

ORIENT CERAMICS AND INDUSTRIES LIMITED

REGD. OFFICE: 8, INDUSTRIAL AREA, SIKANDRABAD-203 205, UTTAR PRADESH
CORP. OFFICE: IRIS HOUSE, 16, BUSINESS CENTRE, NANGAL RAYA, NEW DELHI-110 046

POSTAL BALLOT NOTICE

(Pursuant to Section 192A of the Companies Act, 1956)

Dear shareholder(s),

NOTICE is hereby given pursuant to Section 192A(2) of the Companies Act, 1956, read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 for obtaining the consent of the shareholders through Postal Ballot, to the proposal authorizing the Board of Directors of the Company to make loans, investments, to give guarantees or provide securities beyond the ceilings prescribed under Section 372A of the Companies Act, 1956 by way of appended Special Resolution, with or without modification(s). The Explanatory Statement stating all material facts and reasons for the proposal is annexed hereto for your consideration.

You are requested to read the instructions printed in the Postal Ballot Form (appended hereto), fill up the Form, give your assent or dissent on the Special Resolution at the end of the Form and sign the same and return the Form duly completed in the attached self-addressed postage prepaid reply envelope so as to reach the Scrutinizer before the close of working hours, on or before, Friday, 18th March, 2011 addressed to Mr. S.K. Kapahi, Scrutinizer C/o Orient Ceramics And Industries Ltd., IRIS House, 16, Business Centre, Nangal Raya, New Delhi-110 046. Your assent or dissent received at the address aforementioned after Friday 18th March, 2011, would be strictly treated as if a reply from you has not been received, which is in accordance with the Postal Ballot Rules aforesaid.

The Company has appointed Mr. S.K. Kapahi, FCS, Company Secretary in whole time practice, as Scrutinizer to scrutinize the Postal Ballots in a fair and transparent manner. The Scrutinizer will submit his report to the Chairman and the result of postal ballot will be announced by the Chairman and in his absence any person authorized by him at the Registered Office of the Company at 8, Industrial Area, Sikandrabad- 203 205, Uttar Pradesh.

Shareholders may please note that the Special Resolution will be deemed to have been passed if the votes cast in favour of the Resolution are not less than three times the number of the votes, if any, cast against the Resolution and would be deemed to have been passed at the General Meeting.

Special Resolution:

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

"RESOLVED THAT pursuant to the provisions of Sections 192A, 292, 372A and other applicable provisions of the Companies Act, 1956, or any amendments or modifications thereof (including any ordinance or statutory modification, re-enactment thereof for the time being in force) and subject to consents and approvals of and permissions as may be necessary under any statute for time being in force, or any other approvals as may be required from lenders, the consent and approval of the shareholders 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) to invest/acquire from time to time by way of subscription, purchase, conversion or otherwise equity shares, preference shares, debentures (whether convertible or non-convertible) or any other financial instruments of its subsidiary, Bell Ceramics Limited; to make/ give from time to time any loan or loans to its subsidiary, Bell Ceramics Limited; give from time to time any guarantee(s) and/or provide any securities, in connection with any loan(s) made, by any other person(s) to, or to any other person(s) by its subsidiary, Bell Ceramics Limited, which together with loans and investments already made and guarantees already given favoring Bell Ceramics Limited, shall not exceed the below mentioned limits but may exceed the limits specified in Section 372A of the Companies Act, 1956:

Category	Amount in ₹ Crores
Investments	30.00
Loans	45.00
Guarantees/Securities	125.00
Grand Total	200.00

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the abovesaid investment(s) or loan(s) or guarantee(s) or security(ies) and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith."

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

Place: New Delhi
Date : 05th February, 2011

Yogesh Mendiratta
Company Secretary

Notes

1. Explanatory Statement under Section 173(2) and 192A of the Companies Act, 1956, for the proposed Resolution is annexed herewith.
2. A Postal Ballot Form and a self addressed postage pre-paid reply envelope are enclosed herewith to enable the shareholders to exercise their voting rights.
3. Only a shareholder entitled to vote is entitled to exercise his/her vote through Postal Ballot. A shareholder having no voting rights should treat this notice as intimation only.

