

ANNUAL REPORT 2003-2004



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-75 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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ORIENT CERAMICS AND INDUSTRIES LTD.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the members of Orient Ceramics And Industries Ltd. will be held on Wednesday, the 15th day of September, 2004 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, 2004, 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 31st March, 2004.
- 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 a Director in place of Sh. Rajive Sawhney who retires by rotation but does not offer himself for re-appointment. The Company do not intend to fill the vacancy.
- 5) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

- 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. Madhur Daga as Executive Director of the Company, not liable to retire by rotation, for a period of three years w.e.f. 01.10.2004, 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. Madhur 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. 1,50,000/- per month, which can be modified 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 are 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. Madhur Daga shall be entitled, as per rules of the Company, to the following perquisites with an authority to the Board to 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 applicable from time to time.
- 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 prevalent Income-tax Rules.
- 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 Act.
- 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 overall 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 Executive Director will be considered continuous service with the Company from the date he joined the services of this Company in any capacity including his re-appointment as Executive Director from time to time 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. Madhur Daga."



ORIENT CERAMICS AND INDUSTRIES LTD.

7. To consider and, if thought fit, to pass with or without modification, 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 substituting the existing Article 82 under the heading "Remuneration of Directors" with the following Article :

<p>"82 Subject to the provisions of the Companies Act, 1956 and Rules framed thereunder, each Non-Executive Director shall receive out of the funds of the Company by way of sitting fees, a sum approved by the Board of Directors of the Company from time to time within the overall ceiling prescribed under the Act or any amendments thereto for every meeting of the Board of Directors or committee thereof attended by him. Further, Subject to the approval of the Board of Directors and subject to the provisions of the Companies Act, 1956 or any amendments thereto, the Non-Executive Directors shall also be entitled to receive in each year a Commission of such percentage, approved by the Board of Directors, subject to the provisions of the Companies Act, 1956 of the net profits of the Company, calculated in accordance with the provisions of the Companies Act, 1956 and such commission shall be divided among the Directors in such proportion and manner as may be determined by them. If any Director being willing is appointed to an executive office either whole time or part time or be called upon to perform extra services or to make any special exertions for any of the purposes of the Company then subject to Section 198, 309 and 310 of the Act, the Board may remunerate such Director either by a fixed sum or by way of a percentage of profits or both and such remuneration may be either in additional to or in substitution for any other remuneration to which he may be entitled."</p>	<p>Remuneration of Directors</p>
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Place : New Delhi
Date : 19th June, 2004

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 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 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.
- 3) The Register of Members and Share Transfer Books will remain closed from 10th September 2004 to 15th September 2004 (both days inclusive).



- 4) Dividend on Equity Shares as recommended by the Board of Directors for the financial year ended 31st March, 2004 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 9th September 2004 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 9th September 2004 in the lists of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

- 5) Members are advised to avail the facility for receipt of future dividends through Electronic Clearing Services (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.

- 6) In compliance with the Securities and Exchange Board of India directions to appoint a common agency for Share Registry work, the Company has appointed M/s MCS Ltd. as its Registrars & Share Transfer Agent for rendering the entire range of services to the shareholders of the Company.
- 7) 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
1996-97	26.09.1997	01.11.2004
1997-98	28.09.1998	27.10.2005
1998-99	28.09.1999	18.10.2006

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

- 8) 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.
- 9) 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.
- 10) 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 8th September 2004. Requests received after that date will not be entertained.

- 11) *As usual, no gifts will be distributed at the meeting.*

**EXPLANATORY STATEMENT**

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

ITEM NO. 6

The Board of Directors in their meeting held on 19th June 2004 re-appointed Sh. Madhur Daga as Executive Director, for a period of three years w.e.f. 01.10.2004, subject to approval of the members of the Company in the General Meeting.

Sh. Madhur Daga is associated with the Company for almost nine years. With his significant experience, the Company has made steady progress during his tenure as Executive Director. The Board recommends re-appointment of Sh. Madhur Daga as Executive Director. The proposed remuneration to the Executive 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 2003-04 is as follows :

(Rs. in Lakhs)	
Gross Sales & Other Income	11,142
Profit Before Tax	199
Profit After Tax	195
Paid up Equity Capital	468
Reserves & Surplus	2,550
Basic / Diluted Earning Per Share (Rs.)	3.30

5. The Company has earned Rs. 159 Lakhs in Foreign Exchange during Financial Year 2003-04.
6. The Company has not made any Foreign Investments. The Company has imported its plants from Sacmi, Imola, Italy and Ettore Nasseti, Hong Kong.

