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ANNUAL REPORT
2000-2001

CERTIFIED TRUE COPY

For Orient Ceramics & Industries Ltd.

Company Secretary

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ORIENT CERAMICS AND INDUSTRIES LTD.

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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 Bikaner & Jaipur

AUDITORS

S.R. Dinodia & Co., New Delhi

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of the members of Orient Ceramics And Industries Ltd. will be held on Friday, the 28th day of September, 2001 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, 2001 and 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, 2001.

3) To appoint a Director in place of Sh. N. R. Srinivasan who retires by rotation and being eligible offers himself for re-appointment.

4) To appoint Auditors and fix their remuneration.

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) The Register of Members and Share Transfer Books will remain closed from 25th September, 2001 to 28th September, 2001 (both days inclusive). Those share holders who hold shares in dematerialized form will be entitled for dividend, whose name will be provided by NSDL / CDSL as on 28th September, 2001.

3) 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's 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. Members who have not claimed their dividends are being notified separately.

4) Investors are advised to avail the nomination 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. The nomination will be effective only in the event of the death of all the holders.

5) Members are requested to intimate the Company under the signature of the sole / first joint holder, the Account Number, type of Account-Saving (SB) or Current (CA), name and address of the Bank, so that the same can be printed on dividend warrant, to avoid the incidence of fraudulent encashment of the instrument.

6) Transport will be provided to those shareholders who are interested in attending the AGM. 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, 2001. Requests received after that date will not be entertained.

7) As usual, no gifts will be distributed at the meeting.

Place : New Delhi
Date : 30th June, 2001

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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DIRECTORS' REPORT

Dear Shareholders

Your Directors are happy to present the 24th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2001.

	(Rs. in Lakhs)	
FINANCIAL RESULTS	**2000-2001**	1999-2000
Sale and other Income	**9733**	8883
Profit before Interest, Depreciation and Taxation	**1813**	1767
Interest	**607**	613
Depreciation	**586**	571
Profit before Taxation	**620**	583
Provision for Taxation	**86**	67
Profit for the year	**534**	516
Brought forward Profit from the last Balance Sheet	**498**	193
Prior period and other adjustments	**(2)**	(10)
Amount available for appropriation	**1030**	699
Appropriations :		
Debenture Redemption Reserve	**-**	120
General Reserve	**50**	50
Proposed / Interim Dividend	**56**	28
Dividend Tax	**6**	3
Surplus carried to Balance Sheet	**918**	498
	1030	699

OPERATIONAL HIGHLIGHTS

The Turnover during the year was Rs. 9527 lakhs as compared to the previous year's figure of Rs. 8732 lakhs registering a growth of 9%. The production stood at 54,648 M.T. registering a capacity utilisation of 96%.

Your Company's Gross Profit subject to interest, depreciation and tax was Rs. 1813 lakhs during the financial year ended 31st March, 2001 as compared to Rs. 1767 lakhs during the previous year.

The year ended March 2001 was encouraging for your Company despite testing times. Your Company continues to maintain high operating efficiency by way of fuel efficiency, waste management, lower inventory and receivables.

EXPORTS

The Company's export has shown encouraging growth during the last few years. The exports increased to Rs. 279 lakhs (FOB) during 2000-01 from Rs. 250 lakhs (FOB) last year. Your Company will continue its efforts to further export in the highly competitive global market.

DIVIDEND

Your Directors are pleased to recommend a dividend @ 12% (Rs. 1.20 per Share) on the expanded capital of 4,680,000 Equity Shares after the Bonus Issue, 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 including tax thereon would amount to Rs. 62 lakhs as against the previous year of Rs. 31 lakhs.

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PROSPECTS

The Government's continued sops to the housing sector in the budgets of two successive years by way of increased credit availability, reduction in lending rates, increased exemption limit of interest on housing loans for tax payers, appear to be paying off. Tax rebates have increased the demand for housing loans. The interest rates on the home loans have also come down due to increased competition. The leaders in the financing of home loans segment expect to post good growth. All of this will give a boost to the house building sector.

Your Company is planning advertisement campaign on a larger scale this year. This will further improve the brand awareness of your Company's products. With the enhanced production, the Company is actively enlarging its distribution network by way of depots in various regions and appointing more dealers. In pursuit of excellence in quality and to ensure wider reach of product range to consumers, the Company is in constant touch with the professional circle like Architects, Interior Decorators and the response is overwhelming.

To add value to the existing business, the Company has started trading various range of products by giving customers the advantage of a single service supplier.

EXPANSION

Your Company has successfully commissioned the new mono-firing unit in time without any cost escalation and contingency. With this addition, the total installed capacity of the plant rose to 95000 TPA. The mono fired product has been well received in the market and your Company is confident of selling this additional quantity.

The original manufacturing facilities of your Company were set up during the eighties and early nineties. The time is now ripe to progressively discard the older technology, which was energy hungry. Action for modernization has been taken. Orders have been placed for latest machinery, which are energy efficient and prevent pollution.

ALLOTMENT OF BONUS SHARES

During the year 2,340,000 Equity Shares of Rs. 10/- each were allotted on 26th September, 2000 as fully paid up Bonus Shares, resulting in increase in the paid-up Equity Capital to Rs. 468 Lakhs. These shares have been duly listed with the Stock Exchanges at Delhi, Mumbai and Calcutta and are eligible for full year dividend.

DEMATERIALIZATION OF SHARES

The Company has signed agreements with both the Depositories i.e. Central Depositories Services (India) Ltd. (CDSL) and National Securities Depositories Ltd. (NSDL) for dematerialization of Equity Shares of the Company. The shares of the Company fall under the category of compulsory delivery in dematerialized mode by all investors. The ISIN allotted to the Company is INE607D01018.

