

DECOLIGHT CERAMICS LIMITED

(Manufacturers of Vitrified Tiles & Aluminium Composite Panels)

Regd. Office : B/h. Romer Ceramics, Old Ghuntu Road, Morbi 363 642.

12th Annual Report 2010-2011



AN ISO 9001 : 2008 & 14001 : 2004



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. VA Kaila - Independent Director
Mr. VM Vidja - Independent Director
Mr. AH Bopaliya - Independent Director

COMPANY SECRETARY

Mr. Ramachandran Pillai

AUDIT COMMITTEE

Mr. VA Kaila
Mr. VM Vidja
Mr. AH Bopaliya

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: investor@bigshareonline.com

BANKERS

Bank of India, Morbi
HDFC Bank Ltd., Morbi
Punjab National Bank, Morbi
ING Vysya Bank Ltd., Rajkot
State Bank of India, Morbi

REGD. OFFICE

B/h. Romer Ceramics, Old Ghuntu Road, Morbi - 363 642.

CORPORATE OFFICE

B/h. Romer Ceramics, Old Ghuntu Road, Morbi – 363 642.

FACTORY LOCATIONS

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

ACP UNIT : Survey No. 651 P,
Old Ghuntu Road,
Morbi – 363 642.

WINDMILLS : M-15 & M-38,
Survey No. 84/P & 114/P,
Village Khadoli,
Tal.: Abdasa, Kutch.

PHONE NO. : +91-2822-241156

FAX NO. : +91-2822-241156

EMAIL : decolight2004@yahoo.com;
dcl@decocovering.com

WEBSITE : www.decocovering.com

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Chairman's Note



Girishbhai M. Pethapara
(Chairman & Managing Director)

Greetings from Deco Group!

On behalf of the Board of Directors of Decolight Ceramics Limited and on my personal behalf, I extend a warm Welcome to the Twelfth Annual General Meeting of the company.

Industry Scenario

VITRIFIED TILES

The construction industry in India, which is having major linkages with building materials segments, has been growing at 15% to 20% year on year, mainly on the strength of increased manufacturing activities, industrial growth, and heightened investments, especially by the government in infrastructure and real estate. Vitrified tiles segment, being one of the building materials segment linked mainly to the construction landscape has been growing at 25% to 30% per annum, while the gap in growth rate between Vitrified tiles segment and construction industry can be attributed to new capacity addition every year in the wake of the paradigm shift and preferences towards Vitrified tiles in place of the old and conventional mosaic tiles, marbles and Kota Stones, etc.

Being one of the constituents building materials for construction activities and one of the important sectors in the Ceramic Industry, Vitrified tile segment is expected to constitute the size of ₹ 4000 Cr out of the ₹ 12000 Cr Indian Ceramic Industry. The production capacity of Vitrified Tiles has been increased to 5,50,000 sq mtrs per day contributed by about 55 units which in the year 2009-10 stood at 3,20,000 sq mtrs per day and 40 units respectively. On global front, the consumption per head of ceramic tiles, which includes vitrified tiles, comes to 3 to 4 sq mtr in Europe, 1.8 sq mtr in China and 0.35 sq mtr in India. Globally the

vitrified tiles segment has been growing at a rate of 18% per annum over the past three years, accounting for around 10 - 12% of the total tile production.

While the demand for vitrified tiles is driven by the developments and growth in construction, realty, housing and infrastructure sectors, it is expected that expanding construction activities in the largely untapped rural areas are also expected to provide a huge thrust to the construction building materials market. Besides, in view of rising disposable income, rapidly growing middle class and increased urbanization, etc, it is expected that India's per capita consumption of ceramic tiles will have a healthy growth in the periods ahead. While India growth story continues in spite of inflationary pressures, indications are that the long term scenario for the ceramic industry in general and the vitrified tiles segment in particular will remain healthy.

Business Performance

For the year ended 31st March, 2011, the revenue from Tiles, Building Materials and Allied Activities remained at ₹ 14043.32 lakhs as against ₹ 8199.56 lakhs for year 2009-10. On green power generation front, during the year under review the revenues were ₹ 336.66 lakhs as against ₹ 549.69 lakhs for the year ended 31st March, 2010. Overall for the year under review, the company reported a profit before tax of ₹ 101.27 lakhs as against the reported loss of ₹ 240.75 lakhs for the year ended 31st March, 2010.

