

# FOSTERING SUCCESS

## DECOLIGHT CERAMICS LTD.

(Manufacturers of Vitrified Tiles & Aluminium Composite Panels)

Report  Junction.com

9th Annual Report 2007-08



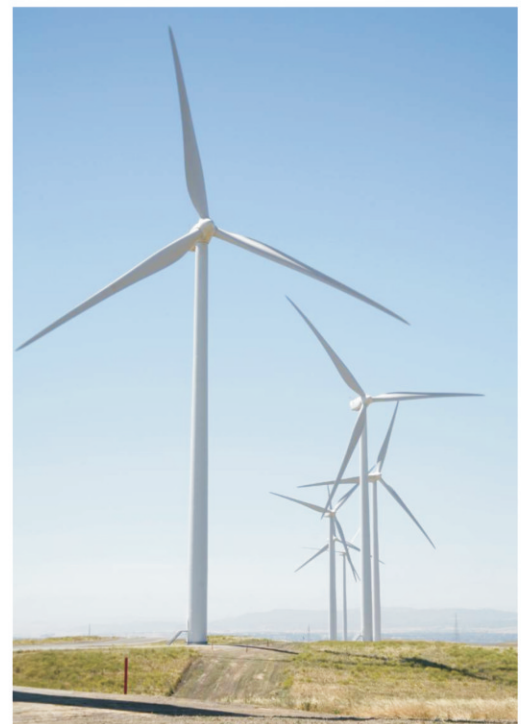
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## Decolight Plant & Products View

Vitrified Tiles Plant



Aluminium Composite Panels Beautification



Green Power Generation



## Corporate Information

### BOARD OF DIRECTORS

|                  |                                  |
|------------------|----------------------------------|
| Mr. GM Pethapara | - Chairman cum Managing Director |
| Mr. KM Pethapara | - Jt. Managing Director          |
| Mr. JM Pethapara | - Whole-time Director            |
| Mr. GM Thoriya   | - Independent Director           |
| Mr. JK Gami      | - Independent Director           |
| Mr. RG Dhamasana | - Independent Director           |
| Dr. KB Maitri    | - Independent Director           |

### COMPANY SECRETARY

Mr. Suresh S. Dave

### AUDIT COMMITTEE

Mr. RG Dhamasana - Chairman  
Mr. JK Gami  
Mr. GM Thoriya

### AUDITORS

SVK & ASSOCIATES  
Chartered Accountants, Ahmedabad.

### REGISTRAR AND TRANSFER AGENTS

BIGSHARE SERVICES PVT. LTD.  
E-23, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (E), Mumbai – 400 072  
Tel: 91-22-28470652, Email: info@bigshareonline.com

### BANKERS

Bank of India, Morbi  
HDFC Bank Ltd., Morbi  
Punjab National Bank, Morbi

### REGD. OFFICE

B/h. Romer Ceramics, Old Ghuntu Road, Morbi – 363 342.

### CORPORATE OFFICE

B/h. Romer Ceramics, Old Ghuntu Road, Morbi – 363 342.

### PLANT LOCATIONS

**VITRIFIED TILES** : Survey No. 650 & 651 P, Old Ghuntu Road, Morbi – 363 642.

**ACP UNIT** : Survey No. 580 P1, Old Ghuntu Road, Morbi – 363 642.

**WINDMILLS** : M-15 & M-38,  
Survey No. 84/P & 114/P,  
Village Khadoli,  
Tal.: Abdasa, Kutch.  
T-1, Survey No. 283,  
Village Motti Sindhodi,  
Tal.: Abdasa, Kutch.

**PHONE NO.** : +91-2822-241156,  
+91-2822-241988

**FAX NO.** : +91-2822-241225

**EMAIL** : dcl@decocovering.com

**WEBSITE** : www.decocovering.com

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## Chairman's Message

*My Commitment increases my level of energy.*

*My energy increases my level of action.*

*My action increases my level of success.*

*My success increases my level of commitment.*



**Girishbhai M. Pethapara**

(Chairman & Managing Director)

## Greetings from Decolight!

It gives me great sense of satisfaction and pleasure to see and share the growth of your company in the face of highly competitive times through which Indian Ceramic Industry is passing.

