

ANNUAL REPORT

2001-2002



ORIENT CERAMICS AND INDUSTRIES LTD.



ORIENT CERAMICS AND INDUSTRIES LTD.

BOARD OF DIRECTORS

Mahendra K. Daga *Chairman & Managing Director*

R. N. Bansal

Madhur Daga *Executive Director*

Dhruv M. Sawhney

Rajive Sawhney

N. R. Srinivasan

COMPANY SECRETARY

Pankaj Goyal

HEAD OFFICE

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-76 to A-80 & A-84, Industrial Area
Sikandrabad-203 205
Distt. Bulandshahr (U.P.)

BANKERS

Punjab National Bank
State Bank of India
State Bank of Bikaner & Jaipur

AUDITORS

S.R. Dinodia & Co., New Delhi

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the members of Orient Ceramics And Industries Ltd. will be held on Saturday, the 28th day of September, 2002 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, 2002, the Profit & Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
- 2) To declare dividend for the year ended 31st March, 2002.
- 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 an Ordinary 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 or any amendments thereto the consent of Company 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 five years w.e.f. 01.01.2003, on the following terms and conditions, with liberty and powers to the Board of Directors to change his designation and / or 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 increase his remuneration, within the overall limits specified in schedule XIII to the Companies Act, 1956 or any amendments thereto :

a) Salary :

Rs. 1,20,000-10,000-1,60,000 which may be increased from time to time in accordance with Schedule XIII to the Companies Act, 1956 or any amendments thereto.

b) Commission :

On net profits of the Company determined in accordance with relevant provisions of the Companies Act, 1956, to be fixed by the Board of Directors from time to time, provided the total remuneration including salary, commission and other perquisites shall be subject to the overall ceilings laid down in the relevant provisions of the Companies Act, 1956 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 but within the over all limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendments thereto :

- i. Rent free furnished / unfurnished residential accommodation or HRA 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 hospitalisation, membership of any hospital and / or doctors' scheme and medical insurance.
- iii. Leave Travel Concession for self and family once in a year.
- iv. Subscription to clubs, subject to maximum of two clubs.
- v. Personal accident insurance subject to a maximum of Rs. 3000/-.
- vi. The Company will provide Car with Driver and Telephones. Use of car with driver and telephones, for official purposes shall not be considered as a perquisite. The valuation of personal use of car would be as per the prevalent Income-tax Rules and personal use of telephones for long distance calls will be charged on actual basis.
- 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 over all limits as prescribed under 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 travelling, 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 may consider to grant increments and other perquisites from time to time, so as not to exceed the maximum limit for payment of remuneration specified in the Companies Act, 1956 or any amendments thereto and / or alter and vary the terms and conditions of the said appointment and / or change his designation as may be agreed by Sh. Madhur Daga.



- 6) To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :

"RESOLVED that the consent of the Company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act 1956, for the creation by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall also include a Committee thereof) of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company as the Board may direct on such of the assets of the Company, both present and future, in such manner as the Board may direct together with power to take over the management of the Company in certain events, to or in favour of all or any of the financial institutions / banks / any other investing agencies / trustees for the holders of debentures / bonds / other instruments which may be issued to and subscribed by all or any of the financial institutions / banks / any other investing agencies or any other person(s) / bodies corporate by way of private placement or otherwise to secure all present and future rupee loans, foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding Rs. 100 crores together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment, or on redemption, costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under the Agreements / Arrangements entered into / to be entered into by the Company in respect of the said loans / debentures / bonds or other instruments.

RESOLVED FURTHER that the Board be and is hereby authorized to finalise with the aforesaid parties or any of them, the documents for creating the mortgages / charges / hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution."

- 7) To consider and, if thought fit, to pass with or without modification, the following Resolution as an Special Resolution :

"RESOLVED that subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force and as may be enacted hereafter), the Securities Contracts (Regulation) Act 1956, and the Rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include Executive Sub-committee of the Board) be and is hereby authorised to accept, the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from the Calcutta Stock Exchange Association Ltd. at Kolkata.

RESOLVED FURTHER that the Board of Directors of the Company is hereby authorised to approach the concerned authorities such as Stock Exchange, SEBI etc. and to take all steps as may be necessary for the aforesaid purposes including publication of advertisement, fixation of record date in consultation with the Stock Exchange, if required, making of offer for and or behalf of the promoters to the concerned shareholders and to do all acts, deeds and things require to give effect the above resolution."

