

16th Annual Report 2001-2002



Dealer-Retailer Meet At Hyderabad 6/11/01



Dealer-Salesmen Training At Chennai 10/3/02



Home makers Meet At Trichy 2/3/02



Engineers/Contractors Meet At Tirunelveli 24/3/02



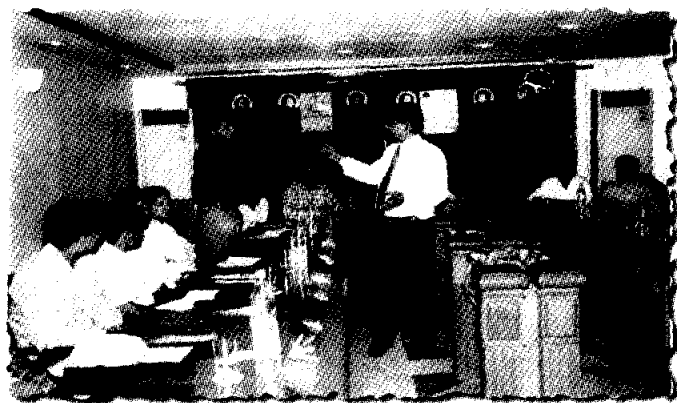
Architects-Meet At Surendranagar 19/1/02



Dealer Meet-Lucknow 19/1/02



Bell Tile Mela Held At Ludhiana On 21/9/01 to 24/9/01



Dealer Salesman Training At Surat 10/8/01



BOARD OF DIRECTORS

Mr. Lalit Bhasin	Chairman
Mr. S. K. Jatia	Vice-Chairman
Mr. R. K. Jatia	
Mr. G. R. Divan	
Mr. N. K. Ahuja	
Mr. N. C. Mehta	
Mr. P. Ojha	Nominee Director
Mr. Ramesh Jatia	Managing Director

Chief Operating Officer

Mr. K. M. Pai

Vice President (CA) & Company Secretary

Mr. S. R. Vyas

Bankers

Bank of India
Bank of Bahrain and Kuwait
Hongkong and Shanghai Banking Corporation

Auditors

M/s. R. P. Malhan & Co.
Chartered Accountants
IA & C, Vandhana Building,
11, Tolstoy Marg,
New Delhi - 110 001

Registered Office

Village Dora, Taluka Amod,
Dist. Bharuch, Gujarat

Works

1. Village Dora, Taluka Amod,
Dist. Bharuch, Gujarat
2. Village Chokkahalli,
Taluka Hoskote, Rural Bangalore,
Karnataka

Registrar & Share Transfer Agent - For Electronic Transfer

M/s. MCS Limited
Neelam Apartment, 88, Sampatrao Colony,
Behind Faderation Building,
Alkapuri, Vadodara - 390 007.

Management Team

Mr. P. N. Jha	- Vice President (Operations)
Mr. A. N. Rangaswamy	- Vice President (Sales & Marketing)
Mr. S. Vijaykumar	- Dy. Gen. Manager (Operations)
Mr. C. S. Murthy	- A.G.M. (Production)
Mr. Ravi Aravamuthan	- A.G.M. (Marketing)
Mr. Sunil Mehra	- A.G.M. (Maintenance)
Mr. G. P. Zala	- A.G.M. (Finance & Accounts)

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NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of Bell Ceramics Limited will be held on Monday, the 25th November, 2002 at 12.00 noon at the Registered Office of the Company at Village Dora, Taluka Amod, District Bharuch, Gujarat to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 30th June 2002, the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri G.R. Divan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri N.K. Ahuja who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri S.K. Jatia who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS:

To consider and if thought fit to pass the following resolutions with or without modifications.

Item No.6 - ORDINARY RESOLUTION:

"RESOLVED THAT Shri N.C. Mehta who was appointed as a Director at the meeting of Board of Directors on 28.06.02 to fill the casual vacancy arising due to resignation of Shri R.G.N. Swamy and who holds office as such up to the date of the ensuing annual General Meeting of the Company and for the appointment of whom the Company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Shri N.C. Mehta for the office of a Director be and is hereby appointed as a Director of the Company liable to retire by rotation."

