



FAMOUS *for* QUALITY.

## Annual Report 2007-2008

# OUR PRODUCT RANGE

Orients' product portfolio comprises of both Vitrified and Ceramic Tiles for walls and floors for interiors as well as exteriors. Our products come under the following categories.



## Orvit Ultra Vitrified Tiles

These tiles are non-absorbent. They combine the aesthetical qualities and the ease of maintenance of ceramic tiles. These tiles are durable having surface hardness of vitrified body that make them suitable for both domestic and commercial applications-indoor as well as outdoors.



## Orient Vitrified Tiles

Tiles having high mirror like polish carefully obtained by skilled procedures. These tiles are very dense and strong due to nil water absorption and has many pleasing designs for wall and floor.



## Rangoli

Rangoli tiles are manufactured using profile cut tiles and are a fusion of tradition with modernity.



## Artline

Artline is an exclusive collection of designer tiles with beautiful artistic impressions, with high techniques of decoration.



## Stilers

Highlighter wall tiles with vibrant colour combinations and designs.



## Egyptian Rustic

Inspired by nature, this collection has rich and unique earthy colours having deep and intricate surfaces.



## Midline

Realistic and attractive, this series includes vibrant colours and crisp designs.



## Novista

The wall and floor tiles are squared and chamfered (rectified) to give surfacing a seamless look.



## Geomatricos

This series is inspired by nature, imbibed with modern geometric patterns.

## CONTENTS

Notice to the Members	4
Directors' Report	7
Management Discussion and Analysis	11
Corporate Governance Report	13
Auditors' Report	23
Balance Sheet	26
Profit & Loss Account	27
Cash Flow Statement	28
Schedules to Balance Sheet and Profit & Loss Account	29
Balance Sheet Abstract	44

# Our Vision

Delight Customers &

Reward Stakeholders by

providing Innovative Solutions

that are

FAMOUS *for* QUALITY.

## BOARD OF DIRECTORS

Sh. Mahendra K. Daga  
Chairman & Managing Director

Sh. R. N. Bansal

Sh. Madhur Daga  
Executive Director

Sh. Kanwal K. Malhotra

Sh. Dhruv M. Sawhney

Sh. N. R. Srinivasan

## AUDIT COMMITTEE

Sh. R. N. Bansal  
Chairman

Sh. N. R. Srinivasan

Sh. Kanwal K. Malhotra

Sh. Mahendra K. Daga

## SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Sh. Kanwal K. Malhotra  
Chairman

Sh. Mahendra K. Daga

Sh. Madhur Daga

## REMUNERATION COMMITTEE

Sh. N. R. Srinivasan  
Chairman

Sh. Dhruv M. Sawhney

Sh. Kanwal K. Malhotra

## CORPORATE OFFICE & SHOWROOM

Iris House  
16, Business Centre  
Nangal Raya  
New Delhi-110 046

## REGD. OFFICE

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

## PLANTS

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

## BANKERS

State Bank of India  
Standard Chartered Bank  
Punjab National Bank

## STATUTORY AUDITORS

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

## INTERNAL AUDITORS

M/s. B.R. Gupta & Co.  
Delhi

## REGISTRAR & SHARE TRANSFER AGENT

M/s. MCS Limited  
'Sri Venkatesh Bhavan'  
W-40, Okhla Industrial Area, Phase-II  
New Delhi-110 020

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of the members of Orient Ceramics And Industries Ltd. will be held on Friday, the 12<sup>th</sup> day of September, 2008 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 business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2008, the Profit & Loss Account for the year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To declare dividend for the year ended 31<sup>st</sup> March 2008.
3. To appoint a Director in place of Sh. N. R. Srinivasan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Place : New Delhi  
Date : 28<sup>th</sup> June, 2008

By Order of the Board

### Regd. Office :

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

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

### NOTES :

- (1) The members entitled to attend and vote at the Meeting are entitled to appoint a Proxy to attend and vote (On a Poll) instead of himself and the proxy need not be a member of the Company. The proxies in order to be effective must be lodged at the Corporate Office of the Company not less than 48 hours before the commencement of Meeting.
- (2) The information required to be provided under clause 49 IV(G) of the Listing Agreement entered into with the Stock Exchange(s), regarding the Director who is proposed to be re-appointed is annexed hereto.
- (3) The Register of Members and Share Transfer Books will remain closed from 9<sup>th</sup> September 2008 to 12<sup>th</sup> September 2008 (both days inclusive) for the purpose of payment of Dividend on the equity shares for the financial year ended 31<sup>st</sup> March 2008, if declared by the shareholders at the ensuing Annual General Meeting.
- (4) Dividend on Equity Shares as recommended by the Board of Directors for the financial year ended 31<sup>st</sup> March, 2008 when declared at the meeting 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 8<sup>th</sup> September 2008 or in respect of shares held in electronic form, to those whose names appear as Beneficial Owners as at the end of business hours on 8<sup>th</sup> September 2008 in the lists of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
- (5) In compliance with the Securities and Exchange Board of India directions to appoint a common agency for Share Registry work, the Company has appointed M/s MCS Limited as its Registrars & Share Transfer Agent for rendering the entire range of services to the shareholders of the Company.
- (6) Pursuant to section 205A of the Companies Act, 1956 any money transferred to unpaid dividend account, 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 established under section 205C of the Companies Act, 1956. Accordingly, the money will be transferred to the said fund as and when it becomes due and no claim 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:

