



ORIENT
TILES
FAMOUS *for* QUALITY.

Annual Report 2008-2009

BRANDS



Europa

Inspired Innovative Quality

Inspired by the rich heritage of European ceramic history, the **Europa Designs** collection combines two decades of Orient's manufacturing expertise with the aesthetic excellence of Spanish tile designs. The **Europa Designs** collection showcases cutting edge ceramic engineering technology seamlessly integrated with myriad colour combinations & incredible natural textures.

Report Junction.com



You don't say that you are stylish; you prove it with your looks. Similarly, your home should also claim its style statement. Be it your work place, living room or bathroom, the sheer beauty of these premium decorative tiles enables them to become the highlight of any setting. **Stiler** makes the statement even more stylish and appealing by bringing global aesthetic appeal to the designs.

TILES LAID ON FRONT & BACK COVER:
WALL: EUROPA NEW CASTLE OE2002 & STILER HIGHLIGHT OSH110
FLOOR: EUROPA MADEIRA OE2043

MANAGEMENT TEAM



Seated: Mr. Mahendra K. Daga, *Chairman & Managing Director*
Standing (L to R): Mr. Sanjay Monga, *Vice President - Sales & Marketing*,
Ms. Maria Jose Castillo, *Chief Product and Solution Designer*, Mr. Madhur Daga, *Executive Director*,
Mr. Vijay Shankar Sharma, *Chief Financial Officer*, Mr. Anil Agarwal, *President - Operations*

Our Vision

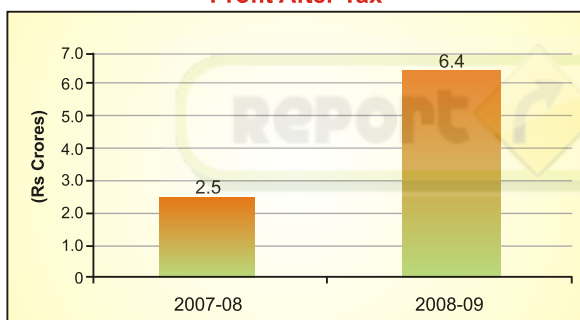
Delight Customers & Reward Stakeholders by
providing Innovative Solutions that are

FAMOUS *for* **QUALITY.**

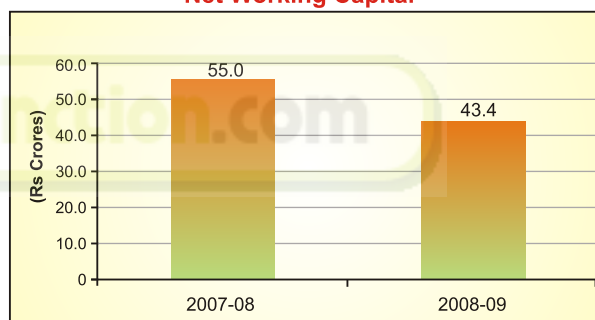
PERFORMANCE HIGHLIGHTS

Rs Crores	2008-09	2007-08	Percentage Change
Net Sale	224.1	214.6	4.4%
Profit Before Tax	10.3	4.4	134.1%
Profit After Tax	6.4	2.5	156.0%
Sundry Debtors	26.3	40.4	-34.9%
%age of Net Sale	12.0%	19.0%	-36.8%
No of days sale	42	68	-38.2%
Inventory	41.4	42.4	-2.4%
Net Working Capital	43.4	55.0	-21.1%
%age of Net Sale	19.0%	26.0%	-26.9%
Book value per share (in Rs)	50.0	45.6	9.6%
Proposed Dividend	15.0%	5.0%	200.0%
Total Loans	72.5	94.3	-23.1%
Earnings Per Share (in Rs)	6.05	2.46	145.9%
Return on Capital Employed	12.1%	9.6%	26.0%
Return on Investment (ROI)	13.3%	5.2%	155.8%
Average Interest Cost	11.7%	12.4%	-5.6%

