

ANNUAL REPORT 2002-2003

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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. Rajive Sawhney

Sh. N. R. Srinivasan

COMPANY SECRETARY

Sh. 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
ICICI Bank Ltd.

AUDITORS

M/s. S.R. Dinodia & Co., New Delhi

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the members of Orient Ceramics And Industries Ltd. will be held on Thursday, the 25th day of September, 2003 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, 2003, 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, 2003.
- 3) To appoint a Director in place of Sh. Dhruv M. Sawhney 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 Sh. Kanwal K. Malhotra, who was appointed as an Additional Director of the Company w.e.f. 27th June, 2003, in terms of section 260 of the Companies Act, 1956 and Article 80 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 6) To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special 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 (hereinafter referred to as 'the Act') or any amendments thereto, read with Schedule XIII to the Act, consent of the members be and is hereby accorded for re-appointment of Sh. Mahendra K. Daga as Managing Director of the Company, not liable to retire by rotation, for a further period of three years w.e.f. 01.12.2003, on the following terms and conditions, with liberty and powers to the Board of Directors (hereinafter referred to as "the Board" which terms shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions in such manner as the Board may deem fit and is acceptable to Sh. Mahendra K. Daga and / or to change his remuneration, within the overall limits specified in schedule XIII to the Act or any statutory amendment, modification, reactment thereof :

a) Salary :

Rs. 2,00,000/- per month, which may be increased from time to time in accordance with Schedule XIII to the Act or any amendments thereto.

b) Commission :

On net profits of the Company computed in accordance with relevant provisions of the Act to be determined by the Board from time to time provided that the total remuneration including salary, commission and other perquisites shall be subject to the overall ceilings laid down in the relevant provisions of the Act or any amendments thereto.



c) Perquisites :

In addition to the salary and commission, Sh. Mahendra K. 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.

- i. Rent free furnished / unfurnished residential accommodation or HRA of 50% 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. No admission and life membership fee shall be paid.
- v. Personal accident insurance subject to a maximum of Rs. 5,000/- p.a.
- vi. The Company will provide Telephones and Car with Driver. Use of telephones and Car with Driver for official purposes shall not be considered as a perquisite. Personal use of telephones for long distance calls will be charged on actual basis. The valuation of personal use of car would be as per the prevalent Income-tax Rules.
- vii. The Managing Director shall be entitled to such other benefits or amounts as may be approved by the Board and permissible under Schedule XIII to the Act or otherwise.
- viii. The Managing 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 paragraph 1 (B) of section II of Part II of Schedule XIII to the Act 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 Managing 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 Managing Director or in any other capacity as may be decided by the Board of Directors from time to time.

RESOLVED FURTHER that the Board be and is hereby authorised to grant increments and other perquisites so as not to exceed the maximum limit for payment of remuneration specified in Schedule XIII to the Act or any amendments thereto and / or alter and vary the terms and conditions of his appointment and / or change his designation as may be agreed to between the Board of Directors and Sh. Mahendra K. Daga."



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

"RESOLVED that pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 (hereinafter referred to as the 'Delisting Guidelines') and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements and all other applicable rules, regulations and guidelines and subject to the approval(s), consent(s), permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchange(s) where the shares of the Company are listed and other appropriate authorities, institutions or regulators as may be prescribed or imposed by any authority while granting such approval(s), permission(s) and sanction(s) which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee of the Board or any person authorised by the Board) the consent of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company from all or any of the following Stock Exchanges where the Equity Shares of the Company are listed :

- The Calcutta Stock Exchange Association Limited, Kolkata
- The Delhi Stock Exchange Association Limited, New Delhi

RESOLVED FURTHER that the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, appropriate or desirable and execute all such applications, documents and writings as it may consider necessary or proper for giving effect to this Resolution."

- 8) To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be and are hereby amended by adding a new Article No. 69(5) after the Article No. 69(4), as follows :

- 69 (5) In the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, the Company shall get such resolution passed by means of a postal ballot and / or through electronic media instead of transacting the business at a General Meeting of the Company. Where the Company is required to or decides as the case may be, to get a resolution passed by means of a postal ballot, the provisions of section 192A of the Act and other incidental Rules, Regulations framed and modifications thereunder from time to time shall be complied with." Postal Ballot