Place : New Delhi
Date : 6th July, 2002

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 information required to be provided under the Listing Agreement entered into with various Stock Exchanges, regarding the Directors who are proposed to be appointed / re-appointed and the relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect to the business under Item Nos. 5 to 7 set out above are annexed hereto.
- 2) The members entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote 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 25th September 2002 to 28th September 2002 (both days inclusive). Those shareholders who hold shares in dematerialized form will be entitled for dividend, whose name will be provided by NSDL / CDSL as on 28th September, 2002.
- 4) Pursuant to the section 205A of the Companies Act, 1956 any money transferred to unpaid dividend account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred to the Investor Education and Protection Fund established under section 205C of the Companies Act, 1956. Accordingly, it 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 dividends that are due for transfer in the next three years are as follows :

Sr. No.	For the year	Date of Declaration	Due for Transfer on
(i)	1994-95	21.09.1995	15.10.2002
(ii)	1995-96	23.12.1996	19.01.2004
(iii)	1996-97	26.09.1997	01.11.2004

Members who have not encashed their dividend warrant(s) pertaining to the aforesaid years may approach the Company's Head Office at Iris House, 16, Business Centre, Nangal Raya, New Delhi-110046.

- 5) Investors are advised to avail the nomination facility, especially investors holding shares in single name, to avoid the process of transmission by law. Investors desirous of availing this facility may send the enclosed nomination form to the Head Office of the Company. The nomination will be effective only in the event of death of all the holders.
- 6) 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.
- 7) 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 the Head Office latest by 21st September, 2002. Requests received after that date will not be entertained.
- 8) ***As usual, no gifts will be distributed at the meeting.***

Place : New Delhi
Date : 6th July, 2002

By Order of the Board

Regd. Office :

8, Industrial Area,
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Distt. Bulandshahr (U.P.)

Mahendra K. Daga
Chairman & Managing Director

**EXPLANATORY STATEMENT**

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

ITEM NO. 5

The Board of Directors in their meeting held on 6th July, 2002 re-appointed Sh. Madhur Daga as Executive Director, for a period of Five years w.e.f. 01.01.2003, subject to approval of the members of the Company in General Meeting.

With his significant experience, the Company has made steady progress during the tenure of Sh. Madhur Daga as Executive Director. The Board recommends re-appointment of Sh. Madhur Daga as Executive Director. The Directors accordingly recommend the resolution for your approval.

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

ITEM NO. 6

The members of the Company in their meeting held on 21st September, 1995 have given their consent in terms of Section 293 (1) (a) of the Companies Act, 1956 for creation by the Board of Directors of the Company of such mortgages and charges on the assets of the Company, both present and future, in favour of the Industrial Finance Corporation of India Ltd. Since then, the installed capacity of the Company has increased from 19,000 TPA to 95,000 TPA with the help of financial assistance from Financial Institutions /Banks / Other Investing agencies, from time to time.

To meet the capital expenditure and other requirements, the Company proposes to obtain in the coming years further financial assistance from financial institutions / banks /any other investing agencies by way of loans, issue of debentures / bonds / other instruments. To secure such borrowings, the Company would have to mortgage / charges / hypothecate the assets of the Company, both present and future, as may be required by the lenders / subscribers.

The Directors accordingly recommend the resolution for your approval.

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

ITEM NO. 7

Presently the Company's equity shares are listed at the Stock Exchanges at Delhi, Mumbai and Kolkata. The Delhi Stock Exchange is the Regional Stock Exchange. The Company's equity shares are under compulsory demat for trading by all the investors. The aggregate of non-promoting shareholding as on 31.03.2002 was 29.84% of the total paid-up capital. Further, the volume of trading in Company's shares at the Stock Exchange at Kolkata is very thin.

In view of the above as also to save cost, the Board recommend the delisting of equity shares from the Stock Exchange at Kolkata. The Directors accordingly recommend the resolution for your approval.

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

Place : New Delhi
Date : 6th July, 2002

By Order of the Board

Regd. Office :

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

Mahendra K. Daga
Chairman & Managing Director



ORIENT CERAMICS AND INDUSTRIES LTD.

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DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING

(In Pursuance of Clause 49 of the Listing Agreement)

Name of Director	Sh. R.N. Bansal		
Date of Birth	15.07.1930		
Date of Appointment	08.03.1989		
Experience in Specific functional area	Rich and vast experience in the field of Accounting, Corporate Laws and Finance		
Qualification	FCA		
List of Companies in which outside Directorship held as on 31.03.2002	Name of the Company in which directorship held	Committee	Status
	Chambal Fertilisers and Chemicals Ltd.	QuarterlyAccounts Results	Member
	Universal ABB Power Cables Ltd.	Audit	Member
	Essar Shipping Ltd.	Audit	Member
	Vardhman Polytex Ltd.	Audit	Member
	The Hindoostan Spinning and Weaving Mills Ltd.	-	-
	Gobind Sugar Mills Ltd.	Audit	Chairman
	Spice Net Ltd.	Audit	Member
	Aruna Sunrise Hotels Ltd.	Audit	Member
	Jonas Woodhead & Sons (India) Ltd.	-	-
	Pushpsons Industries Ltd.	Audit	Member
	Imaging Products Pvt. Ltd.	-	-
	HVS Computer & Management Services Pvt. Ltd.	-	-