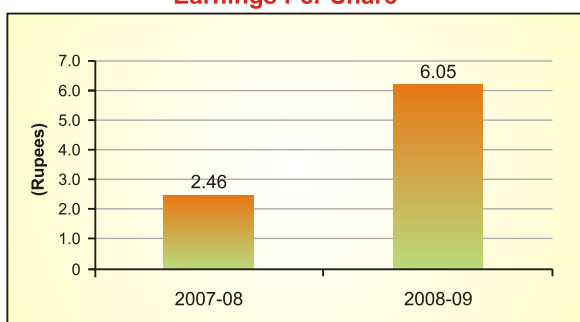
Profit After Tax



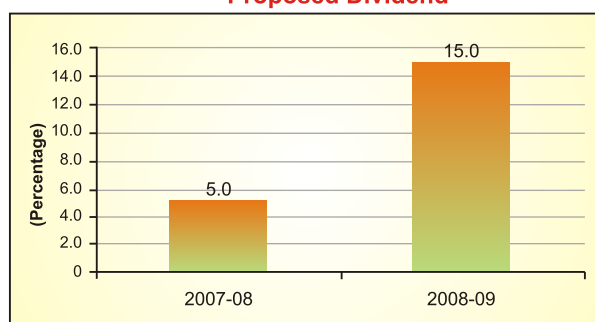
Net Working Capital



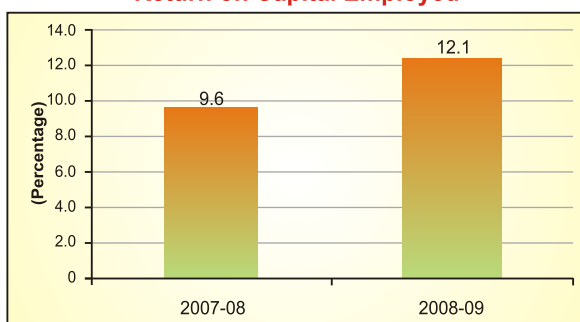
Earnings Per Share



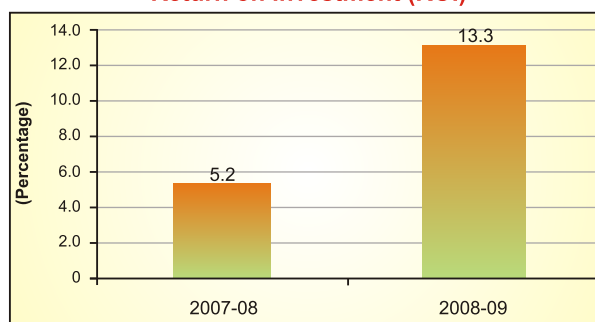
Proposed Dividend



Return on Capital Employed



Return on Investment (ROI)



BOARD OF DIRECTORS

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

Sh. R. N. Bansal

Sh. Madhur Daga, *Executive Director*

Sh. Dhruv M. Sawhney

Sh. N. R. Srinivasan

KEY OFFICIALS

Sh. Vijay Shankar Sharma, *Chief Financial Officer*

Sh. Yogesh Mendiratta, *Company Secretary*

AUDIT COMMITTEE

Sh. R. N. Bansal, *Chairman*

Sh. N. R. Srinivasan

Sh. Mahendra K. Daga

SHAREHOLDERS / INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE

Sh. N. R. Srinivasan, *Chairman*

Sh. Mahendra K. Daga

Sh. Madhur Daga

REMUNERATION COMMITTEE

Sh. N. R. Srinivasan, *Chairman*

Sh. Dhruv M. Sawhney

Sh. R. N. Bansal

STATUTORY AUDITORS

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

INTERNAL AUDITORS

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

BANKERS

State Bank of India
Punjab National Bank
Standard Chartered Bank
Barclays Bank PLC

CORPORATE OFFICE & SHOWROOM

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

REGD. OFFICE & SHOWROOM

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

PLANTS

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

REGISTRAR & SHARE TRANSFER AGENT

M/s. MCS Limited
F-65, Okhla Industrial Area, Phase-I,
New Delhi-110 020

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of the members of Orient Ceramics And Industries Ltd. will be held on Friday, the 25th day of September, 2009 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 31st March 2009, 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 31st March 2009.
3. To appoint a Director in place of Sh. R.N Bansal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereafter called the 'Act') or any amendments thereto, and subject to such approval(s) as may be necessary in this regard, consent of the Company is hereby accorded to the re-appointment of Sh. Mahendra K. Daga as Managing Director of the Company, not liable to retire by rotation, for a period of three years w.e.f. 1st December 2009, on the remuneration and terms and conditions as set out below, with liberty and powers to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions in such manner as the Board may deem fit and is acceptable to Sh. Mahendra K. Daga and/ or to change his remuneration, within the overall limits specified in Schedule XIII to the Act or any statutory amendment, modification, re-enactment thereof:-