Though the company could manage volume growth in its Tiles, Building Materials & Allied Activities segments, the margins were affected because of rising input cost, intense competition in the vitrified tiles segment and pricing pressures. The



manufacturing facilities of the company remained completely shut down for a period of about 50 days because of the natural calamity destructions that happened to the company on 17th of November, 2010. Even after regaining the manufacturing operations on 1st January, 2011, it took another fifteen days to bring on track the manufacturing operations in to a regular flow. Resultantly, the year 2010-11 was very tough and challenging for the company. While we continue to focus on improving all round efficiencies and lowering costs throughout the value chains, we are also preparing for the emerging challenges of rising input costs and inflationary pressures, etc.

Future Plans

With the objective of reducing the cost of production and at the same time not compromising with quality, the company already imported and installed new coal stove plant during 2010-11. However, because of inflationary pressures and consequent increases in input costs the company could not pass the cost savings benefit on to its esteemed customers. Those apart, continuing its cost optimization initiatives further, the company has imported new polishing line and printing machines to aid in increased productivity and further quality improvement.

For the future, the company has in its agenda to double the capacity of its manufacturing facilities so as to ramp up the production capacity to manufacture 24,000 SMPD from the existing 12000 SMPD anticipating that the construction landscape which includes the constructions and real estate segments will continue to drive the growth of the ceramic industry. Also on the agenda is to introduce Nano Technology backed machinery for manufacturing of high Nano quality Vitrified Tiles so as to offer the company's products with manufacturing value addition. On marketing front, the company's drive to position its products in untapped and potential markets continues to get greater thrust and priority including further improvement for better delivery systems.

Corporate Governance

Your Company is committed to the continued adoption and adherence to good Corporate Governance practices as the Company continues to believe that implementing good corporate governance practices add value and thus contribute to the overall performances.



Green initiatives in Corporate Governance

We welcome the Ministry of Corporate Affairs' "Green initiative in Corporate Governance" by allowing paperless compliance to companies. Accordingly, the company will be taking necessary steps to implement the same.

CSR Activities

On Corporate Social Responsibility front, the company is making every possible efforts. In this context I am pleased to inform that the company has already made plantation of two hundred environment friendly plants in the manufacturing premises of the company. Also myself spearheaded in making the old ghuntu road spanning about three kilometers adjoining the company's premises anew among other entrepreneurs of the Morbi Ceramic hub, as the units in Morbi believe that unhindered approach roads facilitate the customers reach the market place at right time.

Investor Relations

The investors' relations were cordial during the year under review. There was no complaint from investors during the year under review for which credit goes to Bigshare Services Pvt. Ltd., the existing Registrar & Share Transfer Agent, who have recently launched Gen-Next Investor Module i'Boss the most advanced tool to interact with shareholders. Please log on to i'Boss (www.bigshareonline.com) and help them serve you better."

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 and Employees of the Company and the cooperation 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 and Managing Director

Place : Morbi
Date : August 26, 2011



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Regd. Office : B/h. Romer Ceramics, Old Ghuntu Road, Morbi 363 642.



Notice

TO THE MEMBERS

NOTICE is hereby given that the **TWELFTH ANNUAL GENERAL MEETING** of the Members of **DECOLIGHT CERAMICS LIMITED** will be held at the **Registered Office of the Company at Old Ghuntu Road, Behind Romer Ceramics, Morbi - 363 642, Dist: Rajkot, Gujarat, India, on Thursday, the 29th September, 2011 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, 2011 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 Vasant A Kaila, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a director in place of Shri Ashvin H Bopaliya, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint SVK & ASSOCIATES, Chartered Accountants, Firm No. 118564W, as the Statutory 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 and to pass the following resolution:

"Resolved that M/s SVK & Associates, Chartered Accountants, Firm No. 118564W, be and are hereby reappointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Auditors."

By order of the Board of Directors

Sd/-

Girishbhai M. Pethapara

Chairman and Managing Director

Place: Morbi

Date: 26th August, 2011

Registered Office :

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

Notes:

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. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
3. Members / Proxies should bring duly filled Attendance Slip sent herewith to attend the meeting.
4. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the AGM.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from 28th September, 2011 Wednesday to 29th September, Thursday, 2011, both days inclusive.
6. Members holding shares in physical form are requested to notify immediately changes, if any, in their registered address to Company's Registrar & Share Transfer Agent, 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: investor@bigshareonline.com

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

Members holding shares in physical form may please note that as per the recent changes in Listing Agreement, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company / RTAs for registration of such shares.