Name of Director	Sh. Madhur Daga		
Date of Birth	06.09.1972		
Date of Appointment	01.01.1998		
Experience in Specific functional area	Rich and vast experience in Finance, Marketing and EDP		
Qualification	BSc (Mkt. & Fin.), MBA (Fin.)		
List of Companies in which outside Directorship held as on 31.03.2002	Name of the Company in which directorship held	Committee	Status
	Inqube Web Pvt. Ltd.	-	-
	Fluxart Online Solutions Pvt. Ltd.	-	-
	Evalyou Web Pvt. Ltd.	-	-
	Prakriti Technologies Pvt. Ltd.	-	-



DIRECTORS' REPORT

Dear Shareholders

Your Directors are happy to present the 25th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2002.

	(Rs. in Lakhs)	
FINANCIAL RESULTS	2001-2002	2000-2001
Sale and other Income	10,817	9,720
Profit before Interest, Depreciation and Taxation	2,076	1,800
Interest	771	594
Depreciation	808	586
Profit before Taxation	497	620
Provision for Taxation - Current Year	45	85
- Deferred Tax	145	—
Profit for the year	307	535

DIVIDEND

Your Directors are pleased to recommend a dividend @ 14% (Rs. 1.40 per Share) on paid up capital of 46,80,000 Equity Shares, which after your approval at the Annual General Meeting will be paid in accordance with the regulations applicable at that time. The total outgo of dividend would amount to Rs. 66 lakhs as against the previous year's figure of Rs. 62 lakhs.

OPERATIONAL HIGHLIGHTS

The production during the year was 71,715 M.T. The plant could not be run to full capacity, as the older section of the plant was being renovated and modernized. However, the turnover during the year improved marginally and was Rs. 10,352 lakhs as against the previous year's turnover of Rs. 9,527 lakhs registering a growth of 8.66%.

Your Company's Gross Profit subject to interest, depreciation and tax was Rs. 2,076 lakhs during the financial year ended 31st March, 2002 as compared to Rs. 1,800 lakhs during the previous year.

During the year your Company, as part of financial restructuring, replaced certain high cost debts with low cost finance.

PROSPECTS

The economy has by and large remained sluggish and has affected the building industry, which happens to be a very large consumer of tiles. In anticipation of buoyancy in the economy, large volumes were added by way of new factories and expansions, causing over capacity in tiles. A buyer's market forced the industry to rework benchmarks. The margins have been under severe pressure and are likely to continue as such in future.

Fortunately, the Government continues its thrust towards housing by way of sops in every budget by way of increased credit availability, reduction in lending rates, increased exemption limit of interest on housing loans will give boost to the housing industry.

The aggressive advertisement campaign undertaken in the last year has further improved the brand awareness of your Company's products. With the enhanced production capacity during the next financial year the Company is actively enlarging its distribution network by way of depots at various regions and appointing more dealers. Your Company is confident of selling the enhanced output.

The Company's diversification plan includes trading of other building products, like sanitary wares, bathroom fittings and designer tiles, through a strong network of existing dealers spread all over the country. These top of the line products are currently being marketed in select markets across India.



MODERNISATION

As reported last year, your Company has installed and commissioned newer equipment for prevention of pollution. In addition to this your Company has discarded certain old plant and machineries and replaced them with the latest equipment that are energy efficient and prevent pollution. The full benefit of the same will accrue in the ensuing financial year.

EXPORTS

The Company's export has shown encouraging growth during the year under review. The FOB value of exports increased to Rs. 471 lakhs during 2001-02 from Rs. 279 lakhs last year. Your Company will continue its efforts to further export in the highly competitive global market.

PUBLIC DEPOSITS

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

INDUSTRIAL RELATIONS

Relationship with the employees continued to remain cordial.

POLLUTION AND ENVIRONMENTAL CONTROLS

In conformity with the ISO 14001 Certificate your Company is continuously improving the environmental and pollution control measures which is an integral part of the production programme.

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

CORPORATE GOVERNANCE

The Company has implemented the mandatory requirements of Corporate Governance within the financial year 2001-02, as per clause 49 of the Listing Agreement. A separate section on 'Management Discussion and Analysis', which forms part of this report, has been annexed herewith. A report on Corporate Governance with detailed compliance has been given separately. The Company has also obtained a certificate for compliance of the provisions of Corporate Governance from the Statutory Auditors.