

# **ANNUAL REPORT 2004-2005**



**ORIENT CERAMICS AND INDUSTRIES LTD.**



## 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

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

**BANKERS**

Punjab National Bank  
State Bank of India  
ICICI Bank Ltd.

**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 MCS Ltd.  
Sri Venkatesh Bhavan  
W-40, Okhla Industrial Area, Phase-II  
New Delhi-110 020

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ORIENT CERAMICS AND INDUSTRIES LTD.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the members of Orient Ceramics And Industries Ltd. will be held on Wednesday, the 28th day of September, 2005 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 31<sup>st</sup> March 2005, 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 31<sup>st</sup> March 2005.
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.

Place : New Delhi  
Date : 29th June, 2005

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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### NOTES :

- 1) 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.
- 2) The Register of Members and Share Transfer Books will remain closed from 23rd September 2005 to 28th September 2005 (both days inclusive).
- 3) Dividend on Equity Shares as recommended by the Board of Directors for the financial year ended 31<sup>st</sup> March, 2005 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 22nd September 2005 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 22nd September 2005 in the lists of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
- 4) 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.
- 5) In compliance with the Securities and Exchange Board of India directions to appoint a common agency for Share Registry work, the Company has appointed MCS Ltd. as its Registrars & Share Transfer Agent for rendering the entire range of services to the shareholders of the Company.



- 6) 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 for Transfer
1997-1998	28.09.1998	27.10.2005
1998-1999	28.09.1999	18.10.2006
1999-2000	31.03.2000	19.05.2007

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

- 7) Investors are advised 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.
- 8) 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.
- 9) 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 21st September 2005. Requests received after that date will not be entertained.
- 10) ***As usual, no gifts will be distributed at the meeting.***

Place : New Delhi  
Date : 29th June, 2005

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.

**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT**

As required under clause 49 VI (A) of the Listing Agreement, the particulars of Directors seeking appointment/ re-appointment in the forthcoming Annual General Meeting are as follows :

Name of Director	Sh. R. N. Bansal
Date of Birth	15.07.1930
Date of Appointment	08.03.1989
Expertise in Specific Functional area	Finance and Company Law
Qualification	M.A., F.C.A, A.C.S., A.C.I.S. Chartered Accountant Member Company Law Board (Retd)
List of Companies in which outside Directorship held as on 31.03.2005	Chambal Fertilizers and Chemicals Ltd. Essar Shipping Ltd. Gobind Sugar Mills Ltd. Spice Net Ltd. Spice Systems Ltd. Jonas Woodhead & Sons (India) Ltd. Pushpsons Industries Ltd. Hindustan Spinning & Weaving Mills Ltd. Imaging Products Pvt. Ltd. HVS Computers and Management Services Pvt. Ltd.
Chairman / Member of the Committee(s) of the Board of Director of other Companies in which he is a Director	
a) Audit Committee	Chairman : Spice Systems Ltd. Pushpsons Industries Ltd.  Member : Chambal Fertilizers and Chemicals Ltd. Essar Shipping Ltd. Gobind Sugar Mills Ltd. Spice Net Ltd.
b) Shareholders Committee	Chairman : Chambal Fertilizers and Chemicals Ltd.
c) Compensation Committee	Member : Chambal Fertilizers and Chemicals Ltd.



## DIRECTORS' REPORT

### Dear Shareholders

Your Directors are happy to present the 28<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2005.

(Rs. in Lakhs)

Financial Results	2004-05	2003-04
Sales and other Income	12,168	11,143
Profit before Interest, Depreciation and Taxation	1,969	1,696
Interest	457	462
Depreciation	1,054	1,035
Profit before Taxation	458	199
Provision for Taxation - Current year	190	79
- Deferred Tax {Charge / (Release)}	(89)	(75)
Profit for the year	357	195
Earning per share	6.64	3.30

### DIVIDEND

Your Directors propose for consideration of the share holders at the ensuing annual general meeting, payment of a dividend of Rs 1.60 per share (16%) for the year ended March 31, 2005. The total outgo of dividend including tax thereon would amount to Rs. 85 lakhs.

Dividend paid for the year ended March 31, 2004 was Rs. 1.40 per share (14%). The amount of dividend and the tax thereon amounted to Rs. 74 lakhs.

### OPERATIONAL HIGHLIGHTS

The production during the year was 97,079 M.T. as against the previous year of 82,028 M.T. The capacity utilization has increased to 97% from 86% as against the previous year. The turnover during the year improved and was Rs. 11,965 lakhs as against the previous year's turnover of Rs. 11,011 lakhs registering a growth of 8.67%.

Your Company's gross profit subject to interest, depreciation and tax was Rs. 1,969 lakhs during the financial year ended 31<sup>st</sup> March 2005 as compared to Rs. 1,696 lakhs during the previous year.

### PROSPECTS

The Indian economy is steadily strengthening and with it the level of prosperity is increasing. With the incentives to the Housing sector, the growing need for housing and township is more likely to be fulfilled. This has also reflected on the demand for ceramic tiles which has continued to rise at about 11% per annum. Thrust on healthcare which necessitates high quality hospitals, tourism, education and with the overall tilt towards improvement in sanitation, the demand for ceramic tiles will remain buoyant.