Item No.7 - SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to provision of Article 110 of the Articles of Association, Section 198, 310, 311 and other applicable provisions if any of the Companies Act, 1956 read with Schedule XIII of the said Act as may be amended from time to time and subject to other approvals as may be necessary, the Company hereby accords its consent and approval for the re-appointment of Shri Ramesh Jatia as Managing Director of the Company for a period of three years w.e.f. 28.05.2002 and the payment of remuneration to him as per the terms and conditions set out in the explanatory statements annexed hereto and as set out in the Agreement dated 30.09.2002 executed between the Company and Shri Ramesh Jatia."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary to give effect to this resolution".

Regd. Office:

Village Dora, Taluka Amod

District Bharuch, Gujarat

Date : 30.09.2002

By Order of the Board

S.R. Vyas

Vice President

(Corporate Affairs)

& Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday the 15.11.2002 to Thursday the 21.11.2002 (both days inclusive)
3. The shareholders are requested to: -
 - a) intimate the Company immediately of the change in their address for shares held in physical mode and for shares held in electronic mode changes in address be intimated to their respective DPs.
 - b) quote Ledger Folio/client ID numbers in all their correspondence.
 - c) bring copy of the Annual Report and Attendance slip with them at the AGM.
 - d) address their communication at least seven days before the date of the meeting to VP (CA) & CS seeking information concerning the account & operations of the Company.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:

Item No.6

Shri N.C. Mehta was appointed as a Director of the Company effective from 28.06.2002 to fill the casual vacancy arising due to resignation of Shri RGN Swamy. He holds office up to the date of ensuing Annual General Meeting.

In terms of Section 257 of the Companies Act, 1956, a notice in writing along with a deposit of Rs.500/- is received from a member signifying his intention to propose the candidature of Shri N.C. Mehta for the office of a Director liable to retire by rotation.

Shri N.C. Mehta is BE Mechanical Engineering (Hons) having 30 Years experience in various industries as Company Executive. Lastly he was Chief Executive officer of Bell Ceramics Limited for a period of Seven years. Considering his educational background, vast experience, the Board recommends passing resolution at item No.6 of the accompanying notice.

Except Shri N.C. Mehta, no other Director is concerned or interested in the resolution.

**Item No.7**

Shri Ramesh Jatia, hold his office as Managing Director of the company up to 27.05.02. At the meeting of Remuneration Committee and the Board of Directors of the Company both held on 30.09.2002, he was re-appointed as Managing Director of the Company for a period of 3 years w.e.f. 28.05.02 subject to the terms and conditions and remuneration as mentioned in the Abstract reproduced at the end of this item. The said consent is subject to the approval of Central Government, if required. The other details regarding the performance of the Company and the appointee are as under:

Statement as required under the Provisions of the Companies Act, 1956:

I) General Information:

- 1) Nature of Industry: Manufacturing of Ceramic Glazed floor & Wall tiles at its two factories situated at Village Dora, Taluka Amod, Dist. Bharuch, Gujarat and at Village Chokkanhalli, Taluk Hoskote, Rural Bangalore, Karnataka
- 2) Date of Commencement of commercial production: Gujarat Plant : 26.05.1988
Karnataka Plant : 26.03.1997
- 3) Financial Performance: Turnover : Rs.13341.49 lacs
Operating Profit : Rs. 3088.63 lacs
Net Profit Before Tax : Rs. 267.22 lacs
Debt Equity : 2:1
Current Ratio : 1: 1.15
Net Worth : Rs. 3467.72 lacs
- 4) Export Performance: For the year ended 30.06.2002, the Company has achieved export turnover FOB value of Rs.1254.11 lacs
- 5) Foreign Investment or Collaboration: a) NRI Promoter holds 35.42% of Equity
b) The Plants were established in technical collaboration with:-
i) Gujarat Plant - SITI Spa, Italy)
Karnataka Plant - Ceramica Mirage Spa, Italy.

