

ANNUAL REPORT 2006-07

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ORIENT
TILES
FAMOUS *for* QUALITY.

Our Vision

Delight Customers &

Reward Stakeholders by

providing Innovative Solutions

that are

FAMOUS *for* QUALITY.

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ABOUT US

**"We are known for what we repeatedly do.
Excellence then is not an act, but a habit"**

-Aristotle.

Since our inception in 1977, we at Orient Ceramics and Industries Limited (OCIL) have always believed in excellence. Hence excellence in quality is not a mere act but a way of life for us. We are India's fastest growing tile company and have grown strength to strength carving a niche for ourselves in the realm of aesthetic tiles manufacturing. Mentored by the visionary, Mr. Mahendra K. Daga, Chairman & Managing Director, OCIL has created a strong brand presence among the astute local consumers and also in vibrant markets of Europe, South East Asia, Middle East and the neighboring SAARC countries.

To further strengthen our presence, we have a sturdy network of over 800 primary retailers and 2000 sub retailers across the country, and this number is constantly growing.

Our Vision

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As an organization with inherent potential to innovate and adapt as per growing market demands, we are proud to have a vision that exceeds the boundaries of time and serves the best quality to our consumers. The driving force behind our success is the consistent teamwork of our employees. Together with our shared value system of commitment to excellence in quality, closeness to customers and the spirit of innovation, we have been able to build bonds with our customers, channel partners and stakeholders. Our creative passion and zest to create new benchmarks is what has kept us on our toes and will continue to be our driving force.

OUR PORTFOLIO

We manufacture quality Ceramic and Vitrified tiles, for walls and floors. These are used to beautify the interiors as well as exteriors of any living and work space. RANGOLI, ARTLINE, EGYPTIAN RUSTICS, GEOMATRICOS, MIDLINE and NOVISTA are some of our renowned brand names.

MANUFACTURING FACILITIES & STATE OF THE ART TECHNOLOGY

With our headquarters in New Delhi, we have our top-end environment friendly manufacturing unit at Sikandrabad (Bulandshar, U.P.). With a capacity of

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over 14.25 million square meters per annum, our unit conforms to IS 13753-56: 1993 of BIS specifications, ISO 10545-1/17 ISO 13006 and ISO 9001:2000 making us a highly quality conscious organization. Certified in accordance with ISO-14001:2004 - International standard, the most complete and global expression for an environment friendly industrial company, our unit is also OHSAS 18001:1999 certified and performed under all legislative regulations relevant to Employee/Workers' Health and Safety. The factory and its premises are carefully examined at regular intervals to ensure that all safety equipments are in place.

To add to it our unit has its own internal norms, designated as 'Orient Norms', which are even more stringent than the IS & ISO Standards. Also, the quality assurance system is continuously audited and upgraded in line with in-house Quality Policy. Our technologies and machines are constantly upgraded to produce tiles that could only dreamt of a few years ago. Our manufacturing facilities' capabilities are augmented by the latest international standards and the state of the art technologies that enables a finished tile to be packed untouched by hands within 2 hours of processing of raw materials. The manufacturing unit is fully automated and self-sufficient having all the processes in house including designing, printing and firing. Process control methods are practiced at each stage i.e. procurement, manufacturing, designing, development, testing, installation, marketing and feedback information of performance and training of employees.

OUR TRUSTED REASEARCH & DEVELOPMENT

With quality being its top most priority the company has been accredited with ISO 9001: 2000 certification for the quality control management systems. Our high-end Research and Development unit ensure the trust behind our products. Each of the products passes through comprehensive quality tests. The R&D team attests to the quality of raw materials being used, which is tested physically and chemically continuously.

FINANCIAL ACCOMPLISHMENTS

Since its inception, Orient has been riding new growth verticals charting a phenomenal 774% on an annualized growth of 60% over the base year.

Our equity shares got listed on NSE on 14th February 2007, our profit before tax (PBT) for this year was Rs. 173.84 million, which is higher by an exceptional 139% from the figure recorded in the last year. The gross sales for the year ended 31 March 2007 stood at Rs. 2000.71 million as compared to Rs. 1451.40 million achieved in the previous year.

