

ANNUAL REPORT 1999-2000

CERTIFIED TRUE COPY

For Orient Ceramics & Industries Ltd.

Pankaj Goyal
Company Secretary

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ORIENT CERAMICS AND INDUSTRIES LTD.



ORIENT CERAMICS AND INDUSTRIES LTD.

BOARD OF DIRECTORSMahendra 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 OFFICEIris 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 Bikaner & Jaipur**AUDITORS**

S.R. Dinodia & Co., New Delhi

STOCK EXCHANGESThe Delhi Stock Exchange Association Ltd.
DSE House, 3/1, Asaf Ali Road
New Delhi-110 002The Stock Exchange
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400 001The Calcutta Stock Exchange
Association Ltd.
7, Lyons Range
Calcutta-700 001**CONTENTS**

Notice to the Members	2
Directors' Report	10
Auditors' Report	14
Balance Sheet	16
Profit & Loss Account	17
Schedules to Balance Sheet and Profit & Loss Account	18
Significant Accounting Policies & Notes on Accounts	24
Cash Flow Statement	30



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of the members of Orient Ceramics And Industries Ltd. will be held on Saturday, the 12th day of August, 2000 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 2000 and the Profit & Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
- 2) To appoint a Director in place of Sh. Rajive Sawhney who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

- 4) To consider and if thought fit to pass with or without modification the following resolution as **Ordinary Resolution** :

"RESOLVED that pursuant to the provisions of Article 48 of the Articles of Association of the Company and section 94 of the Companies Act, 1956, and all other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 3,50,00,000/- divided into 32,50,000 Equity Shares of Rs. 10/- each and 25,000 unclassified Preference Shares of Rs. 100/- each to Rs. 10,00,00,000/- divided into 90,00,000 Equity Shares of Rs. 10/- each and 1,00,000 unclassified Preference Shares of Rs. 100/- each and the respective capital clause in the Memorandum of Association be substituted by the following new clause :

5. "The Authorised Share Capital of the Company is Rs. 10,00,00,000/- divided into 90,00,000 Equity Shares of Rs. 10/- each and 1,00,000 unclassified Preference Shares of Rs. 100/- each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or being be provided by the regulations of the Company."

- 5) To consider and if thought fit to pass with or without modification the following resolution as **Special Resolution** :

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 on the Resolution No. 4 being duly passed and becoming effective, the existing Article 3 of the Articles of Association of the Company be substituted by the following :

3. "The Authorised Share Capital of the Company is Rs. 10,00,00,000/- divided into 90,00,000 Equity Shares of Rs. 10/- each and 1,00,000 unclassified Preference Shares of Rs. 100/- each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or being be provided by the regulations of the Company."



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

"RESOLVED that subject to the applicable guidelines issued by the Securities and Exchange Board of India (SEBI) and other applicable provisions of the law, if any, and the provisions of the Articles of Association of the Company, a sum of Rs. 2,34,00,000/- (Two Crores Thirty Four Lacs only) being part of the undistributed profits of the Company and standing to the credit of the free reserves for the time being, be capitalised with effect from such date as may be fixed by the Board of directors and be transferred from the said reserve(s) account(s) to share capital account and be applied in terms of Article 58 of the Articles of Association of the Company on behalf of the persons who on the aforesaid date shall be holders of the existing fully paid up Equity Shares of Rs. 10/- each of the Company, in full payment of 23,40,000 new Equity Share to be issued out of the unissued Equity Capital of the Company and that the said new Equity Shares, credited as fully paid, accordingly be allotted as Bonus Shares to such persons in proportion of one new Equity Share for every Equity Share held by such person on the aforesaid date, upon the footing that they become entitled there to for all purpose as capital and not as income and that such Bonus Shares shall be issued upon and subject to the following terms and conditions:

- (i) That the new Equity Shares shall be allotted subject to the Memorandum and Articles of Association of the Company and shall in all respects rank *pari passu* with the existing fully paid up Equity Shares of the Company, except that they shall be entitled to participate in any dividend declared or to be declared for the Financial Year in which the Shares are allotted, on pro-rata basis.
- (ii) That no fractional certificates shall be issued to the members in respect of their respective fractional entitlement of bonus shares but all the fractions remaining after allotment of the bonus shares as aforesaid shall be consolidated into full bonus shares which shall be allotted at the discretion of the Board of directors to any person or persons in trust for the benefit of those members who are entitled to fractional entitlements of bonus shares, for the purpose of selling such consolidated full bonus shares as soon as possible in the market and that the net sale proceeds of such consolidated full bonus shares after deducting there from the costs, charges and expenses of sale, shall be divided and distributed proportionately amongst those members who would be entitled to fractional entitlements of such full bonus shares.
- (iii) That no letters of allotment shall be issued in respect of the said bonus shares but the certificates in respect of the new Equity Shares to be allotted as fully paid bonus shares as aforesaid shall be delivered within the time specified in law from the date of allotment thereof.
- (iv) That the issue and allotment of the said bonus shares and / or payment of any sum in cash in lieu of fractional shares as aforesaid to the extent they relate to the non resident members of the Company, will be subject to the approval of the Reserve Bank of India or any other authority as may be necessary.
- (v) That for the purpose of giving effect to this resolution and for removal of any doubts or difficulties the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give from time to time such directions as may be necessary, expedient, usual or proper and to settle any question or doubt that may arise in relation thereto or otherwise reconsider the matter with the changed circumstances, if any, as the Board in its absolute discretion may think fit and its decision shall be final and binding on all the members and other interested persons

RESOLVED FURTHER that the present intention of the Board of Directors to recommend, barring unforeseen circumstances and subject to the provisions of the guidelines stipulated by the Securities and Exchange Board of India (SEBI) on Bonus issue, payment of the Dividend to the Shareholders on the expanded Equity Capital of the Company in the year immediately following the Bonus issue, shall not be less than 10% be and is hereby noted

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



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

"RESOLVED that in accordance with the provisions of Section 81, and in particular Section 81 (1A) and any other applicable provisions of the Companies Act, 1956 (including any amendment to / or re-enactment thereof), enabling provisions of the Memorandum and Articles of Association of the Company, extent guidelines of SEBI & RBI, listing agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed, and subject to all necessary approvals, consents, permissions and / or sanctions as may be required by all applicable authorities, and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions, and / or sanctions which may be agreed by the Board of Directors of the Company (hereinafter referred to as "The Board" which term shall include any committee(s) the Board may constitute to exercise powers of the Board including powers conferred by these Resolutions) at its absolute discretion, the Board be and is hereby authorised, on behalf of the Company, to offer, issue and allot, in one or more tranches, up to 30 lakhs equity shares of Rs. 10/- each at a premium as may be decided and fixed by the Board of Directors of the Company but being not less than the price determined as per the SEBI guidelines in this regard, to such person or persons whether or not shareholders of the Company as the Board may at its absolute discretion decide including one or more of the Promoters, Financial Institutions, Banks, Mutual Funds, Strategic Partners, Foreign Investors, Non-Resident Indians, Overseas Corporate Bodies, Foreign Institutional Investors Companies, private or public and other entities, or any other person or one or more combinations thereof, through private placement / preferential allotment or otherwise, on such terms and conditions including the amount of premium, and matters incidental thereto.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to decide and fix the amount of premium but being not less than the price determined as per the SEBI Guidelines in this regard.

RESOLVED FURTHER that the consent of the Company be and is hereby accorded to the issue and allotment of such fully paid equity shares, ranking pari passu with the equity shares of the Company in all respects excepting that such shares shall rank for dividend on pro-rata basis from the date of allotment thereof.

RESOLVED FURTHER that the Board be and is hereby authorised to increase the paid up and subscribed capital of the Company by the issue and allotment at the premium aforesaid of such equity shares.

RESOLVED FURTHER that for the purpose of giving effect to such offer, issue or allotment of equity shares, as described above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and sign all deeds, agreements, documents and writings and to pay any fees / commission in relation thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) or utilisation of proceeds as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Board to give effect to the resolution."

- 8) To consider and if thought fit to pass with or without modification the following resolution as **Special resolution** :

"RESOLVED that the Articles of Association of the Company be amended by insertion of a new Article 20A after the existing Article 20 under a separate heading titled "Buy-back of Shares" reading as follows:

20A "Subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof and any Rules and Regulations that may be prescribed by the Central Government, the Securities and Exchange Board of India (SEBI) or any other appropriate authority in this regard, the Company, in a General Meeting may, upon the recommendation of the Board, at any time and from time to time, by a Special Resolution authorise buy-back of any part of the share capital of the Company fully paid-up on that date."



