

# EURO CERAMICS LIMITED • ANNUAL REPORT 2006-07

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COMMANDMENTS ON HOW  
TO RUN A BORING BUSINESS...



## FORWARD-LOOKING STATEMENT

The information and opinions expressed in this Annual Report consist of certain forward -looking statements, which the management believes are true to the best of its knowledge at the time of its preparation. We shall not be liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein. The information contained herein may not be disclosed, reproduced or used in whole or in part for any purpose or furnished to any other persons without the express prior written permission of the Company.


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## Euro Ceramics Limited

Boston House, Ground Floor, Suren Road, Chakala, Andheri (East), Mumbai - 400093

### Notice

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NOTICE is hereby given that the Fifth Annual General Meeting of the Members of Euro Ceramics Limited will be held on Friday, 28th day of September 2007 at 10.30 a.m. at S.P.B.T. College, JVPD Scheme, Vile Parle (West), Mumbai - 400056 to transact the following business:

#### Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet for the year ended 31st March 2007 and the Profit & Loss Account as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To take note of Interim Dividend paid for the financial year 2006-07.

3. To appoint a Director in place of Mr. Amit G. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Lalji K. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Deepak Maru & Co., Chartered Accountants as auditors of the Company and to fix their remuneration.

#### Special Business:

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

"RESOLVED THAT pursuant to the provision of Sections 198, 309 & 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the consent of the Company be and is hereby accorded for increase in remuneration payable to Mr. Nenshi L. Shah Managing Director of the Company; from Rs. 1,00,000/- per month to Rs. 2,00,000/- per month in the scale of Rs. 2,00,000 - 5,00,000 with effect from 1st July 2007 with authority to the Board of Directors of the Company to grant such increments within the said

scale as it may determine from time to time, on the terms and conditions as set out in the draft agreement to be entered into between the Company and Mr. Nenshi L. Shah.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to give effect to aforesaid resolution."

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

"**RESOLVED THAT** pursuant to the provision of Sections 198, 309 & 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the consent of the Company be and is hereby accorded for increase in remuneration payable to Mr. Talakshi L. Nandu Whole-time Director of the Company; from Rs. 1,00,000/- per month to Rs. 2,00,000/- per month in the scale of Rs. 2,00,000 - 5,00,000 with effect from 1st July 2007 with authority

to the Board of Directors of the Company to grant such increments within the said scale as it may determine from time to time, on the terms and conditions as set out in the draft agreement to be entered into between the Company and Mr. Talakshi L. Nandu.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to give effect to aforesaid resolution."

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

"**RESOLVED THAT** pursuant to the provision of Sections 198, 309 & 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the consent of the Company be and is hereby accorded for increase in remuneration payable to Mr. Kumar P. Shah Whole-time Director of the Company; from Rs. 1,00,000/- per month to Rs. 2,00,000/- per month in the

scale of Rs. 2,00,000 - 5,00,000 with effect from 1st July 2007 with authority to the Board of Directors of the Company to grant such increments within the said scale as it may determine from time to time, on the terms and conditions as set out in the draft agreement to be entered into between the Company and Mr. Kumar P. Shah.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to give effect to aforesaid resolution"

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

"**RESOLVED THAT** pursuant to the provision of Sections 198, 309 & 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the consent of the Company be and is hereby accorded for increase in remuneration payable to Mr. Paresh K. Shah Whole-time Director of

the Company; from Rs. 1,00,000/- per month to Rs. 2,00,000/- per month in the scale of Rs. 2,00,000 - 5,00,000 with effect from 1st July 2007 with authority to the Board of Directors of the Company to grant such increments within the said scale as it may determine from time to time, on the terms and conditions as set out in the draft agreement to be entered into between the Company and Mr. Paresh K. Shah.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to give effect to aforesaid resolution"

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

"**RESOLVED THAT** in supersession of the resolution passed at the Extraordinary General Meeting of the Company held on 31st January, 2006 and pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), the consent of

the shareholders be and is hereby accorded to the Board of Directors of the Company to borrow from time to time, as they may think fit, any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from 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 of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however, the total amount so borrowed in excess of the aggregate of the paid up capital of the Company and its free reserves shall not at any one time exceed Rs. 1000.00 Crores (Rupees One Thousand Crores Only).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to finalise, settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may

arise in regard to borrow money as aforesaid."