Place : New Delhi
Date : 29th July, 2003

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 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting and the information required to be provided under clause 49 VI (A) of the Listing Agreement entered into with the Stock Exchange(s), regarding the Directors who are proposed to be appointed / re-appointed 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 23rd September 2003 to 25th September 2003 (both days inclusive).
- 4) Dividend on Equity Shares as recommended by the Board of Directors for the financial year ended 31st March, 2003 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, 2003 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, 2003 in the lists of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
- 5) In compliance with the Securities and Exchange Board of India's directions to appoint a common agency for Share Registry work, the Company has appointed M/s. Computech International Ltd. as its Registrar & Share Transfer Agent for rendering the entire range of services to the shareholders of the Company w.e.f. 28th March, 2003.
- 6) 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, 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 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)	1995-96	23.12.1996	19.01.2004
(ii)	1996-97	26.09.1997	01.11.2004
(iii)	1997-98	28.09.1998	27.10.2005

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. Investors desirous of availing this facility may approach the Company's Head Office. 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 the Head Office latest by 18th September, 2003. Requests received after that date will not be entertained.
- 10) *As usual, no gifts will be distributed at the meeting.*



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EXPLANATORY STATEMENT

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

ITEM NO. 5

Sh. Kanwal K. Malhotra was appointed as an Additional Director at the meeting of the Board of Directors held on 27th June, 2003. He holds office up to the date of this Annual General Meeting and being eligible, offers himself for appointment as Director, liable to retire by rotation.

Sh. Malhotra (retired President of ITC Hotels Ltd.) has vast administrative experience. Notice as required under section 257 of the Companies Act, 1956, together with the requisite deposit has been received from a member proposing the appointment of Sh. Malhotra as Director of the Company.

Your Directors recommended the resolution for your approval.

None of the Directors of the Company except Sh. Kanwal K. Malhotra is concerned or interested in this resolution.

ITEM NO. 6

The Board of Directors in their meeting held on 27th June, 2003 re-appointed Sh. Mahendra K. Daga as Managing Director, for a period of three years w.e.f. 01.12.2003, subject to approval of the members of the Company in the General Meeting.

Sh. Daga has been associated with the Company for almost two decades. With his vast experience, the Company has made steady progress during the tenure of Sh. Mahendra K. Daga as Managing Director. The proposed remuneration to the Managing Director has been approved by the remuneration committee.

The following disclosures are being made in this Explanatory Statement in compliance with Paragraph 1 (B) of Section II in part II of Schedule XIII to the Companies Act, 1956.

I. General Information

1. The Company is mainly engaged in the business of manufacture and marketing of Ceramic Tiles. The manufacturing facilities of the Company are situated at Sikandrabad, District Bulandshahr in the State of Uttar Pradesh with an installed capacity of 95000 TPA.
2. The Company commenced commercial production w.e.f. 7th October, 1977.
3. The Company is an existing entity and has already commenced Commercial Production.
4. Financial performance of the Company for the Financial year 2002-03 is as follows :

(Rs. in Lakhs)	
Gross Sales & Other Income	10,598
Profit Before Tax	453
Profit After Tax	264
Paid up Equity Capital	468
Reserves & Surplus	2489
Basic / Diluted Earning per Share (Rs.)	5.64

5. The Company has earned Rs. 576 Lakhs in Foreign Exchange during Financial Year 2002-03.
6. The Company has not made any Foreign Investments. The Company has imported its plants from M/s. Sacmi, Imola, Italy and Ettore Nassetti, Hong Kong.

**II. Information about the appointee :**

1. Sh. Mahendra K. Daga, BA, FIM (Fellow of the Institute of Management), UK, aged 65 years has over 35 years of successful experience. His name is synonymous with the tiles industry. Under the overall supervision of the Board of Directors, he has been instrumental in taking the Company from strength to strength to its present position.
2. The total remuneration of Sh. Mahendra K. Daga for the Financial Year 2002-03 was Rs. 27,05,428/-.
3. Sh. Daga is the Founder member of the Indian Council of Ceramic Tiles & Sanitaryware (ICCTAS), the apex body in India representing the Ceramic Industry. His expertise in the field has won him the prestigious Fellowship by the British Ceramic Institute. He has also represented India as one of the eight speakers from all over the world at the "International Meeting on Ceramic Industry" organised by Associazione Costruttori Italiani Machine Attrezzature per Ceramica, at Modena, Italy on 26th May, 2000.
4. Sh. Daga has been in this position since December, 1993. Under his leadership, the Company has achieved significant growth in a very short span and has carved a niche for itself in the industry.
5. The details of proposed remuneration have been furnished earlier.
6. The remuneration proposed to be paid to Sh. Daga is within the limits prescribed under the Companies Act, 1956.
7. Besides his remuneration, Sh. Daga does not have any other direct or indirect, pecuniary relationship with the Company. He has no relationship with any managerial personnel of the Company, except with Sh. Madhur Daga, Executive Director, who is his son.