- A) Salary: Rs. 5,50,000/- (Rupees Five Lacs Fifty Thousand only) per month with authority to the Board to grant annual increment(s);
- B) Commission: On net profits of the Company computed in accordance with relevant provisions of the Act, to be determined by the Board from time to time provided that the total remuneration including salary, commission and other perquisites shall be subject to the overall ceilings laid down in the relevant provisions of the Act or any amendments thereto;
- C) Perquisites: In addition to the Salary and Commission, Sh. Mahendra K. Daga shall be entitled, as per rules of the Company, to the following perquisites with an authority to the Board to grant, alter or vary from time to time, the amount and type of perquisites payable to him:
 - i. Rent free furnished / unfurnished residential accommodation or HRA of maximum of 60% of salary in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962;
 - ii. Full reimbursement of all medical expenses incurred for self and family, including hospitalization, membership of any hospital and / or doctors' scheme and medical insurance. Facility of medical check up / treatment abroad, if and when needed, the total cost of which including travel to and fro and for the stay in the foreign country, with an attendant, shall be borne by the Company in addition to the aforesaid remuneration;
 - iii. Leave Travel Concession for self and family once in a year;
 - iv. Subscription to clubs, subject to a maximum of two clubs and credit card facility. In case of clubs, no admission and life membership fee shall be paid;
 - v. Personal accident insurance premium;
 - vi. Company maintained car with driver, telephones, mobile phone, hand held e-mail devices, computers, printers, laptops, internet, broadband and fax at residence. Use of telephones, mobile phone, hand held e-mail devices, computers, printers, laptops, internet, broadband, fax and car with driver for official purposes shall not be considered as a perquisite. The valuation of personal use of car would be as per prevalent Income-tax Rules and personal use of telephone for long distance calls will be charged on actual basis;
 - vii. The Managing Director shall be entitled to such other benefits or amounts as may be approved by the Board and permissible under Schedule XIII to the Companies Act, 1956 or otherwise;

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

- (i) Company's contribution to Provident Fund and Superannuation Fund Schemes;
- (ii) Payment of Gratuity and other retrial benefits as per policies/ rules of the Company;
- (iii) Encashment of leave as per policy of the Company;

D) Other Terms and Conditions:

Minimum Remuneration:

Notwithstanding anything herein contained, in case of no profits or inadequate profits in any financial year, the remuneration including perquisites payable to Shri Mahendra K. Daga shall be subject to overall limits as prescribed under section II of Part II of Schedule XIII to the Act or any other statutory modifications therein, substitutions or re-enactment thereof and shall be adjusted accordingly.

Others:

- a) The Company shall reimburse traveling, entertainment and other business promotion expenses actually incurred for the business of the Company.
- b) For the purpose of Gratuity and other benefits, the services of the Managing Director 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 Managing Director or in any other capacity as may be decided by the Board of Directors from time to time.

RESOLVED FURTHER that the Board of Directors / Remuneration Committee be and is hereby authorized to grant increments and other perquisites so as not to exceed the maximum limit for payment of remuneration specified in Schedule XIII to the Companies Act, 1956 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 / Remuneration Committee and Sh. Mahendra K. Daga.”

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

“RESOLVED that pursuant to the provisions of section 31 of the Companies Act,1956 and other applicable provisions, if any, the Articles of Association of the Company be altered in the following manner :

Article 113 of the Articles of Association shall be substituted with the following and read as follows:

113. The Company shall have a common seal and the directors shall provide for the safe custody thereof. The seal shall not be affixed to any instrument except by the authority of the resolution of the board of directors or a committee of directors previously given and in presence of any one Director and / or Company Secretary of the Company and / or any other person appointed by the Board of Directors for the purpose, and such Director and / or Company Secretary and / or other person shall sign every instrument to which the seal of the Company be so affixed in their presence provided that in respect of the share certificates the seal shall be affixed in accordance with the Companies (Issue of Share Certificate) Rules, 1960.”