II) Information about the appointee:**(1) Background details:**

Shri Ramesh Jatia has been associated with the management of the Company since its inception as detailed hereunder:-

- (i) From 01.02.87 to 31.01.88 as Management Trainee
- (ii) From 01.02.88 to 31.05.91 as Vice President

- (iii) From 01.06.91 to 27.05.92 as Executive Director
- (iv) From 28.05.92 to 31.03.94 as Joint Managing Director
- (v) From 01.04.94 as Managing Director of the Company

Shri Ramesh Jatia is a Commerce Graduate having varied experience in the industry for about 15 years.

(2) Present Remuneration:

Due to inadequacy of profit, presently Shri Ramesh Jatia is being paid monthly minimum remuneration as under:

(Rs)

- | | |
|-----------------------------------------------|--------|
| a) Salary | 100000 |
| b) HRA @ 45% | 45000 |
| c) Leave Travel Allowance | 8330 |
| d) Reimbursement of Medical Expenses 10% | 10000 |
| e) Reimbursement of Gas, Electricity etc. 15% | 15000 |
| f) Children Education Allowance | 5000 |
| | 183330 |

Other allowances are being paid within the limit of Rs.2 lacs per month. He is also entitled for Company's contribution for PF, Superannuation, Gratuity and other benefits as per Company's rules.

(3) Reorganization of Awards:

- ❖ Both the units of the Company have been registered for ISO 9002 certification.
- ❖ Both the units of the Company have been recognized for ISO 14000 certification.
- ❖ The Company was awarded certificate of merit from Government of India, Ministry of Commerce for outstanding export performance for the year 92-93.
- ❖ The Company has also been sanctioned certificate of merit from Government of India, Ministry of Commerce for outstanding export performance for the year 2001-2002.

(4) Job Profile and his suitability:

As a Managing Director, he is responsible for the day to day management of the Company and assisted by Senior Executives. He is working under the superintendence and control of the Board of Directors. He is responsible for all the day to day activities of the Company.

(5) Remuneration proposed:

As mentioned in the abstract of remuneration given in the subsequent paras.

(6) Comparative Remuneration, profile with respect of industry:

The proposed remuneration is in commensurate to the size of units in the industry.

**(7) Pecuniary Relationship:**

He is brother of Shri S.K. Jatia and Shri R.K. Jatia the promoter Directors of the Company.

Other Information:

Reason for inadequacy of Profits, steps taken for improvement and expected increase in productivity:

The main reason for losses/inadequacy of profit is recessionary trend prevailed in the industry since 1995-96. There is over capacity situation in the industry. Various steps taken to improve the performance by reducing cost of production and implementing innovative marketing practices. Both the plants are now operating almost above 90 percent capacity. Efforts are on to improve further production capacities. The turnover of the Company has also improved in last 5 years from almost Rs.63 crores to Rs.133 crores.

ABSTRACT OF THE TERMS OF APPOINTMENT AND REMUNERATION OF SHRI RAMESH JATIA AS MANAGING DIRECTOR OF THE COMPANY:

A) Salary:

Rs.200000 - 25000 - 250000 per month.

B) Commission:

1½ % of the net profit of the Company. (Subject to the overall ceiling of Managerial Remuneration laid down in section 198, 309 of the Companies Act, 1956)

C) Perquisites/Amenities:

- i) Housing
House rent allowance @ 45% of the salary.
- ii) Gas, Electricity, Water:
Expenses pertaining to gas, electricity, water and other utilities shall be borne/reimbursed by the Company. (subject to a ceiling of 15% of the salary)
- iii) Medical reimbursement
Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for self and family. (Subject to a ceiling of 10% of the salary)
- iv) Leave Travel Concession:
Leave travel concession for self and family as may be decided by the Board of Directors. (in accordance with the rules of the Company)
- v) Children Education Allowance:
Children Education Allowance subject to a ceiling of 5% of the salary.
- vi) Club Fees
Membership fees including life membership for maximum two clubs. Other minor memberships as may be decided by the Board of Directors.

- vii) Contributions to Provident fund, Superannuation fund, Gratuity fund, Personal Accident Insurance policy and Key Man Insurance Policy, leave with full pay and encashment of leave at the end of tenure.

viii) Conveyance and communication facilities

The Company shall provide suitable conveyance and communication facilities such as telephones, telefax, etc. at his residence, as may be required.

ix) Other Perquisites

Subject to overall ceiling on remuneration mentioned herein below, he may be given any other allowances, benefits and perquisites as the Board of Directors may decide from time to time.