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

"**RESOLVED THAT** in supersession of the resolution passed at the Extraordinary General Meeting of the Company held on 31st January, 2006, and pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), consent of the shareholders be and is hereby accorded to the Board of Directors of the Company to mortgage and / or charge, in addition to the mortgage / charges created / to be created by the Company, in such form and manner and with such ranking as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s), Debenture Trust Deed(s) or any other documents entered into / to be entered into and at such time and on such terms as the Board may determine, all or any of the movable and / or immovable properties of the Company,

both present and future and / or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Lender(s) / Agents(s) and Trustee / Trustee(s), for securing the borrowings of the Company availed / to be availed by way of loan(s) (in foreign currency and / or rupee currency) and Securities (comprising Fully / Partly Convertible Debentures and / or Non-Convertible Debentures with or without detachable or non-detachable Warrants and / or Secured Premium Notes and / or Floating Rates Notes / Bonds or other debt instruments), issued / to be issued by the Company, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s) / Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase between the Company and the Lender(s) / Agent(s) and Trustee / Trustee(s), in respect of the said loans / borrowings /

debentures and containing such specific terms and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors thereof and the Lender(s) / Agent(s) / Trustee(s).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to finalise, settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to create mortgage / charge as aforesaid."

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

**"RESOLVED THAT** pursuant to the provision of Section 163 and other applicable provision, if any, of the Companies Act, 1956 (including any statutory modification or any amendment or any substitution or re-enactment thereof for the time being in force), approval of the members of the Company

be and is hereby accorded to the maintenance of records of the Company, viz. (i) Register and Index of Members of the Company and (ii) Copies of Annual Returns prepared under Section 159 of the said Act together with copies of certificates and documents required to be annexed thereto under Section 161 of the said Act at the premises of Company's Registrar and Share Transfer Agents M/s. Intime Spectrum Registry limited at C-13, Pannalal Silk Mills Compounds, L.B.S. Marg, Bhandup (West), Mumbai - 400078.

**RESOLVED FUTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper and expedient to give effect to this resolution."

By Order of the Board of Directors

Place : Mumbai

Jayshree D. Soni

Date : July 25, 2007

Company Secretary

Registered Office:

Boston House, Ground Floor,  
Suren Road, Chakala, Andheri (East),  
Mumbai - 400093.

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business is annexed herewith and forms part of this notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 24th day of September 2007 to Friday, the 28th day of September 2007 (both days inclusive).
4. Corporate members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Annual General Meeting.

5. Members are requested to bring their Attendance Slip duly filled in for attending the meeting, along with their copy of Annual Report.
6. Members are requested to notify immediately any change in their address / bank mandate to their respective depositories participants (DPs) in respect of their electronic account and to the Registrar and Share Transfer Agents of the Company, Intime Spectrum Registry Limited, C - 13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai - 400078 in respect of their physical share folios if any.
7. Member desirous of getting any information relating to the accounts and operations of the Company are requested to address their queries at least 7 days in advance of the meeting so that the information required may be made available at the meeting.
8. ADDITIONAL INFORMATION OF DIRECTORS BEING APPOINTED / RE APPOINTED AT THE ANNUAL GENERAL MEETING AS PER CLAUSE 49 OF THE LISTING AGREEMENT.

Mr. Amit G. Shah

Mr. Amit G. Shah, aged 32 years has joined

our Company's Board on November 2, 2005. He is an architect by profession. He is member of Council of Architects, Practicing Engineers, Architects & Town Planners Association and also a member of Indian Institute of Architecture. He has worked for Louiskhan Trophy in NASA (National Association of Students of Architecture) & was responsible for preparing the documentation of tribal settlements in respect of which he was honoured with a best citation award. He has also worked for G-sen Trophy in NASA.

Mr. Lalji K. Shah

Mr. Lalji K. Shah, aged 53 years has joined our Company's Board on November 2, 2005. He was initially involved in his ancestral business at Kutch and afterwards he started his own firms dealing in plywood and other allied items. He has total experience of more than 20 years in the Industry.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### ITEM NO. 6

Mr. Nenshi L. Shah, was appointed as a Managing Director of the Company at the meeting of the Board of Directors held on 2nd November 2005 for a period of five years with effect from 1st December 2005.

Keeping in view the Industry Standards and the responsibility shouldered by Mr. Nenshi L. Shah as Managing Director, there is a need to revise the salary of Mr. Nenshi L. Shah. Hence, as per the recommendation of the Remuneration Committee, the Board of Directors at their meeting held on 25th July 2007 have approved the increase in the remuneration payable to Mr. Nenshi L. Shah, Managing Director on the following terms and conditions w.e.f. 1st July 2007.