Explanatory Statement pursuant to Section 173(2) and 192A of the Companies Act, 1956:

Your Company has acquired control over management and also the majority stake representing 67.72 % of total capital of M/s Bell Ceramics Limited ("BCL") in following manner:

- I. 75,87,709 shares (62.33%)* vide Share Purchase Agreement (SPA) dated September 20, 2010 executed with M/s Bell Ceramics Limited and Mr. S.K. Jatia (erstwhile promoter of BCL) at the rate of ₹ 20.69 per share.

* Apart from 75,87,709 shares, 72,216 shares are under pledge with IDBI Bank which have also been agreed under SPA to be acquired by your Company after release of pledge.

- II. 6,56,475 shares (5.39%) under Open Offer made to the Public shareholders of BCL under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 at the rate of ₹ 25/- per share.

BCL has thus, became your Company's subsidiary with effect from 29th December, 2010. Subsequently your company has advanced loans to BCL within the limits specified under section 372A of the Companies Act, 1956.

Further, BCL is availing Fund Based and Non Fund Based limits from its existing lender banks against which the erstwhile promoters of BCL have given their personal guarantees to the lender banks. As per the terms of SPA, your Company has to replace the personal guarantees given by the erstwhile promoters with its Corporate Guarantee aggregating to ₹ 8,123 Lacs as per following details:

Sl. No.	Name of the Lenders/Banks	Amount of Guarantee (in ₹ Lacs)
1.	IDBI Bank Limited	5,378.23
2.	Punjab National Bank	280.00
3.	Bank of India	1895.00
4.	Bank of Bahrain and Kuwait	570.00
	Total	8,123.23

Further, in order to facilitate smooth business operations at BCL, your Company has to make further investments, advance loans, provide securities / give guarantees for and on behalf of BCL which will exceed the ceilings prescribed under Section 372 A of the Companies Act, 1956.

The investments, loans, guarantees and securities made /proposed to be made will be out of your Company's own /surplus funds/ internal accruals / borrowed funds; the objective of which is optimum utilization of funds of the Company and also to achieve long term strategic and business objectives. The investments, loans, guarantees and securities will be made on terms and conditions most beneficial to the Company and the loans shall be at prevailing market rates.

As per Section 372A of the Companies Act, 1956, no Company can make any loan, or give guarantee to, or provide security in connection with a loan, or acquire by way of subscription, purchase or otherwise the securities of other body corporate exceeding 60% of its paid-up capital and free reserves or 100% of its free reserves, whichever is more, unless the same is previously authorized by a Special Resolution. The section further provides that in case of guarantee to be given beyond above said limits, it may be authorized by the Board of Directors and confirmed by the shareholders within twelve months of its passing by the Board of Directors or on /before the date of next AGM, whichever is earlier.

Since the amount of loans/ investments/ guarantees/ securities proposed in the Resolution would be in excess of above prescribed limits, approval of the shareholders by means of Special Resolution through Postal Ballot process is required. This permission is sought pursuant to the provisions of Section 372A read with Sections 192A and 292 of the Companies Act, 1956 to give powers to the Board of Directors for making further investments, loans, guarantees and providing securities together with the loans, investments already made, guarantee given (if any) up to limit of ₹ 200 Crores as specified in Resolution.

The proposal outlined above is in the interest of the Company and the Board of Directors commends the passing of the Resolution as set out in the accompanying notice. Your consent is sought by voting through Postal Ballot in accordance with Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution through Postal Ballot) Rules, 2001.

Mr. Mahendra K. Daga, Chairman & Managing Director, Mr. Madhur Daga, Executive Director, Mr. R.N. Bansal and Mr. N.R. Srinivasan, Independent Directors of Orient Ceramics And Industries Ltd. are also Directors in Bell Ceramics Limited. Thus, except Mr. Mahendra K. Daga, Mr. Madhur Daga, Mr. R.N. Bansal and Mr. N.R. Srinivasan to the extent indicated, none of the Director(s) of the Company is, in any way, concerned or interested either directly or indirectly in the aforesaid Resolution.

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

Place: New Delhi
Date : 05th February, 2011

Yogesh Mendiratta
Company Secretary