REPURCHASE OF NON-CONVERTIBLE DEBENTURES

As a part of the financial restructuring, your Company repurchased 16% - 7,20,000 Secured Redeemable Non-convertible Debentures of Rs. 100/- each issued in terms of Letter of Offer dated 2nd August, 1996. Necessary Warrants / Demand Drafts towards principal and Interest up to the date of repurchase have already been despatched to the Debentureholders, whose name appear in the Register of Debentureholders as on record date i.e. 28th February, 2001.

PUBLIC DEPOSITS

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

INDUSTRIAL RELATIONS

Relationship of the employees continued to remain cordial.

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POLLUTION AND ENVIRONMENTAL CONTROLS

In keeping with the National priorities and increasing social obligations, your Company has adopted environmental and pollution control measures as an integral part of the production programme.

The Company has been accredited with ISO 14001 certificate for its facility at Sikandrabad (U.P.) for Environmental and Pollution Controls. In conformity with the standard it is our intention to treat all the waste developed in our premises and dispose off the same in a manner adhering to various environmental act and revisions preparing for the future.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Sh. N.R. Srinivasan 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, 2001, the applicable accounting standards had been followed along with the proper explanation relating to material departures;

(ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estiamtes 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, 2001 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 for the year 2001-2002.

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. However as per provisions of section 219 (1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Those shareholders who are interested in obtaining such particulars may write to the Company Secretary at the Company's Registered Office.

On behalf of the Board

Place : New Delhi
Date : 30th June, 2001

Mahendra K. Daga
Chairman & Managing Director

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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

1. Energy Conservation measures taken :
   The Company continues to efficiently utilise the energy by improving production design, manufacturing process and solid waste management. The Company maintains a strict control over the use of fuel and utilities such as gas, electricity lighting, air conditioning etc.
2. 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.
3. 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.
4. 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 & DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company :
   The development activities of the Company are mainly towards Quality Improvement, Pollution Control, Energy Conservation and Waste re-cycling and green environment.
2. Benefits derived as a result of the above R & D :
   Reduction in consumption of energy and improved productivity.
3. Future plan of action :
   The Research & Development work is an on-going process.
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 design.
2. Benefit derived as a result of the above efforts :
   As a result of efforts, cost reduction became possible.
3. (a) Technology imported : Mono Firing
   (b) Year of Import : 2000-01
   (c) Has technology been fully absorbed ? : Yes

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Foreign Currency used : Rs. 2361 Lakhs
2. Foreign Currency earned : Rs. 279 Lakhs

Exports :
Efforts are being made to increase the exports.

On behalf of the Board

Place : New Delhi
Date : 30th June, 2001

Mahendra K. Daga
Chairman & Managing Director

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CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance

The Board of Directors in all sincerity welcome and supports the broad principles of corporate governance. In addition to the mandatory governance issues your Company believes in the highest levels of transparency and accountability, on all facets of operations and in all its inter-actions with its creditors, debtors, share holders, employees, the Government and lenders. Your Company has been regularly practicing the principles of good corporate governance.

The Board of Directors

The Board of Directors consists of six Directors as on 31st March, 2001. The Composition and category of the Directors is as follows :

Category	No. of Directors	Percentage	Name of Directors
Promoter / Executive Directors	2	33	Sh. Mahendra K. Daga Sh. Madhur Daga
Non-executive and Independent Directors	4	67	Sh. R. N. Bansal Sh. Dhruv M. Sawhney Sh. Rajive Sawhney Sh. N.R. Srinivasan

None of the Non-executive director of the Company has any material pecuniary relationship or transactions with the Company, its promoters or its management.

Meeting of the Board of Directors

During the year, Six Board Meetings were held. The dates are as follows :

16th May, 2000
25th July, 2000
12th August, 2000
26th September, 2000
25th October, 2000
25th January, 2001

The details of attendance of each Director at the Board Meetings, last Annual General Meeting and number of other Directorship / Membership of Committee of each Director in various companies are as follows :

Name of Director	Attendance Particulars		No. of other Directorships and Committee Memberships / Chairmanships		
	Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Sh. Mahendra K. Daga	5	Yes	5	-	1
Sh. R. N. Bansal	5	Yes	13	4	2
Sh. Madhur Daga	5	No	3	-	-
Sh. Dhruv M. Sawhney	1	No	4	-	-
Sh. Rajive Sawhney	1	No	4	-	-
Sh. N. R. Srinivasan	2	Yes	-	-	-

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Geneal Body Meetings

Location and time for last three Annual General Meetings were as follows :

Year	Location	Date	Time
1997-1998	8, Industrial Area Sikandrabad-203 205 Distt. Bulandshahr (U.P.)	28.09.1998	11.30 a.m.
1998-1999	Same as above	28.09.1999	11.30 a.m.
1999-2000	Same as above	12.08.2000	11.30 a.m.

All the resolutions were passed unanimously. No resolution was put through the postal ballots.

Disclosures

(i) There is no transaction of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

(ii) The Company complied with all the guidelines provided by Stock Exchanges or SEBI or any other statutory authority and no penalties, strictures were imposed on the Company.

Means of Communication

Quarterly results

The quarterly results are published in 'The Economic Times', 'Nav Bharat Times', Business Standard' and 'Veer Arjun' along with the official news.

SHAREHOLDER'S INFORMATION

Registered Office :

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

Head Office :

Iris House, 16, Business Centre
Nangal Raya, New Delhi-110 046

Plants :

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

Date & Venue of the Annual General Meeting

- Date : 28th September, 2001
- Time : 11.30 a.m.
- Venue : 8, Industrial Area, Sikandrabad-203 205
  Distt. Bulandshahr (U.P.)

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