The broad particulars of remuneration payable to and the terms of the appointment of Mr. Nenshi L. Shah during his remaining tenure as Managing Director are as under:

(1) **Salary:** Salary of Rs. 2,00,000/- (Rupees Two Lacs Only) per month in the scale of Rs. 2,00,000 - 5,00,000 with authority to the Board of Directors of the Company to grant such increments within the said scale as it may determine from time to time.

(2) **Gratuity:** Gratuity payable shall be calculated as per the rules of the Company.

(3) Use of Company's car for official duties and adequate communication facilities shall be provided as per the rules of the Company.

(4) **Overall Remuneration:** The aggregate of salary payable to the Managing Director in any one financial year shall not exceed the limits prescribed under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act for the time being in force.

(5) **Minimum Remuneration:** Where in any financial year the Company has no profits or its profits are inadequate, the remuneration payable to the Managing Director will be in accordance with the provisions of Section II of part II of Schedule XIII to the Companies Act, 1956, for the time being in force, including all statutory modifications or re-enactments thereof, as may, for the time being in force.

The above may also be treated as an abstract in terms of Section 302 of the Companies Act, 1956.

None of the Directors other than Mr. Nenshi L. Shah, Mr. Shantilal L. Shah and Mr. Lalji K. Shah of the Company is interested or concerned in the said resolution.

Your Directors recommend the resolutions set out at Item No. 6 of the notice for your approval.

### ITEM NO. 7

Mr. Talakshi L. Nandu, was appointed as a Whole-time Director of the Company at the meeting of the Board of Directors held on

25th March 2003 for a period of five years with effect from 1st April 2003.

Keeping in view the Industry Standards, there is a need to revise the salary of Mr. Talakshi L. Nandu. Hence, as per the recommendation of the Remuneration Committee, the Board of Directors at their meeting held on 25th July 2007 have approved the increase in the remuneration payable to Mr. Talakshi L. Nandu, Whole-time Director on the following terms and conditions w.e.f. 1st July 2007.

The broad particulars of remuneration payable to and the terms of the appointment of Mr. Talakshi L. Nandu during his remaining tenure as Whole-time Director are as under:

(1) **Salary:** Salary of Rs. 2,00,000/- (Rupees Two Lacs Only) per month in the scale of Rs. 2,00,000 - 5,00,000 with authority to the Board of Directors of the Company to grant such increments within the said scale as it may determine from time to time.

(2) **Gratuity:** Gratuity payable shall be calculated as per the rules of the Company.

(3) Use of Company's cars for official duties and adequate communication facilities shall be provided as per the rules of the Company.

(4) **Overall Remuneration:** The aggregate of salary payable to the Whole-time Director in any one financial year shall not exceed the limits prescribed under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act for the time being in force, including all



statutory modifications or re-enactments thereof, as may, for the time being in force.

(5) **Minimum Remuneration:** Where in any financial year the Company has no profits or its profits are inadequate, the remuneration payable to the Whole-time Director will be in accordance with the provisions of Section II of part II of Schedule XIII to the Companies Act, 1956, for the time being in force.

The above may also be treated as an abstract in terms of Section 302 of the Companies Act, 1956.

None of the Directors other than Mr. Talakshi L. Nandu and Mr. Paresh K. Shah of the Company is interested or concerned in the said resolution.

Your Directors recommend the resolutions set out at Item No. 7 of the notice for your approval.

#### ITEM NO. 8

Mr. Kumar P. Shah, was appointed as a Whole-time Director of the Company at the meeting of the Board of Directors held on 25th March 2003 for a period of five years from 1st April 2003.

Keeping in view the Industry Standards, there is a need to revise the salary of Mr. Kumar P. Shah. Hence, as per the recommendation of the Remuneration Committee, the Board of Directors at their meeting held on 25th July 2007 have approved the increase in the remuneration payable to Mr. Kumar P. Shah, Whole-time Director on the following terms

and conditions w.e.f. 1st July 2007.

The broad particulars of remuneration payable to and the terms of the appointment of Mr. Kumar P. Shah during his remaining tenure as Whole-time Director are as under:

(1) **Salary:** Salary of Rs. 2,00,000/- (Rupees Two Lacs Only) per month in the scale of Rs. 2,00,000 - 5,00,000 with authority to the Board of Directors of the Company to grant such increments within the said scale as it may determine from time to time.

(2) **Gratuity:** Gratuity payable shall be calculated as per the rules of the Company.

(3) **Use of Company's cars for official duties and adequate communication facilities shall be provided as per the rules of the Company.**

(4) **Overall Remuneration:** The aggregate of salary payable to the Whole-time Director in any one financial year shall not exceed the limits prescribed under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act for the time being in force, including all statutory modifications or re-enactments thereof, as may, for the time being in force.