Explanation:

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rules, the same shall be evaluated at actual cost.

D) Overall Remuneration:

The remuneration in any one financial year shall not exceed the limits prescribed under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 as may for the time being be in force.

E) Minimum Remuneration:

In the event of loss or inadequacy of profits in any financial year during the currency or tenure of his service, the payment of remuneration shall be governed by the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment thereof.

Copy of the Agreement referred in Resolution 7 of the notice is available for inspection by the members at the Registered Office of the Company during usual office hours.

None of the Directors except Shri S.K. Jatia, Shri R.K. Jatia and Shri Ramesh Jatia are interested or concerned in this resolution.

The particulars set above may be treated as an abstract of the terms of contract for the remuneration/appointment of Shri Ramesh Jatia as Managing Director of the Company, which is required to be given to every member under provisions of section 302(2) of the Companies Act, 1956. The resolution at Item No. 7 of the notice is recommended for your approval.

Regd. Office:

Village Dora, Taluka Amod
District Bharuch, Gujarat
Date : 30.09.2002

By Order of the Board

S.R. Vyas
Vice President
(Corporate Affairs)
& Company Secretary



DIRECTORS REPORT:

To The Members:

Your Directors submit herewith the Sixteenth Annual Report and the Audited Accounts of the Company for the Financial Year ended 30th June 2002.

FINANCIAL RESULTS:

The summarized financial results for the year are as under:

	(Rs. In lacs)	
	Current Year 2001-2002	Previous Year 2000-2001
Sales & Other Income	13627.28	13381.96
Operating Profit	3088.63	3104.24
Interest	1721.43	1839.42
Profit Before Depreciation & Amortisation	1367.20	1264.82
Less: Depreciation & Amortisation	958.53	938.60
Profit for the year	408.67	326.22
Less: Prior Period Expenses	141.45	30.56
Less: Extra Ordinary Item		
– Transfer from Increase/ Decrease in Stocks as per contra (AS-2) Valuation of Inventory	–	549.01
Profit/(Loss) Before Tax	267.22	(253.35)
Less : Provision for Deferred Tax	166.36	–
Net Profit/(Loss)	100.86	(253.35)
Add: Losses Brought Forward	(2586.56)	(2333.21)
Amount available for appropriation	(2485.70)	(2586.56)
Transfer to Debenture Redemption Reserve	100.86	NIL
Losses carried to Balance Sheet	(2586.56)	(2586.56)

Dividends:

Due to inadequacy of profit for the year, your Directors have not recommended any dividend on the Preference and Equity Capital.

MANAGEMENT DISCUSSIONS & ANALYSIS:

Management discussion and analysis report annexed herewith is forming part of this report inter alia adequately deals with the operation and the current and future outlook of the Company.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate section titled "Corporate Governance" is attached to this Annual Report.

Directors Responsibility Statement:

Your Directors subject to para on Auditor's report as mentioned here in under confirm that:-

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

- the accounting policies selected have been applied consistently and judgments and estimates made are 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 as at 30th June, 2002 and of the Profit of the Company for that period.
- proper and sufficient care have been taken 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 and
- the annual accounts have been prepared on a going concern business.

AUDITOR'S REPORT:

Referring to the remarks printed in italic in para (vii) of the Auditor's Report, the Directors would like to refer to Note No.: 10(a), 7, and 13 of the schedule 15 of the Accounts which are self explanatory.

SUBSIDIARY COMPANIES:

During the year, all the outstandings including investment in the Share Capital of M/s. Zirchem Industries (Bombay) Limited, the wholly owned subsidiary of the Company have been written off in the books of the Company. The name of that company has been struck off from the records of the Registrar of Companies, Maharashtra. Accordingly that Company is no longer remained a subsidiary of the Company.