### Industry Scenario

#### VITRIFIED TILES

Indian Ceramic Vitrified Tiles Segment witnessed a production of 20,000 Sq Mtrs. Per Day before a couple of years. This scenario has been changed and now the production of Vitrified Tiles is approximately 1,90,000 Sq Mtrs Per Day contributed by about 20 to 25 units. Earlier, Mosaic and Marbles were used throughout India. With the awareness increasing, there is a positive trend towards the use of Vitrified Tiles. The reason behind the shift in favour of Vitrified Tiles is mainly because of its added features of greater hardness, acid and chemical resistant capabilities in addition to zero water absorption properties and aesthetics appealing. Globally, the consumption per head of Vitrified Tiles comes to 3 to 4 sq mtr in Europe, 1.6 Sq mtr in China and 0.15 Sq Mtr. in India. The business prospects for Vitrified Tiles thus appear to be good and encouraging.

#### ALUMINIUM COMPOSITE PANEL

The use of Aluminium Composite Panel finds wider acceptance in Europe, USA and China because of the substantial energy cost savings that the product offers in centralized air-conditioning set up. In addition to keeping the

external maintenance free; Aluminium Composite Panels offer beautiful look and aesthetic appealings to buildings. In India, the awareness is gradually increasing. Because of its low weight contents, Aluminium Composite Panel also offers the potentiality of exporting to foreign countries. Your company anticipates Aluminium Composite Panel industry growth potential to be 40% to 50% per annum.

#### WIND POWER

Power generation from wind is a new area of business for the company. For the company, this area of business means new opportunities, and new jobs. In general, such kind of renewable energy projects can generate local jobs, favourable investment opportunities, benefits for local businesses, opportunities for education and greater ability at the community level to bring about change. In the renewable energy sector, power generation from wind has emerged as one of the most successful initiatives making meaningful contributions to the overall power requirements of different States. Research indicates that the total installed capacity of power from renewables today stands at nearly 1350 MW with contribution from wind power of nearly 1000 MW. Wind power installations worldwide have crossed 78728 MW producing about 54 billion KWh of energy annually while India is now the fourth largest wind power generator in the world after Germany, USA and Spain.



### Operational Performance

During the year under review, your company's total income from operations stood at Rs 8123 lakhs with a PBT of Rs 1462 lakhs. Detailed workings and performances of the company are available in the Directors Report and Audited Reports and Balance Sheet and Profit & Loss Accounts forming part of the Annual Report. I am sure that in this financial year, we will all put our heads and hearts together to ensure that we overcome the challenges and post a robust growth performance on both sales targets and on the PBT front.

### Vitrified Tiles Unit

The company has already expanded the capacity of its Vitrified Tiles unit from 6000 Sq Mtrs Per Day (SMPD) to 12000 SMPD as envisaged in the IPO, the benefit of which will be accruing to the company gradually in the coming years. While the company is constantly striving to increase its market share in the growing Vitrified Tiles segment of the ceramic industry for the expanded capacity and based on its success, the company has strategic plans for enhancing the production capacity to 21000 SMPD.

### Aluminium Composite Panel Unit

I am pleased to inform you that to improve the top-line and to enrich the company's product portfolios, the company has already set up its Aluminium Composite Panel Unit (ACP) as envisaged in the Initial Public Offer documents. Trial production from your ACP unit was taken in the end of April 2008. The Company has started Commercial Production of its ACP Unit in the last week of May 2008. The present installed capacity of the unit is 25,000 Sq. Ft. per day and presently it started giving a production of about 40% of the installed capacity. I am confident that after overcoming the initial teething troubles particular to a new

unit, the unit will be able to manufacture quality products to participate in the growing Aluminium Composite Panel industry.

### Windmill Power Generation Project

Coming to the power generation front, you will be happy to know that the company has already installed and commissioned two WTG of 1.25MW each at Vill.: Kadoli, Tal.: Abdasa, Dist.: Kutch, Gujarat and another one WTG of 2.10MW at Survey No. 283, Vill.: Motti Sindhodi, Tal.: Abdasa, Dist. Kutch, Gujarat. It is expected that the company could reap the benefits of the estimated generation of at least 28 lakh units per annum per 1.25 MW WTG in the first year and 50 lakh units per annum per 2.10 MW WTG + / - 10% thus paving way for reduction in energy cost of the company.