- 9) To consider and if thought fit to pass with or without modification the following resolution as **Special resolution** :

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Articles of Association of the Company be and is hereby altered by adding the following new sub clause as clause No. 12(3) after the existing sub clause No. 12(2) :

Dematerialisation of Shares

- a) Notwithstanding anything contained in these Articles, the Company shall be entitled, as and when decided by the Board of Directors, to dematerialise or rematerialise its shares, debentures and/or other securities (both existing and future) and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any.
- b) Every person subscribing to securities offered by the Company shall have the option to receive security certificates with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in manner and within the time prescribed, issue to the beneficial owner the required certificates of Securities.
- c) If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on the receipt of the information, the depository shall enter in its record, the name of the allottee as the beneficial owner of the security.
- d) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
 - (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
 - (ii) Save as otherwise provided in (i) above, the depository as the registered owner of the securities shall not have any voting rights or any rights in respect of the securities held by it.
 - (iii) Every person holding securities of the Company whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.
- e) Notwithstanding anything in the Act or these Articles to the Contrary, where securities are held in depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
- f) Nothing contained in section 83 and section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor or transferee both of whom are entered as beneficial owner in the records of a depository.
- g) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- h) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
- i) The Register and index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996 shall be deemed to be the register and index of members and security holders for the purposes of these Articles.



- j) If a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly. The depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly. The Company shall within 30 (Thirty) days of the receipt of intimation from the depository and on fulfilment of such conditions and on payment of such fees as may be prescribed by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.
- k) No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.
- l) For the purposes of this Article, unless the context otherwise requires :-

Definitions :

Beneficial Owner	'Beneficial Owner' means the beneficial owner as defined in clause (a) of sub-section (1) of section (2) of Depositories Act, 1996.
Bye-laws	'Bye-laws' means bye-laws made by a Depository under section 26 of the Depositories Act, 1996.
Depositories Act	'Depositories Act' means the Depositories Act, 1996 and any statutory modification or re-enactment thereof for the time being in force.
SEBI	'SEBI' means the Securities and Exchange Board of India.
Depository	'Depository' means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as depository under the Securities & Exchange Board of India, 1992.
Security	'Security' means such security as may be specified by SEBI from time to time.
Record	'Record' includes the records maintained in the form of books or stored in a computer or in such form as may be determined by the regulations made by SEBI.
Shareholder or Member	'Shareholder' or 'member' means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity and / or Preference Shares of the Company as also one whose name is entered as beneficial owner of the shares in the records of a Depository.

- 10) To consider and if thought fit to pass with or without modification the following resolution as **Special resolution**:

"RESOLVED that pursuant to section 109A and section 109B and further pursuant to section 31 of the Companies Act, 1956, Articles of Association of Company be altered by addition of the following Article No. 45A after the existing Article No. 45 :

- 45A 1. "Every holder of shares or debentures or fixed deposits of the Company will have freedom to nominate at any time a person to whom his shares / debentures / fixed deposits shall vest in the event of his death.
2. Where the shares / debentures / fixed deposits are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures or fixed deposits of the Company, as the case may be, shall vest in the event of all the joint holders.
3. Notwithstanding, anything contained in any other law for the time being in force, in respect of such shares or debentures or fixed deposits of the Company, where a nomination made in the prescribed purports to confer on any person the right to vest in the Shares or Debentures or



Fixed Deposits of the Company, the nominee shall on the death of all the joint holders, become entitled to all the rights in such shares or debentures or fixed deposits, or as the case may be, all the joint holders in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

4. Where nominee is a minor it shall be lawful for the holder of the shares / debentures / fixed deposits to make the nomination to appoint in the prescribed manner any person to become entitled to shares or debentures or deposits of the Company in the event of his death during the minority.
5. Any person who becomes nominee as aforesaid upon the production of such evidence as may be required by the Board of Directors of the Company, elect either to be registered as holder of the shares or debentures or deposits or to make transfer of the shares or debentures as the deceased shareholder or debenture holder could have made.
6. The Board of Directors of the Company shall in either case have the same right to decline or to suspend registration as it would have had if the deceased shareholder or debenture holder had transferred the shares or debentures before his death."