During the year, the Company has also initiated the process of striking off the name of M/s. Bell Trachem Ceramics Limited, another subsidiary of the Company. The value of the investment in that Company has been dimunated in the previous year. Similarly the Company has received an approval of Reserve Bank of India, Mumbai for its approval for winding up of Bell International Pte. Limited, Singapore.

Till the time the final proceeding are completed, the Reports pursuant to Section 212 of the Companies Act, 1956 for M/s. Bell Trachem Ceramics Limited and Bell International Pte. Limited are annexed to this Report.

PUBLIC DEPOSITS:

As on the 30.06.2002, the Company hold 11 deposits amounting to Rs.1.69 lac matured but not claimed. Out of this, 9 deposits amounting to Rs.1.59 lac have since been paid/renewed.

DIRECTORS:

With effect from 28.06.2002, Shri RGN Swamy, the Chairman of the Company and Shri S.N. Atreya, the Director have resigned from the Board of Directors of the Company. Shri N.C. Mehta has been appointed to fill the casual vacancy arisen due to resignation of Shri RGN Swamy.

The Board of Directors with a sense of appreciation take note of the valuable contribution made by Shri RGN Swamy in promotion of this Company and for both Shri RGN Swamy and Shri S.N. Atreya for extending the guidance and co-operation in the management of the Company during their association with the Company.

The Directors welcome Shri N.C. Mehta for joining the Board. Shri S.K. Jatia, Shri N.K. Ahuja and Shri G R Divan are liable to retire by rotation and being eligible offer themselves for re-appointment.



PARTICULARS OF EMPLOYEES:

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions 219(1)(b) of the Companies Act, 1956, the Report and Accounts are being circulated to the shareholders do not include the Statement of Particulars of Employees under Section 217 (2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office.

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY ETC.

Information as per Section 217(1) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in respect of the Board of Directors) Rules, 1988 and forming part of this report is given as annexure to this report.

ACKNOWLEDGEMENT:

Yours Directors place on record their deep appreciation of the continued co-operation and support extended by financial institutions, bankers, suppliers, dealers, C&F Agents, customers, employees and various State and Central Government Agencies. The Directors also take this opportunity to thank the shareholders for their continued confidence reposed in the Management of the Company.

FOR BELL CERAMICS LIMITED

Dated: 30.09.2002

Place: New Delhi

Lalit Bhasin

Chairman

MANAGEMENT DISCUSSIONS AND ANALYSIS:

Industrial Scenario:

The year was a challenging one given the stagnation in the manufacturing sector in the country. The recessionary trend continued in the Indian economy. There was heavy pressure on consumer product demand.

Outlook of the Industry:

The ceramic tile industry in India is classified into two sectors viz. organized and unorganized sector.

During the year, in the unorganized sector, many new units started functioning. Most of them have imported second hand plant from Italy and Spain to manufacture Floor and Wall Tiles. They are mainly located in the State of Gujarat where the Company's one of the plants is located.

The position of the Organized Sector remains almost unchanged during the year except the few units who have tried to enhance their capacity by installing the balancing equipments. The major thrust in this sector was optimization of the plant capacity.

In the competitive business environment, with a small growth in the ceramic glazed tiles market, the ongoing focus will be to continue the exercise of further improvement in the product mix to achieve improvement in productivity and sales realisation, reducing blocking of fund in inventory and continual vigorously with measures to reduce cost.

For revival of the economy the major thrust of the Government was towards encouraging housing. Various concessions were announced in the last two budgets including reduction in the interest rates on housing loans.

Rationalisation in excise and custom duty as well introduction of VAT from next year would likely to bring the desired growth and with this the ceramic tile industry can look forward to achieve reasonable growth.

Operations:

Dora Unit: -

During the year this unit had faced a problem of fall in the calorific value of the natural gas supplied by GAIL. Due to gradual depletion in the availability of natural gas at various oil fields, it was not possible for GAIL to accede to the request of the company to enhance the contract demand. This has resulted in to shortage of fuel. The unit has tried to meet the situation by procuring the alternate fuel of LPG. However, this has resulted in to overall increase in cost of power & fuel.