### MANAGEMENT DISCUSSION AND ANALYSIS & CORPORATE GOVERNANCE

A separate section on 'Management Discussion and Analysis', which forms part of this report, has been annexed herewith and deals specifically the outlook of the industry, risks and concerns, Internal control and financial performance.

The Company has already implemented the mandatory requirements of Corporate Governance as per clause 49 of the Listing Agreement. 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 Auditors.

### 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.



## ORIENT CERAMICS AND INDUSTRIES LTD.

### INDUSTRIAL RELATIONS

Relationship with the employees continues to remain cordial.

### ENVIRONMENTAL, QUALITY & SAFETY STANDARDS

During the year the Company has received certification for Management Systems complying with the requirements of quality standard ISO 9001:2000 and OHSAS 18001:1999 for Safety Management. Your Company got certification for ISO 14001:1996 Standards already and 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 retires 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 31<sup>st</sup> March 2005, 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 judgments 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 31<sup>st</sup> March 2005 on a 'going concern' basis.

### AUDITORS

M/s S. R. Dinodia & Co, Chartered Accountants, New Delhi Statutory Auditors of the Company, retire in accordance with the provisions of the Companies Act, 1956 at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

### AUDITORS' REPORT

The Auditors' Report read with notes to the accounts referred to in the Auditor Report are self-explanatory and therefore do not call for any further comments.

### INFORMATION PURSUANT TO SECTION 217(1)(e)

The information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto.

### PARTICULARS OF EMPLOYEES

The particulars of the employees as required under section 217(2A) of the Companies Act, 1956 are given in an annexure to this report.

Place : New Delhi  
Date : 29th June, 2005

On behalf of the Board

#### Regd. Office :

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

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



**ANNEXURE TO DIRECTORS' REPORT**

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of Directors' Report.

**A. CONSERVATION OF ENERGY****(a) Energy Conservation measures taken :**

- (i) The Company has replaced intensive fuel consuming Traditional Tunnel Kilns with fuel efficient Roller Kiln.
- (ii) Change over from energy intensive traditional Double Fire Technology to Single Fast Fire Technology in part of the plant.
- (iii) The effective and efficient use of Kiln capacity has resulted in reduction of fuel energy.
- (iv) Re-commissioning of Gas based captive power plant after resuming Natural Gas supply from GAIL resulted in significant energy saving.
- (v) Effective use of waste heat energy in pre-kiln dryer resulted in energy saving.
- (vi) The Company has installed variable frequency AC Drives at various levels.

**(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy :**

The Company has installed energy efficient machines and equipments for use in the manufacturing activities.

**(c) Impact of measures at (a) and (b) above for reduction of energy, consumption and consequent impact on the cost of production of goods :**

The impact of the measures at (a) and (b) has resulted in energy saving.

**(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure in respect of industries specified in schedule thereto :**

The Company is not covered under the list of specified industries.

**B. TECHNOLOGY ABSORPTION****RESEARCH AND DEVELOPMENT (R & D)****1. Specific areas in which R & D carried out by the Company :**

New series of rustic and concepts have been introduced in all sizes of product. The development activities of the Company are mainly towards Quality Improvement, Energy Conservation, air, water, noise pollution control, healthy and safe working environment for employees.

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

Reduction in consumption of energy has resulted in cost reduction, improved yield and quality.

**3. Future plan of action :**

The Research and Development work is an on-going process and efforts are on to improve the yield and quality.

**4. Expenditure on R & D :**

No separate record of the expenditure incurred is maintained.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION****1. Efforts made towards technology absorption, adaptation and innovation :**

Continuous efforts are being made to check on the actual performance against standard norms.

**2. Benefit derived as a result of the above efforts :**

As a result of efforts, cost reduction, improved yield and quality became possible.

**3. All the earlier technologies of Double / Single fast firing are fully absorbed.****C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (i) Foreign Currency used : Rs. 518 lakhs
- (ii) Foreign Currency earned : Rs. 145 lakhs



## ORIENT CERAMICS AND INDUSTRIES LTD.

**ANNEXURE TO DIRECTORS' REPORT**

Statement pursuant to Section 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

Name	Age (Yrs.)	Designation/ Nature of Duties	Gross Remuner- ation (Rs.)	Qualification	Date of Joining	Total Experi- ence	Last Employ- ment held/ previous Company
Sh. Mahendra K. Daga	67	Chairman & Managing Director	41,80,829	BA, FIM (UK)	09.12.1993	37	Managing Director / SPL Ltd.

**Notes :**

1. Gross remuneration comprises salary, allowances, monetary value of perquisites, bonus, commission and the Company's contribution to Provident Fund but excludes provision for Gratuity & Leave encashment.
2. All appointments are contractual on whole-time basis. Other terms and conditions are as per Company's rules.
3. There was no employee in the Company's employment for part of the year drawing specified remuneration per month.

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