THE WAY FORWARD

We have completed a major expansion and added a production unit for Vitrified tiles on the Sikandrabad campus. It is expected to consolidate in the second quarter of financial year 2007-08. After the consolidation the production capacity of the company will increase by more than 50%



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

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.)

AUDIT COMMITTEE

Sh. R. N. Bansal
Chairman

Sh. N. R. Srinivasan

Sh. Kanwal K. Malhotra

Sh. Mahendra K. Daga

BANKERS

Punjab National Bank
State Bank of India

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Sh. R. N. Bansal
Chairman

Sh. Mahendra K. Daga

Sh. Madhur Daga

STATUTORY AUDITORS

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

INTERNAL AUDITORS

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

REMUNERATION COMMITTEE

Sh. N. R. Srinivasan
Chairman

Sh. Dhruv M. Sawhney

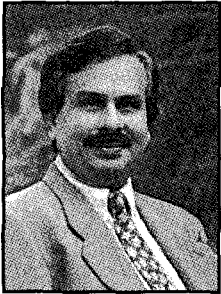
Sh. Kanwal K. Malhotra

REGISTRAR & SHARE TRANSFER AGENT

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

ORIENT CERAMICS AND INDUSTRIES LTD.

CHAIRMAN'S MESSAGE



Dear Shareholders,

In more than one way, the year gone by will be seen as a landmark year.

This year saw the shareholders again being rewarded with a generous bonus issue. This bonus issue was of 5 equity shares for every 4 equity shares. The last bonus, which was "one for one", was issued during 2000.

We crossed a turnover of Rs. 200 crores. Our revenues grew by 43% and earnings by 169% over the previous year. During 1993 when our Company, which was far from being healthy, changed hands, the turnover was a mere Rs. 23 crores. In 14 years the turnover has grown by 9 times and that too in a highly competitive landscape. This achievement speaks volumes for the entire Orient team.

The older section of the plant was refurbished and modernized. Now all the production lines are fully updated. It is a matter of pride that not only is our plant capable of matching the state of art facilities of the plants in very advanced countries but exceed them in many respects. By the time all the processes of tile manufacturing is completed and the tile reaches the sorting and packing lines, it has traveled over half a kilometer, untouched by hands. This is the marvel of state of art technology.

A new and modern production line to produce monoporosa large format tiles has been added. As a result of this addition and modernization, the production capacity of our Company over the past 14 years has increased to 220,000 tonnes from 15,000 tonnes per annum.

Our Company had begun taking note of the rising expectations of customer both in India and overseas. With this up gradation, we shall now be in a more favourable position to build enduring relationships with our customers, both existing and new.

One great challenge that the industry is beginning to grapple with is that of talent acquisition and retention. We have strengthened and continue to do so, our HR division in an effort to make our Company a great place to work for.

You can look forward to another year of strong growth as a result of our Company's strong participation in and contribution to India's real estate industry.

With regards,

Sincerely,

Mahendra K. Daga

Chairman & Managing Director



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of the members of Orient Ceramics And Industries Ltd. will be held on Monday, the 17th day of September, 2007 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 2007, 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 2007.
3. To appoint a Director in place of Sh. Dhruv M. Sawhney 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 to the Act, consent of the members be and is hereby accorded for re-appointment of Sh. Madhur Daga as Executive Director of the Company, not liable to retire by rotation, for a further period of three years w.e.f. 01.10.2007, 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. Madhur 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. Madhur 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 perquisites would be as per prevalent Income-tax Rules;

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- vii. The Executive 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;
- viii. The Executive 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 Executive 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 Executive 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. Madhur Daga."

Place : New Delhi
Date : 25th June, 2007

By Order of the Board

Sgd. 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 12th September 2007 to 17th September 2007 (both days inclusive) for the purpose of payment of Dividend on the equity shares for the financial year ended 31st March 2007, 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 31st March, 2007 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 11th September 2007 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 2007 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 MCS Limited as its Registrars & 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
2000-01	28.09.2001	04.11.2008
2001-02	28.09.2002	04.11.2009
2002-03	25.09.2003	01.11.2010

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 10th September 2007. Requests received after that date will not be entertained.
- 12) ***As usual, no gifts will be distributed at the meeting.***

Place : New Delhi
Date : 25th June, 2007

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

By Order of the Board

Mahendra K. Daga
Chairman & Managing Director