- 11) To consider and if thought fit to pass with or without modification the following resolution as **Special** resolution :

"RESOLVED that the Articles of Association of the Company be amended by insertion of a new Article 33A after the existing Article 33 under a separate heading titled "ESOP & Sweat Equity" reading as follows :

- 33A. "Subject to the provisions of the Companies Act, directions / guidelines, if any, issued by the Central Government or other statutory body, the Board of Directors of the Company shall have the power to issue, offer and allot to or for the benefit of such person or persons as are in the permanent employment and the Directors (including whole time Directors) of the Company at any time Equity Shares of the Company and / or warrants with an option exercisable by the holder of such options to subscribe for equity shares/equity linked securities and / or bonds, debentures, preference shares or other securities convertible into equity shares at such price in such manner, during such period and / or such terms & conditions under any Employees Stock Option Scheme / Plan as may be decided by the Board prior to the issue and offer thereof subject however, to 5% of the aggregate of the number of issued equity shares of the Company or subject to such ceiling limits as may be prescribed from time to time by or under such directions / guidelines.

The Board shall also have the power to issue, offer and allot sweat equity to the Directors and employees subject to the provisions of the Companies Act, 1956 and the guidelines, if any, issued and applicable to the Company."

NOTES :

- 1) 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.
- 2) Members who hold shares under more than one folio in name(s) in the same order are requested to send their Share Certificates to the Company for consolidation in to one account.
- 3) Pursuant to amendment in the section 205A of the Companies Act, 1956 any money transferred to unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transferred, shall be transferred by the Company to the Investor Education and Protection Fund established under section 205C of the Companies Act 1956. Accordingly, unpaid or unclaimed dividend will be transferred to the said fund as and when it becomes due. Members who have not claimed their dividends are being notified separately.



- 4) The Companies (Amendment) Act, 1999 has introduced through section 109A, the facility of nomination to share/debenture/deposit holders. This facility is useful for all holders holding the securities in single name. In cases where the securities are held in joint names, the nomination will be effective only in the event of the death of all the holders. Investors are advised to avail this facility, especially investors holding securities in single name, to avoid the process of transmission by law. Investors desirous of availing this facility may send enclosed nomination form to the Head Office of the Company.
- 5) 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 to the place of Annual General Meeting and back to the Head Office. Transport will leave sharp at 9.30 a.m. Members who are interested in attending the Annual General Meeting are requested to give their name, folio number, number of shares held by them at Head Office latest by 5th August 2000. Requests after that date will not be entertained.
- 6) ***No gifts will be distributed at the meeting.***

Place : New Delhi
Dated : 16th May 2000

By Order of the Board

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

Mahendra K. Daga
Chairman & Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4 AND 5

It is considered desirable that the share Capital of the Company be enlarged commensurate with the size and operations of the Company and also to provide for future needs of the Company.

The resolutions in respect of item nos. 4 and 5 of the notice, seek to increase the Authorised Capital of the Company from Rs. 3.50 crores to Rs. 10.00 crores, as set out in the item no 4. The increase in the Authorised capital will also result in consequential amendments of the respective capital clauses in the Memorandum and Articles of Association of the Company as mentioned in item nos. 4 and 5. It is in the above circumstances that the resolutions mentioned in these items of the notice are proposed to be passed and commended for your acceptance.

None of the Directors of the Company are interested or concerned in the proposed resolution.

ITEM NO. 6

The subscribed and paid-up capital of the Company as on 31st March, 2000 is of Rs. 23,400,000/- divided into 2,340,000 Equity shares of Rs. 10/- each.

There has all along been a steady and continued growth and expansion in the Company's activities and its reserves have augmented accordingly.

In view of the above and the disparity between the amount of the paid-up capital and the total capital employed in its business, there is a strong case now for increasing the subscribed and paid-up equity capital of the Company by capitalisation of reserves. The directors of the Company, therefore recommend, subject to the compliance of the guidelines of the Securities and Exchange Board of India in this behalf, that the sum of Rs. 23,400,000/- being part of the undistributed profits of the Company and standing to the credit of the free reserves for the time being be capitalised and 2,340,000 Equity Shares of Rs. 10/- (Rupees Ten only) each credited as fully paid, be issued as Bonus Shares to the Members holding the existing Equity Shares on such date as may be fixed by the Board of Directors.

The Directors, accordingly, recommend the Resolution for your approval.

The Directors who are holders of Equity Shares in the Capital of the Company would be interested in the proposed resolution proportionately in the same way as every other member of the Company who holds such Equity Shares therein.