### Clean Development Mechanism Project

In the world of business, climate change has developed from being a fringe concern, focusing on company's brand and corporate social responsibility, to an increasingly central topic for strategic deliberation and corporate decision making. At the policy level, climate change has increasingly assumed an important political, economic and socio-ecological dimension, which entails broad international consensus to develop an integrated approach for finding a feasible set of solutions to this global problem. Clean Development Mechanism (CDM), one of the flexibility mechanisms under Kyoto Protocol, offers an efficient, market based instrument to reduce GHG emissions in the most cost effective, on a global scale. CDM is expected to generate investment in non Annex I countries such as India, to boost the transfer and development of environmentally friendly technologies to accelerate sustainable developments.



While the company attaches high priorities to environmental concern and issues, it has been considered and thought fit to develop Clean Development Mechanism projects which would address the environmental concerns regarding climate change and global warming by not changing the carbon pool. The company is presently contemplating development of three Projects under the Clean Development Mechanism consisting of a Wind Energy generation project, a coal based gasifier project which has already been switched over to natural gas and a biomass based clean development mechanism project. All these projects would address the environmental concerns regarding climate change and global warming by not changing the carbon pool. The company has passed through different stages in development of these projects. It is anticipated that the projects would become fully functional before 31<sup>st</sup> March next year.

### Corporate Governance

Your Company has put in place good Corporate Governance mechanism and is committed to the continued adoption and adherence to good Corporate Governance practices as the company believes that implementing good Corporate Governance practices add value and thus contribute to the overall performances.

### Awards & Recognitions

- During the year under review the Company has been conferred with the 'GREAT ACHIEVER OF INDUSTRIAL EXCELLENCE AWARD – 2006' by the Indian Organization for Commerce and Industry.
- Also during the year under review, the company has been conferred with award for Highest Contribution in Duty Payment

as the company stood amongst highest duty payers from PLA for the Morbi Range in overall product category for the year 2007-08.

### Investor Relations

Your company values the investors who have reposed faith in the company's business plans and have invested their hard-earned money to support the company's growth. The investors' relations were cordial and flawless during the year. It is a matter of pride for all of us that the investors' base of the company has increased considerably due to the Initial Public Offer in the month of June 2007. Your Board takes satisfaction from the fact that all the investors' grievances received during the year have been resolved to the satisfaction of the investors within a reasonable time. Bigshare Services Pvt. Ltd., the existing Registrar & Share Transfer Agent, have made a positive contribution to resolve the Investors' grievances efficiently and effectively whenever they arose.

### Conclusion

Finally, I convey my sincere gratitude to all shareholders and stakeholders of the Company. I also wish to place on record the support of Board Members, Customers, Business Associations, Employees of the Company, the Company's Bankers and the co-operation extended by the Government and look forward the same in the future too. On behalf of the Board of Directors of the Company, my best wishes for the periods ahead!

**Girishbhai M Pethapara**

Chairman & Managing Director

Place : Morbi

Date : 4<sup>th</sup> June, 2008



## Notice

### TO THE MEMBERS

**NOTICE** is hereby given that the **NINTH ANNUAL GENERAL MEETING** of the Members of **DECOLIGHT CERAMICS LIMITED** will be held at '**ADARSH HOTEL**', 8-A, National Highway, Opp. Shakti Chambers, Morbi - 363 642, Dist: Rajkot, Gujarat, India, on Tuesday, 5<sup>th</sup> August, 2008 at 12.30 p.m. to transact the following business:

#### Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a director in place of Shri Jaysukh K. Gami, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a director in place of Shri Gaurang Thoriya, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint SVK & ASSOCIATES, Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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By order of the Board of Directors

Place: Morbi  
Date: 4th June, 2008

**Girishbhai M. Pethapara**  
Chairman and Managing Director

#### Registered Office :

B/h. Romer Ceramic,  
Old Ghuntu Road,  
Morbi – 363642.

### Note

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote (on poll) instead of himself and a proxy need not be a member of the Company. The proxy forms duly completed should reach the Registered office of the company not less than 48 hours before the meeting. A blank proxy form is attached herewith.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, the 2<sup>nd</sup> of August, 2008 to Tuesday, the 5<sup>th</sup> of August, 2008, both days inclusive.