During the year, the company has entered into an agreement with M/s. Keraben, Spain for an ongoing technical assistance to improve both quantity and quality of the product. This association has been proved beneficial to the company. The capacity utilisation of the plant at this unit was 89% as compared to 78% in the previous year. Efforts continued for value additions in the products. Numbers of designs were introduced to cater the requirements of various segments of the consumers. The response to the product was encouraging both in domestic and export market. Reduction in the cost per unit was achieved by higher utilisation of the plant capacity.

(b) Hoskote (Bangalore) Unit:

During the year, the performance of this unit remained satisfactory. The plant of this unit was operated consequently in this second year at an average capacity of 100%. Despite steep rises in the prices of LPG and HSD, the overall manufacturing cost per unit was kept under control by higher utilisation of plant capacity. Value addition in the product could be achieved by installing state of the art Roller Printing machines imported from Italy.

Risks and Concerns:

The main activity of the company to manufacture ceramic glazed tiles is highly fuel intensive. The Government is likely to implement a proposal to link the natural gas prices with international prices of crude oil. In the present trend of rupee depreciation against other currencies, the cost of production is likely to go up. The major ceramic tile machinery manufacturers are located in Europe and the current trend of Euro going up sharply against Indian Rupee would result in to higher cost of repair & maintenance. The cost of imported pigments and chemicals used in frit manufacturing are also likely to go up. Delay in implementation of VAT by one year has further affected adversely due to the unhealthy competition from unorganised sector that are enjoying various concessions in tax structure. Frequent increases in the prices of petrol and diesel will have an impact on the freights for both the incoming of raw materials and the outgoing of the finished goods respectively.

Internal Control Systems and their adequacy:

The various internal control system prevalent in the Company include:-

- Generation of periodic management/other reports to monitor various statutory and other compliances.
- Implementation of Mfgpro ERP system for outbound logistic to monitor day-to-day activities and the accounts receivables at all the sales depots.



- Periodical verification of stocks and assets and adjustments of discrepancies, if any noticed during such verification.
- Internal audit coverage is carried out at both the Units and at all depots through independent firms of Chartered Accountants.
- Appointment of Audit Committee to review the internal audit system and compliance of Accounting Standards prescribed by the Institute of Chartered Accountants of India.

Discussion on Financial Performance with respect to operations:

The income from sales during the year has been reported at Rs.13627 lacs, which is marginally higher compared to the income of Rs.13382 lacs for the previous year. The operating profit of Rs.3089 lacs generated during the year was sufficient to meet the commitments of interest and principal liabilities to the institutions and banks. The net profit before tax for the year has been reported at Rs.267 lacs as against losses of Rs.253 lacs for the previous year. The above financials reflects the positive effects of the corrective measures taken during the year.

The main constraint of the financials is the higher finance cost. This aspect is required to be closely monitored to bring improvement in the profitability. Due to better management control on the accounts receivables there is a constant improvement in the cash flow and the Company was able to meet its commitments to the financial institutions and banks. If the same trends continue the interest cost is expected to go down. The Company has been continuously exploring the possibilities to opt for various options to reduce interest cost on working capital borrowings. During the year under review, the Company has paid Rs.553 lacs towards the outstanding principals to the financial institutions/Banks. The interest for the year under review has been paid in full to the institution/banks.

The Company's request for reduction in the interest rate and *reschedulement in the repayment of principals* has been favorably considered by IDBI. Barring unforeseen circumstances, the Company has been confident to meet with the terms of reschedulement.

Material development in Human Resource, Industrial Relations:

The Company continued its efforts for the ongoing training of its employees to enhance their skills. The Company made arrangements to provide on the shop floor training on process parameters and preventive maintenance of equipments to its senior technicians at the plant of M/s. Keraben in Spain. The technicians of the collaborators extended such training by visiting the Company's factory in India. This will bring overall improvement of the employees at all level.

ISO 14000 Certification:

As the members are aware, during the previous year both the units of the Company were certified for ISO 9002. During the year under review, the units have been certified for ISO14000 certifications.

ANNEXURE TO THE DIRECTOR'S REPORT:

CONSERVATION OF ENERGY:

A. Energy Conservation measure taken:

The operation of 1 MW Turbo Generator remained satisfactory for generation of electricity and for operation of Spray Dryer with its exhaust gasses resulting in to substantial conservation of energy.