Financial Year	Dividend on Shares	
	Date of Declaration	Due Date for Transfer
2001-02	28.09.2002	04.11.2009
2002-03	25.09.2003	01.11.2010
2003-04	15.09.2004	27.10.2011

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

- (7) Members holding shares in physical form are advised, in their own interest to avail the nomination facility, especially investors holding securities in single name, to avoid the process of transmission by law. The nomination will be effective only in the event of death of all the holders.
- (8) Members holding shares in physical form who have not yet provided the Bank details are once again requested to provide their Bank Account Number, name of Bank and address of the Branch, quoting their folio number, so that the same can be printed on dividend warrant, to avoid the incidence of fraudulent encashment of the instrument. In respect of the members holding shares in electronic mode, bank details as are furnished by the depositories will be printed on the dividend warrant.
- (9) Members are requested to :
- (i) Quote their folio number(s) / Client ID & DP ID in all correspondence with the Company.
  - (ii) Please notify change(s), if any, in your Registered Address along with Pin Code Number, to the Registrar and Share Transfer Agent of the Company.
- (10) The Company's equity shares are compulsorily traded in demat form. Members who are holding equity shares in physical form are requested to get them dematerialized.
- (11) Transport will be provided to those shareholders who are interested in attending the Annual General Meeting. In case of joint shareholders, only one shareholder will be provided conveyance. Transport will be available from the Company's Corporate Office at 9.30 a.m. Members who are interested to avail this facility are requested to give their details at Corporate Office latest by 5<sup>th</sup> September 2008. Requests received after that date will not be entertained.
- (12) ***As usual, no gifts will be distributed at the meeting.***

Place : New Delhi  
Date : 28<sup>th</sup> June, 2008

By Order of the Board

**Regd. Office :**  
8, Industrial Area  
Sikandrabad-203 205  
Distt. Bulandshahr (U.P.)

Report  junction.com

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

**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT**

As required under clause 49 IV (G) of the Listing Agreement, the particulars of Director seeking re-appointment in the forthcoming Annual General Meeting are as follows :

Name of Director	Sh. N. R. Srinivasan
Date of Birth	11.10.1925
Date of Appointment	16.09.1988
Expertise in Specific Functional area	Ceramic Consultant
Qualification	Msc. Tech. Ceramic Technology
List of Companies in which outside Directorship held as on 31.03.2008	Nil
Chairman / Member of the Committee(s) of the Board of Director of other Companies in which he is a Director	Nil

**DIRECTORS' REPORT****Dear Shareholders**

Your Directors are pleased to present their 31<sup>st</sup> Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2008.

**FINANCIAL RESULTS****(Rs. in Lakhs)**

Particulars	2007-08	2006-07
Gross Sales and other Income	23,136	20,118
Profit before Interest, Depreciation and Taxation	2,354	3,099
Interest	955	487
Depreciation	962	874
Profit before Taxation	437	1,738
Provision for Taxation - Current year	57	607
- Deferred Tax {Charge / (Release)}	88	(72)
- Fringe Benefit Tax & Wealth Tax	43	33
Profit for the year	249	1,171
Earning per Share (Rupees)	2.46	10.83

**OPERATIONAL HIGHLIGHTS**

The turnover during the year stood at Rs. 23,023 Lakhs as compared to the previous years' figure of Rs. 20,007 Lakhs registering a growth of 15%. Total tile production stood at 178,404 MT registering a growth of 26% over the previous year.

Your Company's Gross Profit before interest, depreciation and tax was Rs. 2,354 lakhs during the financial year ended 31<sup>st</sup> March 2008 as compared to Rs. 3,099 lakhs during the previous year.