II. Information about the appointee:

1. Sh. Madhur Daga, BSc (Mkt. & Fin.), MBA (Fin.), aged 32 years has over 9 years of successful experience.
2. The total remuneration of Sh. Madhur Daga for the Financial Year 2003-04 was Rs. 22,15,350/-.
3. 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.
4. Sh. Daga has been in this position since 1st January 1998. 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 has been furnished earlier.
6. The remuneration proposed to be paid to Sh. Daga is within the limits prescribed under the Companies Act 1956.
7. Except for the transactions mentioned elsewhere in this Annual Report under the heading "Related Party Disclosures", 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. Mahendra K. Daga, Chairman & Managing Director, who is his father.

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. Disclosures:

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 the 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 Executive Director for the purpose of section 302 of the Companies Act, 1956.

The Directors recommend the resolution for your approval.

Sh. Mahendra K. Daga, 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. 7

In view of the amendment in the limit for payment of sitting fees to the Directors, it is proposed to amend the Articles of Association of the Company to enable the Company to modify the amount to be paid to the Directors as sitting fees for attending the meeting of the Board of Directors or committee thereof from time to time. Under section 31 of the Companies Act, 1956 amendments in Articles of Association can be done with the approval of the shareholders by a special resolution. Hence, the Board recommends the resolution for your approval.

All the Non-executive Directors, to whom sitting fees is paid are interested in the proposed resolution.

Place : New Delhi
Date : 19th June, 2004

By Order of the Board

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

Mahendra K. Daga
Chairman & Managing Director
www.reportjunction.com



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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 are as follows :

Name of Director	Sh. Madhur Daga	Sh. N.R. Srinivasan
Date of Birth	06.09.1972	11.10.1925
Date of Appointment	01.01.1998	16.09.1988
Expertise in Specific Functional Area	Rich and vast experience in Marketing and Finance	Ceramic Consultant
Qualification	B.Sc. (Mkt. & Fin.), MBA (Fin.)	M.Sc. Tech., F.I.M. (U.K.)
List of Companies in which outside Directorship held as on 31.03.2004	Fluxart Online Solutions Pvt. Ltd. Prakriti Technologies 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	-	-
b) Shareholders Committee	-	-
c) Remuneration Committee	-	-



DIRECTORS' REPORT

Dear Shareholders

Your Directors are happy to present the 27th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2004.

	(Rs. in Lakhs)	
Financial Results	2003-2004	2002-2003
Gross Sales and other Income	11,142	10,610
Profit before Interest, Depreciation and Taxation	1,696	2,191
Interest	462	718
Depreciation	1,035	1,020
Profit before Taxation	199	453
Provision for Taxation - Current Year	79	92
- Deferred Tax {Charge / (Release)}	(75)	97
Profit for the year	195	264

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 including tax thereon would amount to Rs. 74 lakhs, same as that of last year.

Operational Highlights

The production during the year was 82,028 M.T. as against the previous year of 71,430 M.T. The capacity utilization in the current year has increased to 86% as against 75% in the previous year. The turnover during the year improved and stood at Rs. 11,012 lakhs as against the previous year's turnover of Rs. 10,262 lakhs registering a growth of 7%. However, owing the stiff competition, the realization has fallen by approximately 5%.

Your Company's Gross Profit subject to interest, depreciation and tax was Rs. 1,696 lakhs during the financial year ended 31st March 2004 as compared to Rs. 2,191 lakhs during the previous year. The whole of the financial year, the plant ran on high cost fuel, which has affected the profitability and liquidity position of the Company adversely. However, the piped gas supply resumed in the second fortnight of March 2004, which has given hope for an improved performance in the ensuing financial year.

Significant reduction in financial cost was made possible by way of lower interest rates because of conversion of major loans from Rupee Loans into Foreign Currency Loans bearing lower interest rates.

Corporate Governance & Management Discussion And Analysis

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.

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.

Public Deposits

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

Industrial Relations

Relationship with the employees continues to remain cordial.

Pollution and Environmental Controls

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