Place : New Delhi
Dated : 13th August, 2009

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 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Businesses to be transacted at the meeting and the information required to be provided under clause 49 of the Listing Agreement entered into with the Stock Exchange(s), regarding the Directors who are proposed to be appointed / re-appointed are annexed hereto.
- 2) 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.

- 3) The Register of Members and Share Transfer Books will remain closed from 12th September, 2009 to 18th September, 2009 (both days inclusive) for the purpose of payment of Dividend on the equity shares for the financial year ended 31st March 2009, if declared by the shareholders at the ensuing Annual General Meeting.
- 4) Final dividend of Rs.1.50 per share has been recommended by the Board of Directors and subject to the approval of the shareholders at the ensuing Annual General 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 11th September, 2009 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 11th September, 2009 in the lists of Beneficial Owners of National Securities Depository Limited and / or Central Depository Services (India) Limited.
- 5) Members are advised to avail of the facility for receipt of future dividends through Electronic Clearing Service (ECS). The ECS facility is available at the specified locations and covers all major cities. Members are requested to contact their respective Depository Participants (DPs) for availing such facility. Members holding shares in physical form and desirous of availing ECS facility are requested to write to the Company for details.
- 6) M/s MCS Limited, F-65, Okhla Industrial Area, Phase-I, New Delhi – 110 020 is the Registrar & Share Transfer Agent for rendering the entire range of services to the shareholders of the Company.
- 7) The documents referred to in the proposed resolutions and register of Director's shareholding are available for inspection at the Registered Office of the Company during working hours 10.00 A.M. to 1.00 P.M. except on holidays.
- 8) Pursuant to section 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 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:

Period	Dividend on Shares	
	Date of Declaration	Due Date for Transfer
2002-03	25.09.2003	24.10.2010
2003-04	15.09.2004	14.10.2011
2004-05	28.09.2005	27.10.2012

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

- 9) 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.
- 10) Pursuant to amended clause 11 of the Listing Agreement only those share transfer applications shall be entertained which are accompanied with the copy of PAN card of the transferee(s).
- 11) Members holding shares in physical form who have not yet provided the Bank details are requested to provide the Bank Account Number, name of Bank and address of the Branch, quoting their 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 the members holding shares in electronic mode, bank details as are furnished by the depositories will be printed on the dividend instrument.
- 12) 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.
- 13) 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 11th September, 2009. Requests received after that date will not be entertained.

Place : New Delhi
Dated : 13th August, 2009

By Order of the Board

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

Mahendra K. Daga
Chairman & Managing Director

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

Shri Mahendra K. Daga was appointed as Managing Director for a period of three years effective 1st December 2006 and this tenure would end on 30th November 2009. The Remuneration Committee and the Board of Directors at their meetings held on 29th July 2009 re-appointed Shri Mahendra K. Daga as Managing Director of the Company for a further period of three years effective 1st December 2009 and approved remuneration in accordance with the provisions of sections 198, 269, 309, 310, 311 and Schedule XIII of the Companies Act, 1956 and subject to necessary approvals which is commensurate with his qualification, experience and the responsibilities entrusted on him.

Shri Mahendra K. Daga is at the helm of affairs of the Company as Chairman and Managing Director. As a result of phased expansion and modernization programme undertaken in the supervision of Shri Daga, the Company has witnessed continuous growth. The installed capacity of the Plant has increased from 15000 MT in the year 1993 to 220000 MT in the year 2009. In the year 1992-93 the Company incurred a net loss of Rs. 30.59 Lacs whereas in the year 2008-09 the net profit stood at Rs. 637 lacs. Under his leadership, the Company remained a dividend paying Company since 1993-1994.

In terms of sections 198, 269, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956, shareholders' approval by way of Special Resolution and Govt. Approval is necessary for the appointment and payment of remuneration upto an amount as stated in the Resolution at item no. 5 of the accompanying Notice.

Sh. Mahendra K. Daga, Managing Director and Sh. Madhur Daga, Executive Director (who is son of Sh. Mahendra K. Daga) may be deemed to be interested in the resolution. No other Director is interested or concerned with the Resolution.

This Explanatory Statement together with the accompanying Notice may also be regarded as an Abstract and Memorandum under Section 302 of the Companies Act, 1956.