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7. Queries on accounts may please be sent to the Company seven days in advance of the Annual General Meeting so that the satisfactory answers may be made available at the meeting.
8. Share transfer documents and all correspondence relating thereto, should be addressed at the Registered Office of the Company or the Registrar and Transfer Agents of the Company.
9. Members are requested to notify immediately any change in their addresses at the registered office of the Company or to the R.T.A. of the Company.
10. Details of directors retiring by rotation and eligible for reappointment in terms of paragraph IV(G)(i) of Clause 49 of the Listing Agreement

Particulars	Mr. Ashvin H Bopaliya	Mr Vasant A Kaila
Date of Appointment	01.01.2010 (Last appointed as Additional Director w.e.f. 01.01.2010)	19.06.2009 (Last reappointed as Director w.e.f. 19.06.2009)
Date of birth	01.06.1969	21.01.1980
Qualification	SSC from Gujarat Board	BE (Mechanical) from BVM Engineering College affiliated to SP University, VV Nagar
Expertise in functional area	He has eleven years experience in Transportation and Logistics business and three years experience in Ceramic Industry in production line.	He has ten years experience in Ceramic Industry in Marketing and Technical aspects of Ceramic Tiles.
List of other Limited Companies in which Directorships held	Nil	Nil
Chairmanship/ Membership of other Board Committees	Nil	Nil
Share holding in Deco Light Ceramics Ltd.	Nil	Nil

By order of the Board of Directors
Sd/-

Girishbhai M. Pethapara
Chairman and Managing Director

Place: Morbi
Date: 26th August, 2011

Registered Office :

B/h. Romer Ceramic,
Old Ghuntu Road,
Morbi – 363 642

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, 2011:

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:-

(₹ In lacs)

Particulars	2010-11	2009-10
Total Income from operations	14478.53	8749.25
Profit before considering Exceptional items, Interest, Depreciation and Taxation	1252.03	1053.85
Less: Interest & Financial Charges	606.03	772.75
Less: Depreciation	544.73	521.85
Profit / (Loss) before considering Exceptional Items and Tax	101.27	(240.75)
Less: Exceptional Items	-	38.44
Profit / (Loss) after exceptional items and before taxation	101.27	(279.19)
Provision for taxation	22.85	(143.55)
Profit / (Loss) after Tax	78.42	(135.64)
Less: Prior period items	-	0.17
Add: Balance of Profit brought forward from previous year	1979.83	2115.64
Profit available for appropriation	2058.25	1979.83
Appropriation to:	-	-
Proposed Dividend on Equity Shares	-	-
Balance Carried over to the Balance Sheet	2058.25	1979.83

Dividend

Your directors do not recommend any dividend for the year 2010-11 due to unsatisfactory business performance.

Business Performance

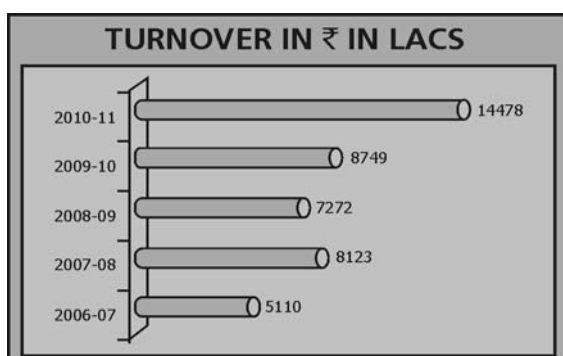
For the year ended 31st March, 2011, the revenue from Tiles, Building Materials and Allied Activities remained at ₹ 14043.32 lakhs as against ₹ 8199.56 lakhs for year 2009-10. On green power generation front, during the year under review the revenues were ₹ 336.66 lakhs as against ₹ 549.69 lakhs for the year ended 31st March, 2010. Overall for the year under review, the company reported a profit before tax of ₹ 101.27 lakhs as against the reported loss of ₹ 240.75 lakhs for the year ended 31st March, 2010.

Though the company could manage volume growth in its Tiles, Building Materials & Allied Activities segments, the margins were affected because of the higher inputs cost and interest costs. Besides, the company also had to bear the brunt of natural calamity destruction on 17th of November, 2010 resulting in temporary shutdown of the plant and manufacturing facilities. Consequently, the company could regain its factory operations only from 1st January, 2011 onwards after the disaster. The revenues from wind power generation also impacted because of deteriorating performance of the 2.10 MW WTG. on which the company was compensated for shortfall in output generation during year 2009-10. Ultimately, the management had to dispose off the 2.10 MW WTG during year end 2010-11. Further, due to shifting of the aluminium composite panel manufacturing facilities to other place and the time delay involved in the reinstallation process, during the year under review there was no aluminium composite panel production. However, efforts are on to restart the production at the earliest.