III. Other Information :

1. At present, the performance of the Company is satisfactory as compared to the industry norms. However, in the event of any unforeseen circumstances and conditions beyond its control, the profitability of the Company may be affected.
2. The Company is continuously looking at new business opportunities and new markets to grow.
3. It is difficult to forecast the productivity and profitability in measurable terms. However, the productivity and profitability will continue to be above industry average.

IV. Disclosure :

1. The shareholders are being informed of the remuneration package in the resolution for his re-appointment, as given above.
2. The details of remuneration etc. of other Directors are included in the Corporate Governance Report and forming part of the Annual Report of the Company.

The text of the resolution is self-explanatory in so far as terms and conditions of appointment are concerned and the same may be treated as an abstract of the contract between the Company and the Managing Director for the purpose of section 302 of the Companies Act, 1956.

The Directors recommend the resolution for your approval.

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



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ITEM NO. 7

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the 'Delisting Guidelines') incorporating, among others, provisions for delisting of securities of a Listed Company voluntarily from the Stock Exchanges.

Presently the Company's equity shares are listed at following three Stock Exchanges :

- i) The Stock Exchange, Mumbai
- ii) The Calcutta Stock Exchange Association Limited
- iii) The Delhi Stock Exchange Association Limited

SEBI has specified for settlement of the Company's Equity Shares only in dematerialized form by all the investors. With the extensive networking of the Stock Exchange, Mumbai (BSE) and extension of the BSE terminals to other cities as well, investors have access to online dealings in the Company's Equity Shares across the country. The bulk of the trading in the Company's Equity Shares takes place on the BSE and the depth and liquidity of trading in the Company's Equity Shares on Calcutta and Delhi Stock Exchanges is low and insignificant.

In view of the above as also to save cost, the Board recommend the delisting of equity shares from The Calcutta Stock Exchange Association Limited and The Delhi Stock Exchange Association Limited.

The Company Equity Shares will continue to be listed on The Stock Exchange, Mumbai.

The members in their Annual General Meeting held on 28th September, 2002 unanimously passed a resolution to delist the equity shares of the Company from the Calcutta Stock Exchange Association Ltd. (CSE) . The Company accordingly requested CSE to delist the equity shares. In the meantime SEBI issued the Delisting Guidelines, therefore the name of the CSE has also been included in the resolution.

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 except as may be to the extent of the shares held by them in the Company.

ITEM NO. 8

The Companies (Amendment) Act, 2000 has introduced the postal ballot system giving shareholders a right to cast their vote by postal ballot including through the electronic media in respect of such business as is notified from time to time by the Central Government to be passed through postal ballot. To facilitate the same, a new Article 69 (5) is proposed to be included in the Articles of Association of the Company.

The Directors accordingly recommend the resolution for your approval.

The Memorandum & Articles of Association of the Company is available for inspection on all working days during 11.00 a.m. to 1.00 p.m. at the Company's Head Office.

None of the Directors of the Company is in any way concerned or interested in this resolution except as may be to the extent of the shares held by them in the Company.

Place : New Delhi
Date : 29th July, 2003

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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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, as follows :

Name of Director	Sh. Dhruv M. Sawhney	Sh. Kanwal K. Malhotra	Sh. Mahendra K. Daga
Date of Birth	26.06.1944	29.03.1941	27.10.1938
Date of Appointment	09.08.1994	27.06.2003	09.12.1993
Expertise in Specific Functional Area	Industrialist with vast business experience	Professional with vast experience	Industrialist with vast business experience
Qualification	M. Engg. Cambridge, M.B.A. (Wharton) D.M.S.	Hotel Management from Highbury College of Technology, Portsmouth (UK)	BA, FIM (UK)
List of Companies in which outside Directorship held as on 31.03.2003	1. Triveni Engineering & Industries Ltd. 2. Triveni SRL Ltd. 3. Triveni Zond Pvt. Ltd.	-	1. Indian Council of Ceramic Tiles & Sanitarywares 2. Triveni Engineering & Industries Ltd. 3. Good Team Investment & Trading Co. Pvt. Ltd. 4. Freesia Investment & Trading Co. Ltd. 5. Amarawati Tea Co. Ltd.
Chairman / Member of the Committee(s) of the Board of Director of other Companies in which he is a Director			
a) Audit Committee	-	-	-
b) Shareholders Committee	-	-	-
c) Remuneration Committee	-	-	-