Fierce competition in the ceramic tile market from the unorganized sector and sub-standard tile imports from China has considerably eroded the margins. Fortunately the market having realized the problems of using sub-standard quality tiles is moving towards better quality and higher end tiles. Your Company is now geared towards the manufacture of higher end tiles that include Polished Vitrified Tiles (PVT) and Glazed Vitrified Tiles (GVT). The production of PVT began in the last quarter of the year under report and soon thereafter GVT was also introduced under the brand of ORVIT™. ORVIT™ tiles are Ultra Vitrified Glazed tiles, meeting global standards of top end GVTs. The positive effect of ORVIT™ tiles would reflect in the current accounting period.

During the year, there was substantial increase in production cost (which could not be recovered from the market), primarily due to abnormal increase in fuel cost. The cascading effect of rising fuel costs has been felt right down to the grass root level. This has resulted in increased transportation costs of both incoming and outgoing materials. Natural gas was unavailable in required quantity and we had to accept gas at very high spot purchase price. Gas forms a high manufacturing cost item. The increased costs could not be loaded to the selling prices. Additional financing cost on account of funding for some machinery for the production of high end products and purchase of land in Andhra Pradesh for a green field project have put extra pressure on the margins during the year.

**DIVIDEND**

For the year under review, your Directors have recommended for consideration of the shareholders at the ensuing Annual General Meeting, a dividend of Re. 0.50 per share (5%) for the year ended March 31, 2008. The total outgo of dividend inclusive of corporate tax on dividend thereon would amount to Rs. 61.60 lakhs as against Rs. 123 lakhs in the previous year.

**PROSPECTS**

The Eleventh Five Year Plan envisages total investment in physical infrastructure (electricity, railways, roads, ports, airports, irrigation, urban and rural water supply and sanitation) to increase from around 5% of GDP in 2006-07 to 9% of GDP by the end of the plan period if the targeted rate of growth of 9% for the Eleventh Five Year Plan period (2007-12) is to be achieved. Consistent with the above projection, the investment in physical infrastructure alone during the Eleventh Five Year Plan has been estimated to be about US \$ 500 billion. Not surprisingly, the Five Year Plan document states that the pattern of inclusive growth of the economy projected for the Eleventh Five year Plan period, can be achieved only if the infrastructure deficit can be overcome and adequate investment takes place to support higher growth and an improved quality of life for both urban and rural communities. Urban development and renewal of existing towns and cities is yet another area of infrastructure development, which is critical for meeting the growing demand for urban housing and business premises from a rapidly expanding economy. The provision of public goods coupled with policy reforms can energise private initiatives in developing of housing (including rental housing), industrial estates and property development thereby impart additional momentum to overall growth. (Source: Economic Survey 2007-08). The construction industry is the key component of the above Government initiatives. Your Company is positioning itself to capitalize upon the opportunities and to be part of such initiatives.

## EXPANSION

During the year under review, your Company undertook an up gradation for consolidation of the expansion programme which was undertaken in the previous year, without any cost escalation and contingency. The new high end product line of ORVIT™ tiles, introduced commercially has been well received and accepted in the market.

Your Company has acquired land in a premium location of Andhra Pradesh, close to Gas availability, for putting up a green field project in the near future.

## MANAGEMENT DISCUSSION AND ANALYSIS & CORPORATE GOVERNANCE

A separate section on 'Management Discussion and Analysis', which forms part of this report, has been annexed herewith and deals specifically the outlook of the industry, risks and concerns, internal control and financial performance

The Company has already implemented the mandatory requirements of Corporate Governance as per clause 49 of the Listing Agreement. A report on corporate governance with detailed compliance has been given separately. The Company has also obtained a certificate for compliance of the provisions of Corporate Governance from the Statutory Auditors.

## PUBLIC DEPOSITS

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

## HUMAN RELATIONS

Company – Employee relations continue to remain cordial. Scientific performance appraisal systems, performance based incentives, career development programme, work related training and development and Social security schemes are some of the Human Resources initiatives taken to attract and retain the best talent.

## POLLUTION AND ENVIRONMENTAL CONTROLS

In conformity with the various International Standards your Company is continuously improving the environmental, pollution control, and safety measures, which are an integral part of the production. Conscious of alarming Global warming situation, and increasing energy costs, the Company has employed a consultant for the Carbon Credit activities.

## DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Sh.N .R. Srinivasan retires by rotation and is eligible for re-appointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2008 on a 'going concern' basis.

## AUDITORS

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

## AUDITORS' REPORT

The Auditors' 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.

## 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.

## PARTICULARS OF EMPLOYEES

The particulars of the employees as required under section 217(2A) of the Companies Act, 1956 are given in an annexure to this report.

On behalf of the Board

Place : New Delhi  
Date : 28<sup>th</sup> June, 2008

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