Regular planned preventive maintenance has helped in considerable energy saving.

B. Technology absorption:

The fuel efficient dry process technology at Bangalore Plant was fully absorbed. By achieving higher capacity utilisation, the per unit consumption of LPG at Bangalore Unit could be controlled by effectively managing the process parameter.

Research and Development (R&D):

Following R&D activities were carried by the Company:

Production Development:

- Common body both for Monoporosa wall tiles and floor tiles have successfully been implemented.
- development of wall tiles & floor tiles with new tones/hues in popular designs, new textures as per the requirement of the market.
- indigenous development of the formula for Monoporosa Frits & special effect (reaction) Frits and outsourcing its production facilities resulted into saving considerable foreign exchange outgo.
- development of different spares to reduce dependence on import.

Cost Reduction:

- Efforts made to source alternative raw materials for reduction in the cost as also flexibility in the input materials.

Benefits derived as a result of the above R&D:

- Common body for wall & floor tiles has reduced inventory level as also substantial reduction in energy cost as also reduction in wastages.
- The Company has developed local substitutes for some of the imported components
- Established quality assurance by adopting procedures to ensure international quality.
- Due to wide range of product, the market share has increased.

Future Plan of Action:

- Efforts to continue to increase the production level and to concentrate on quality products.

Expenditure on R&D:

- During the year Company has spent nominal amount on R&D.

Foreign Exchange Earnings & Outgo:

The information of foreign exchange earnings & outgo are contained in the notes to accounts in Schedule 15.



CORPORATE GOVERNANCE

The Company strongly believes that good Corporate Governance is a pre-requisite for enhancing shareholders' long term value. The Company's policies and practices are aimed at efficient conduct of business and effectively meeting its obligations to shareholders. The Company has been consistently improving transparency and accountability to all its stakeholders.

❖ Board Of Directors :

➤ Composition and Category of Directors

As per the Corporate Governance the Company has an appropriate mix of Executive and Independent Directors to maintain the independence of the Board and to separate the Board functions of Governance and management. The Board consists of 8 Directors, 1 of whom is Executive or Whole time Director (WTD) and 5 are Independent Directors.

➤ Table hereunder gives the composition of Board.

Sr. No.	Category	Name of Director
I.	➤ Promoter and Non - Executive Director	(a) Shri S.K.Jatia- Vice Chairman (b) Shri. R.K.Jatia
II.	➤ Promoter and Executive Directors	(c) Shri Ramesh Jatia-Managing Director
	➤ Independent and Non - Executive Directors	(a) Shri Lalit Bhasin, Chairman (b) Shri N K Ahuja (c) Shri G R Divan (d) Shri N C Mehta
III.	➤ Nominee Director	(a) Shri P Ojha-Nominee IDBI

● Attendance of Directors at the Meeting of Board of Directors (BoD) held during the financial year 2001-2002 and the Annual General Meeting (AGM) held on 22nd December, 2001 are as follows :

❖ Details of Meeting of Board of Directors and AGM held during the year 2001-2002

Meeting	Date	No. of Directors Present
Board	27.09.2001	3 (Three)
Board	19.10.2001	6 (Six)
Board	28.01.2002	6 (Six)
Board	29.04.2002	5 (Five)
Board	28.06.2002	6 (Six)
AGM	22.12.2001	3 (Three)

❖ The record of attendance of Directors

Name of Director	No. of Board Meetings attended	Attendance at the AGM
(a) Shri Lalit Bhasin	3(Three)	No
(b) Shri S.K.Jatia	4 (four)	Yes
(c) Shri R.K.Jatia	3(Three)	No
(d) Shri Ramesh Jatia	5(Five)	Yes
(e) Shri N.K.Ahuja	0(Zero)	No
(f) Shri G.R.Divan	3(Three)	Yes
(g) Shri N.C.Mehta	1(One)	N/A
(h) Shri P.Ojha	3(Three)	No
(i) Shri RGN Swamy	3(Three)	No
(j) Shri S.N.Atreja	1(One)	No