iii Remuneration Committee	<b>Chairman:</b> Chambal Fertilizers and Chemicals Ltd.	--	--	--	--
iv Compensation Committee	<b>Member:</b> Chambal Fertilizers and Chemicals Ltd.	--	--	--	--
v Project Management Committee	<b>Member:</b> Chambal Fertilizers and Chemicals Ltd.	--	--	--	--

[illegible]



[illegible]

## ORIENT BELL LIMITED

Registered Office: 8, Industrial Area, Sikandrabad-203 205, Distt. Bulandshahr (U.P.)  
Corporate Office: Iris House, 16 Business Centre, Nangal Raya, New Delhi-110 046  
CIN: L14101UP1977PLC021546 Tel.: 011-47119100 Fax: 011-28521273  
Email: [customercare@orientbell.com](mailto:customercare@orientbell.com) Website: [www.orientbell.com](http://www.orientbell.com)

### ATTENDANCE SLIP

(To be presented at the entrance)

**37<sup>TH</sup> ANNUAL GENERAL MEETING ON TUESDAY, SEPTEMBER 30, 2014 AT 11.30 A.M.**  
at 8, Industrial Area, Sikandrabad – 203 205, Distt. Bulandshahr (U.P.)

Folio No. / Client ID. .... DP ID ..... No. of shares.....

Name of the Member.....Signature.....

Name of the Proxyholder.....Signature.....

1. Only Member/Proxyholder can attend the meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the meeting.
3. No gifts will be distributed at the meeting.

## ORIENT BELL LIMITED

Registered Office: 8, Industrial Area, Sikandrabad-203 205, Distt. Bulandshahr (U.P.)  
Corporate Office: Iris House, 16 Business Centre, Nangal Raya, New Delhi-110 046  
CIN: L14101UP1977PLC021546 Tel.: 011-47119100 Fax: 011-28521273  
Email: [customercare@orientbell.com](mailto:customercare@orientbell.com) Website: [www.orientbell.com](http://www.orientbell.com)

### PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s): .....

Registered address: .....

E-mail Id: .....

Folio No. / Client ID: ..... DP ID : .....

I / We, being the member(s) of ..... Shares of Orient Bell Limited, hereby appoint:

1. Name.....E-mail Id:.....  
Address: .....  
.....Signature:.....

or failing him

2. Name.....E-mail Id:.....  
Address: .....  
.....Signature:.....

or failing him

3. Name.....E-mail Id:.....  
Address: .....  
.....Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 37<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, September 30, 2014 at 11.30 a.m. at its Registered Office at 8, Industrial Area, Sikandrabad – 203 205, Distt. Bulandshahr (U.P.) and at any adjournment thereof in respect of such resolutions as are indicated below:

1. Adoption of Statement of Balance Sheet as at March 31, 2014, the Profit and Loss Account and Cash Flow Statement for the financial year ended on that date and the reports of Directors' and Statutory Auditors' thereon.
2. Appointment of a director in place of Mr. K. M. Pai who retires by rotation and being eligible has offered himself for re-appointment.
3. Declaration of dividend on equity shares for the financial year 2013-14.
4. Appointment of Auditors.
5. Appointment of Mr. R.N. Bansal as an Independent Director.
6. Appointment of Mr. N.R. Srinivasan as an Independent Director.
7. Appointment of Mr. Dhruv M. Sawhney as an Independent Director.
8. Appointment of Mr. P.M. Mathai as an Independent Director.
9. Approval to borrow funds by the Company.
10. Modification to the terms of appointment of Mr. Mahendra K. Daga.
11. Modification to the terms of appointment of Mr. Madhur Daga.
12. Appointment, re-designation and payment of remuneration to Mr. K.M. Pai.
13. Payment of commission to non Whole-time Directors.
14. Amendment in Articles of Association of the Company.

Signed on this ..... day of ..... 2014

Signature of Member..... Signature of Proxy holder(s).....

Affix  
Revenue  
Stamp

NOTES: 1. This form in order to be effective should be duly completed and deposited at the Corporate Office of the Company at IRIS House, 16, Business Centre, Nangal Raya, New Delhi – 110 046 not less than 48 hours before the commencement of the meeting.  
2. Those members who have multiple folios with different joint holders may use copies of this Attendance slip/Proxy form.

## DISPLAYS & SHOWROOMS

- **BANGALORE**  
Bell Tile Boutique, Sreevaru Arcade, 1341/33, 2<sup>nd</sup> floor, 32<sup>nd</sup> E Cross Road, 4<sup>th</sup> T Block Jayanagar (Near Sanjay Gandhi Hospital), Bangalore - 560 041  
Tel.: +91 888 445 0390 / 0391
- **CHANDIGARH**  
Orient Tile Boutique, SCO 812, 1st Floor, NAC, Manimajra, Chandigarh - 160 101  
Tel.: +91 172 401 4347 / 4435
- **COCHIN**  
Bell Tile Boutique, "SURYA GAYATRI", Building No. 32/8, B3, Puthiya Road, New Junction (Opposite Holiday Inn Hotel), Ernakulam By Pass Road, Cochin - 682 031  
Tel.: +91 484 306 4217
- **COIMBATORE**  
Bell Tile Boutique, No. 245/1, VJ Centre, Race Course, Coimbatore - 641 018  
Tel.: +91 422 433 7122
- **DEHRADUN**  
Orient Tile Boutique, Duggal Complex (Near Kamla Palace Hotel), GMS Road, Dehradun - 248 001  
Tel.: +91 865 050 4593
- **HYDERABAD**  
Orient Tile Boutique, Plot No.: 37, Santoshima Colony, West Marredpally Main Road, Secunderabad, Hyderabad - 500 026  
Tel.: +91 40 2789 0700
- **KOLKATA**  
Orient Tile Boutique, 8/1, Burdwan Road, Alipore, Kolkata - 700 027  
Tel.: +91 33 4068 4047
- **NEW DELHI**  
Orient Tile Boutique, M56-A, M Block Market GK II, New Delhi - 110 048  
Tel.: +91 11 4068 7468 / 9

## **ORIENT BELL LIMITED**

### **CORPORATE OFFICE:**

Iris House, 16 Business Centre, Nangal Raya, New Delhi - 110 046, India. Tel.: +91 11 4711 9100, Fax.: +91 11 2852 1273

### **REGD. OFFICE:**

8 Industrial Area Sikandrabad - 203 205 (U.P.), India. Tel.: +91 5735 222 203 / 222 / 424, +91 819 100 4575 / 76, Fax: + 91 5735 222 642

### **CUSTOMER CARE:**

Email : [customercare@orientbell.com](mailto:customercare@orientbell.com)

Toll Free : 1800 208 1015

SMS : TILE to 54242

Website : [www.orientbell.com](http://www.orientbell.com)

CIN : L14101UP1977PLC021546