(5) **Minimum Remuneration:** Where in any financial year the Company has no profits or its profits are inadequate, the remuneration payable to the Whole-time Director will be in accordance with the provisions of Section II of part II of schedule XIII to the Companies Act, 1956, for the time being in force.

The above may also be treated as an abstract in

terms of Section 302 of the Companies Act, 1956.

None of the Directors other than Mr. Kumar P. Shah of the Company is interested or concerned in the said resolution.

Your Directors recommend the resolutions set out at Item No. 8 of the notice for your approval.

#### ITEM NO. 9

Mr. Paresh K. Shah, was appointed as a Whole-time Director of the Company at the meeting of the Board of Directors held on 25th March 2003 for a period of five years with effect from 1st April 2003.

Keeping in view the Industry Standards, there is a need to revise the salary of Mr. Paresh K. Shah. Hence, as per the recommendation of the Remuneration Committee, the Board of Directors at their meeting held on 25th July 2007 have approved the increase in the remuneration payable to Mr. Paresh K. Shah, Whole-time Director on the following terms and conditions w.e.f. 1st July 2007.

The broad particulars of remuneration payable to and the terms of the appointment of Mr. Paresh K. Shah during his remaining tenure as Whole-time Director are as under:

(1) **Salary:** Salary of Rs. 2,00,000/- (Rupees Two Lacs Only) per month in the scale of Rs. 2,00,000 - 5,00,000 with authority to the Board of directors of the Company to grant such increments within the said scale as it may determine from time to time.

(2) **Gratuity:** Gratuity payable shall be calculated as per the rules of the Company.

(3) **Use of Company's cars for official duties and adequate communication facilities** shall be provided per the rules of the Company.

(4) **Overall Remuneration:** The aggregate of salary payable to the Whole-time Director in any one financial year shall not exceed the limits prescribed under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act for the time being in force.

(5) **Minimum Remuneration:** Where in any financial year the Company has no profits or its profits are inadequate, the remuneration payable to the Whole-time Director will be in accordance with the provisions of Section II of part II of Schedule XIII to the Companies Act, 1956, for the time being in force.

The above may also be treated as an abstract in terms of Section 302 of the Companies Act, 1956.

None of the Directors other than Mr. Paresh K. Shah of the Company is interested or concerned in the said resolution.

Your Directors recommend the resolutions set out at Item No. 9 of the notice for your approval.

#### ITEM No. 10 & 11

In view of the continuous growth and expansion plan of the Company, the Company may require to borrow from time to time, which may exceed the present borrowing limits

of Rs. 500 Crores in excess of aggregate of paid – up capital and free reserves of the Company.

The Board of Directors of the Company at its meeting held on 25th July 2007 decided to raise the present borrowing limits from Rs. 500 Crores to Rs. 1,000 Crores.

An ordinary resolution is sought to give the Board, the powers to borrow the moneys in excess of aggregate of paid – up capital and free reserves of the Company but not exceeding Rs. 1,000 Crores.

Further to secure the said borrowings, which the Company may borrow from time to time, the Company may require to create mortgages/ charges/ hypothecation on all or any of its immovable and movable properties. Accordingly, it is proposed to obtain the consent of the members in terms of the provision of Sections 293 (1)(a) and 293 (1)(d) of the Companies Act, 1956.

None of the Directors is interested in the aforesaid resolutions.

Your Directors recommend the resolutions as set out in Item No. 10 & 11 of the notice for your approval.

#### ITEM No. 12

M/s. Intime Spectrum Registry Limited has been appointed as the Company's Registrar and Share Transfer Agents to undertake the work of transfer of shares including demat / remat activities and matters related thereto. It is desirable that for operational reasons, the Register and Index of members and such other

related returns / documents etc. require to be maintained under the provisions of the Companies Act, 1956 be kept at the premises of Intime Spectrum Registry Limited at C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Bhandup (West), Mumbai – 400 078.

Pursuant to Section 163(1) of the Act, approval of the members by special resolution is required for keeping the above-referred records at a place other than the registered office of the Company.

As required by the proviso to Section 163(1) of the Act, a copy of the proposed special resolution is simultaneously being given to the Registrar of Companies, Maharashtra, Mumbai.

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

Your Directors recommend the resolutions as set out in Item No. 12 of the notice for your approval.

By Order of the Board of Directors

Place : Mumbai

Jayshree D. Soni

Date : July 25, 2007

Company Secretary

Registered Office:

Boston House, Ground Floor,  
Suren Road, Chakala, Andheri (East),  
Mumbai – 400093.