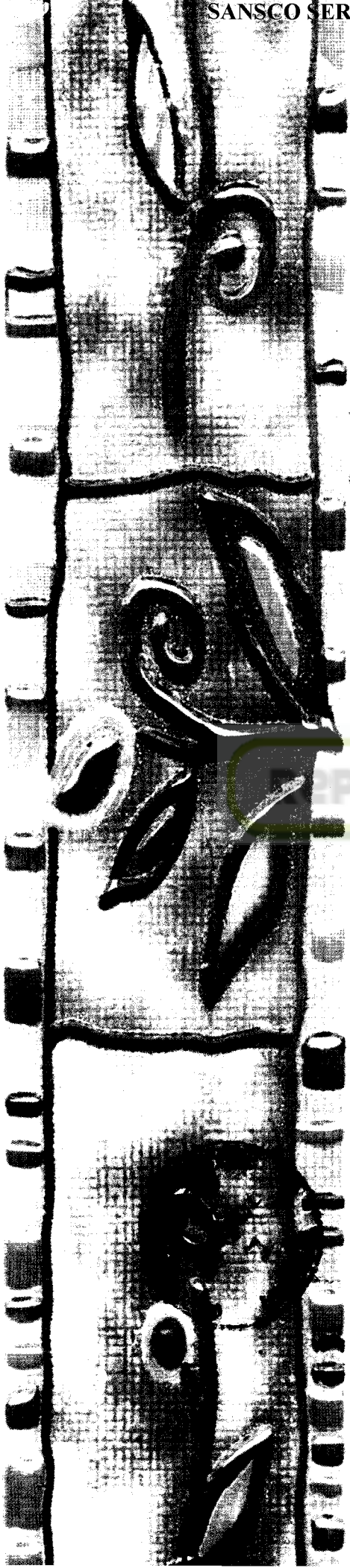
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# Annual Report 2005-2006

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# ORIENT CERAMICS AND INDUSTRIES LTD.

## 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

## SECRETARY

Sh. Pankaj Goyal
*Finance Controller & Company Secretary*

## AUDIT COMMITTEE

Sh. R. N. Bansal
*Chairman*
Sh. N. R. Srinivasan
Sh. Kanwal K. Malhotra
Sh. Mahendra K. Daga

## SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Sh. R. N. Bansal
*Chairman*
Sh. Mahendra K. Daga
Sh. Madhur Daga

## REMUNERATION COMMITTEE

Sh. N. R. Srinivasan
*Chairman*
Sh. Dhruv M. Sawhney
Sh. Kanwal K. Malhotra

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## HEAD 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

Punjab National Bank
State Bank of India

## 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 Intime Spectrum Registry Limited
'Sri Venkatesh Bhavan'
W-40, Okhla Industrial Area, Phase-II
New Delhi-110 020

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of the members of Orient Ceramics And Industries Ltd. will be held on Tuesday, the 26th day of September, 2006 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 2006, 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 2006.
3. To appoint a Director in place of Sh. Kanwal K. Malhotra 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 and 309 and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act') or any amendments thereto, read with Schedule XIII of the Act, consent of the members be and is hereby accorded for re-appointment of Sh. Mahendra K. Daga as Managing Director of the Company, not liable to retire by rotation, for a further period of three years w.e.f. 1st December, 2006, on the following terms and conditions, with liberty and powers to the Board of Directors (hereinafter referred to as "the Board" which terms 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-actment thereof:-

**A) Salary :** Rs. 4,00,000/- (Rs. four lakhs only) per month with an authority to the Board of Directors (which includes any Committee of 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 subject to the maximum premium of Rs. 5,000/- p.a.;

vi. The Company will provide car with driver, telephones, cellular phone and fax at residence. Use of telephones, cellular phone 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;

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viii. The Managing Director shall be eligible for the following perquisites, which shall not be included in the computation of the ceiling on remuneration specified above:

a) Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Company's rules to the extent either singly or put together are not taxable under the Income Tax Act, 1961;

b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and

c) Encashment of leave at the end of tenure.

**D) Other Terms and Conditions :**

i. Minimum Remuneration :

In case of no profits or inadequate profits in any financial year, the remuneration including perquisites shall be subject to overall limits as prescribed under paragraph 1(B) of section II of Part II of Schedule XIII to the Companies Act, 1956 and shall be adjusted accordingly.

ii. 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 be and is hereby authorised 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 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 163 and other applicable provisions, if any, of the Companies Act 1956, and subject to such approvals or permissions as may be necessary, approval of the members of the Company be and is hereby accorded to maintain the Registers of Members, Indexes of Members, the Registers and Indexes of Debenture holders, if any, and copies of all Annual Returns prepared under section 159 and 160 together with the copies of certificates and documents required to be annexed thereto under section 160 and 161 and other registers and documents as are permissible, at the office of the Company's Registrar and Share Transfer Agent, i.e. Intime Spectrum Registry Limited, 'Sri Venkatesh Bhavan', W-40, Okhla Industrial Area, Phase-II, New Delhi-110 020."