The following disclosures are being made in this Explanatory Statement in compliance with Section II in part II of Schedule XIII of the Companies Act, 1956:

I. General Information:

1. The Company is in Ceramic Industry and engaged in the business of manufacture and marketing of Ceramic Tiles. The manufacturing facilities of the Company are situated at Sikandrabad, District Bulandshahr in the State of Uttar Pradesh with an installed capacity of 2,20,000 MT.
2. The Company commenced commercial production w.e.f. 7th October 1977.
3. The Company is an existing entity and has already commenced Commercial Production.
4. Financial performance of the Company for the Financial year 2008-09 is as follows :

(Rs. in Lacs)

Particulars	2008-09	2007-08
Sales & Other Income	22557	21570
Profit Before Tax	1026	437
Profit After Tax	637	249
Paid up Equity Capital	1053	1053
Reserves & Surplus	4197	3745
Basic / Diluted Earning Per Share (Rs.)	6.05	2.46

5. The company has earned (FOB value of exports) Rs. 27.48 lacs in foreign Exchange during the financial year 2008-09.
6. The company has not made any foreign investments or collaborations.

II. Information about the appointee:

1. Sh. Mahendra K. Daga, BA, FIM (Fellow of the Institute of Management) UK, aged 71 yrs. has over 41 years of successful experience. His name is synonymous with the tiles industry. Under the overall supervision of the Board of Directors, he has been instrumental in taking the Company from strength to strength to its present position.
2. The total remuneration of Sh. Mahendra K. Daga for the Financial Year 2008-09 was Rs. 72,79,308/-.

3. Sh. Daga is the Founder member of the Indian Council of Ceramic Tiles & Sanitaryware (ICCTAS), the apex body in India representing the Ceramic Industry. His expertise in the field has won him the prestigious fellowship by the British Ceramic Institute. He has also represented India as one of the eight speakers from all over the world at the "International Meeting on Ceramic Industry" organized by Associazione Costruttori Italiani Macchine Attrezzature per Ceramica, at Modena, Italy on 26th May, 2000. Shri Mahendra K. Daga, an environmentalist, makes all possible efforts to conserve the precious nature. He was awarded by the Chief Minister of Delhi for the best rainwater harvesting system in Delhi in the year 2009.
4. Sh. Daga is most suitable for the job of Managing Director of the Company as he has been in this position since December 1993. Under his leadership, the Company has achieved significant growth in a very short span and has carved a niche for itself in the industry.
5. The details of proposed remuneration is as per special resolution at item no. 5.
6. The remuneration proposed to be paid to Sh. Daga is commensurate with the size of the Company, nature of its operations and is in line with the industry standards.
7. Besides his remuneration, Sh. Daga had pecuniary relationship with the Company as mentioned in note no. 13 in schedule 13(II) – Related Party Disclosures. He has no relationship with any managerial personnel of the Company, except with Sh. Madhur Daga, Executive Director, who is his son.

III. Other Information:

1. 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.
2. The Company is continuously looking at the new business opportunities and new markets to grow.
3. It is difficult to forecast the productivity and profitability in measurable terms. However, the productivity and profitability will continue to be above industry average.

IV. Disclosures:

1. The shareholders are being informed of the remuneration package by way of explanatory statement as given above.
2. The details of remuneration etc. of other Directors are included in the Corporate Governance Report and forming part of the Annual Report of the Company.

The Directors recommend the resolution for your approval.

ITEM NO. 6

The present Article 113 of Articles of Association provides for the affixation of the common seal of the Company with the authority of Board and in the presence of any one of the Directors. Owing to administrative convenience it is proposed to alter the Article 113 by giving flexibility of authorized persons in this regard as mentioned in the Special Resolution.

The Board recommends the passing of Special Resolution at Item No.6 of the Notice.

None of the directors are interested or concerned in the proposed resolution.

A copy of the Memorandum & Articles of Association of the Company together with the proposed alterations will be available for inspection by the members of the Company at its Corporate Office between 10.00 a.m. to 1.00 p.m. on all working days prior to the date of the meeting and shall be available at the meeting.

Place : New Delhi
Dated : 13th August, 2009

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

By Order of the Board

Mahendra K. Daga
Chairman & Managing Director