3. Members holding shares in physical form are requested to notify immediately changes, if any, in their registered address to Company's Registrar & Share Transfer Agents, at the below-mentioned address quoting their Folio Numbers :-

**Bigshare Services Pvt. Ltd.**

E-23, Ansa Industrial Estate

Sakivihar Road

Saki Naka, Andheri (E)

Mumbai – 400 072

Tel: 91-22-28470652

Email: info@bigshareonline.com

In case shares are held in electronic form, these information should be passed on directly to their respective Depository Participant (DP).

4. Section 109A of the Companies Act, 1956 provides for Nomination by the shareholders of the Company in the prescribed Form No. 2B. Blank forms will be supplied by the Company on request.
5. Queries on accounts may please be sent to the Company 10 days in advance of the Annual General Meeting so that the satisfactory answers may be made available at the meeting.
6. Share transfer documents and all correspondence relating thereto, should be addressed at the Registered Office of the Company or at the Registrar and Transfer Agents of the Company.
7. Members are requested to notify immediately any change in their addresses to Company's Registrar & Share Transfer Agents or at the registered office of the Company.
8. As a measure of economy, the Company does not distribute the copies of Annual Report at the Meeting. Members are therefore requested to bring their copies with them.

## DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING ARE AS UNDER

| Particulars   | Mr. Jaysukh K Gami   | Mr. Gaurang Thoriya  |
|---|--|--|
| Date of Appointment   | 01.01.2005   | 01.01.2005   |
| Qualification   | Bachelors Degree in Business Administration from Saurashtra University                             | Mechanical Engineer from Jawaharlal Garba Institute of Engineering & Technology              |
| Expertise in functional area                                | He has more than 5 years of experience in the manufacture and marketing of glazed and floor tiles. | He has more than five years of experience in marketing and particularly in ceramic industry. |
| List of other Limited Companies in which Directorships held | —  | —  |
| Chairmanship/ Membership of other Board Committees          | —  | —  |
| Share holding in Deco Light Ceramics Ltd.                   | —  | —  |

By order of the Board of Directors

Place: Morbi  
Date: 4th June, 2008

**Girishbhai M. Pethapara**  
Chairman and Managing Director

**Registered Office :**  
B/h. Romer Ceramic,  
Old Ghuntu Road,  
Morbi – 363642.

## Directors' Report

To,  
The Members of  
**Decolight Ceramics Limited**

Your Directors are pleased to present their report on the working of the company along with the Audited Accounts for the year ended 31st March, 2008:

### Financial Performance

The details of the financial performance of the company are appearing in the Balance sheet, Profit & Loss Account along with other financial statement.

Highlights are as under :-

(Rs. In lacs)

| Particulars  | 2007-08 | 2006-07 |
|--|---------|---------|
| Total Income from operations                               | 8122.94 | 5110.19 |
| Profit Before Interest, Depreciation and Taxation          | 2254.77 | 1253.80 |
| Less: Interest & Financial Charges                         | 463.84  | 278.57  |
| Less: Depreciation   | 329.43  | 134.54  |
| Profit Before Tax  | 1461.50 | 840.68  |
| Provision for Taxation                                     | 578.46  | 334.69  |
| Profit After Tax   | 883.04  | 505.99  |
| Add : Balance of Profit brought forward from previous year | 968.09  | 462.10  |
| Profit available for appropriation                         | 1851.13 | 968.09  |
| Appropriation to:  |         |         |
| Proposed Dividend on Equity Shares                         | —       | —       |
| Balance Carried over to the Balance Sheet                  | 1851.13 | 968.09  |

### Dividend

Your directors do not recommend any dividend for the year under review owing to the gestation period requirements of the projects as envisaged in the Initial Public Issue .

### Business Performance

The business performance during the year has been commendable. The net sales / income from operations remained at Rs 8122.94 lacs as compared to previous year of Rs 5110.19 lacs registering operational yearly income growth of 58.96%. The profit after tax has registered an impressive growth of 74.51% at Rs 883.04 lacs as against Rs 505.99 lacs during 2006-07.

The growth of the Company is the result of considerable growth in the construction and infrastructure sector and housing sector and positive approach of the Government towards these sectors.

The Company's products and quality are getting wide acceptance in the market. Further, more and more new clients are being added to the Company's customer portfolio in spite of unbeatable competition and the several players in the market who have entered in the market in the last two or three years in the vitrified tiles segment.