Place : New Delhi
Date : 29th June, 2006

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 Business to be transacted at the meeting and the information required to be provided under clause 49 VI (A) 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 Head 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 21st September 2006 to 26th September 2006 (both days inclusive) for the purpose of payment of Dividend on the equity shares for the financial year ended 31st March 2006, if declared by the shareholders at the ensuing Annual General Meeting.

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4) Dividend on Equity Shares as recommended by the Board of Directors for the financial year ended 31st March, 2006 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 20th September 2006 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 20th September 2006 in the lists of Beneficial Owners to be furnished by National Securities Depository Limited and 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) 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. Intime Spectrum Registry Limited as its Registrar & Share Transfer Agent for rendering the entire range of services to the shareholders of the Company.

7) 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 transfer 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 |
| 1998-1999 | 28.09.1999 | 18.10.2006 |
| 1999-2000 | 31.03.2000 | 19.05.2007 |
| 2000-2001 | 28.09.2001 | 03.10.2008 |

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

8) 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.

9) Members holding shares in physical form who have not yet provided the Bank details are once again 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 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.

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 Head Office at 9.30 a.m. Members who are interested to avail this facility are requested to give their details at Head Office latest by 19th September 2006. Requests received after that date will not be entertained.

12) ***As usual, no gifts will be distributed at the meeting.***

Place : New Delhi
Date : 29th June, 2006

By Order of the Board

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

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

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## EXPLANATORY STATEMENT

(Pursuant to section 173(2) of the Companies Act, 1956)

**ITEM NO. 5**

The Board of Directors in their meeting held on 29th June 2006 re-appointed Sh. Mahendra K. Daga as Chairman & Managing Director, for a period of three years w.e.f. 1st December, 2006, subject to approval of the members of the Company in the General Meeting.

Sh. Daga has been associated with the Company for more than two decades. With his vast experience, the Company has made steady progress during the tenure of Sh. Mahendra K. Daga as Chairman & Managing Director. The Board recommends re-appointment of Sh. Mahendra K. Daga as Chairman & Managing Director.

The following disclosures are being made in this Explanatory Statement in compliance with Paragraph 1(B) of Section II in part II of Schedule XIII to the Companies Act, 1956.

**I. General Information :**

1. The Company is mainly 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 1,20,000 TPA.
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 2005-06 is as follows :

(Rs. in Lakhs)

| | |
|---|---|
| Sales & Other Income | 14,134 |
| Profit Before Tax | 735 |
| Profit After Tax | 435 |
| Paid up Equity Capital | 468 |
| Reserves & Surplus | 3,116 |
| Basic / Diluted Earning Per Share (Rs.) | 9.10 |

5. The Company has earned Rs. 179 Lakhs in Foreign Exchange during Financial Year 2005-06.
6. The Company has not made any Foreign Investments. The Company has imported its plants from M/s Sacmi, Imola, Italy and Ettore Nassetti, Thailand.

**II. Information about the appointee:**

1. Sh. Mahendra K. Daga, BA, FIM (Fellow of the Institute of Management), UK, aged 68 years has over 38 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 2005-06 was Rs. 40.34 Lakhs.
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 Assciazione Costrullori Italiani Machine Attrezzature per Ceramica, at Modena, Italy on 26th May, 2000.

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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 have been furnished earlier.

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. 12 on 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 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.

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The Directors recommend the resolution for your approval.

Sh. Madhur Daga, who is related to Sh. Mahendra K. Daga may be deemed to be interested in the resolution. No other Director is concerned or interested in the resolution.

**ITEM NO. 6**

The Company has appointed M/s. Intime Spectrum Registry Limited, New Delhi as its Registrar and Share Transfer Agent and accordingly, the Registers of Members, Indexes of Members, Registers and Indexes of Debenture holders, if any and copies of all Annual Returns prepared under section 159 and 160 together with the copies of certificates and documents required to be annexed thereto under section 160 and 161 including all records pertaining to shares, share transfers etc. shall be maintained by M/s. Intime Spectrum Registry Limited.

Pursuant to provisions of section 163 of the Companies Act, 1956, approval of the members of the Company is required to keep the said Registers, documents and records at the office of M/s. Intime Spectrum Registry Limited at its office at New Delhi. The Board recommends the resolution for the approval of members.

None of the directors is in any way concerned or interested in this resolution.

Place : New Delhi
Date : 29th June, 2006

By Order of the Board

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

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

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