During the year under review, the Company's vitrified tiles production capacity stood at 12000 sq. mtrs. per day. There was no capacity addition during the year.

Following is the Company's year wise Turnover for the last five years.



Corporate highlights

Capacity Expansion

The current capacity of the company's manufacturing facilities for the production of vitrified tiles stand at 12000 sq. mtrs per day. There was no capacity expansion during the year under review. The present capacity of production is running on maximum efficiency.

The management has the plan to enhance the production capacity to 24,000 smpd.

Green Power

On Windmill Power Generation front, the gross generation of green power of comes to 60.00 lakh units for the year under review as against 81.31 lakhs units during year 2009-10. Units generated thereat have been wheeled or banked through State grids.

Allotment of shares on preferential basis

With the completion of the allotment of shares on preferential basis to non-promoters during October, 2010, presently the company's total issued,

subscribed and paid up capital stands at ₹ 48,33,54,440. The company's shares have been listed in the Bombay Stock Exchange Ltd. and The National Stock Exchange Ltd.

Preferential Issue of convertible equity warrants

Pursuant to the Special Resolution passed by the Members in the 10th AGM and the in principle approval under clause 24(a) of the listing agreement received by the company from BSE and NSE, dated 18.11.2009 and 27.11.2009 respectively, the company allotted 28,237,500 equity convertible warrants on 8th December, 2009 at allotment money of ₹ 2.75 including a premium of ₹ 0.25 per warrant. Since the allottees have not exercised their right of conversion into equity shares within eighteen months from the date of allotment, as per SEBI ICDR Regulations, 2009 the warrants so issued stand lapsed. Accordingly, the company has communicated to both the stock exchanges.

Fixed Deposits

Your Company has not invited/accepted any Fixed Deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

Listing

The equity shares of the Company are listed with Bombay Stock Exchange (BSE), and National Stock Exchange (NSE) . There are no arrears on account of payment of listing fees to the Stock Exchanges

Awards and Recognitions

During the year under review the company has received a Certificate from Universal Media Group, Creating Powerful Business Platforms, in appreciation of the company's valuable contribution to the tiles and ceramic industry and the company's presence at the **index-ijf** industry



meet for the tile and ceramic industry, dated 14th March, 2011.

Health, Safety, and Environment

The Company is taking continuous steps and also developing environment friendly processes for effective resource management with specific focus to energy, water and basic raw materials. Monitoring and periodic review of the HSE Management System is done on a continuous basis with emphasis and focus given to safety at workplace. The Company has implemented a Management System complying with the requirements of ISO 14001:2004 for manufacturing of Vitrified Tiles.

Quality

The company's products undergo different quality parameter checking and the company continues to focus on delivering products and services that consistently meet customers' expectations. Quality consciousness through continual development and improvement of its all processes, procedures and systems has been inculcated throughout the plant of vitrified tiles unit. The Company has implemented a Management System complying with the requirements of ISO 9001: 2008 for manufacturing, supply and export of vitrified tiles. Strict quality control is maintained through raw materials, in line and finished products inspection.

Management Discussion and Analysis Report

Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchanges is attached as Annexure 'A'.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company -

- i) Mr Vasant A Kaila, Director of the Company, retires by rotation and, being eligible, offers himself for re-appointment.
- ii) Mr Ashvin H Bopaliya, Director of the Company, retires by rotation and, being eligible, offers himself for re-appointment.

Appropriate resolutions for the appointment of the aforesaid Directors are being moved at the ensuing Annual General Meeting for your approval.

Corporate Governance

The disclosures as required under the Corporate Governance have been furnished as part of this report. The Company has taken the requisite steps to comply with the recommendations concerning Corporate Governance. A report on Corporate Governance together with a certificate of compliance from the Practising Company Secretary, forms part of this report.

Directors' Responsibility Statement

Pursuant to the requirements under section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departure;
- (b) The Directors have selected such accounting policies and have applied them consistently and have made judgments and estimates that are 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 of the Company for the year under review;
- (c) The directors have 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;

- (d) The Directors have prepared the annual accounts on a going concern basis.

Auditors

SVK & Associates, Chartered Accountants, Ahmedabad, Firm No. 118564W, the Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Company has received a copy of valid Peer Review Certificate issued by ICAI Board and letters from auditors to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act. The observation of the auditors referred to in the Auditors' Report have been suitably explained in the Notes on Accounts.

Insurance

All the assets of the Company are adequately insured and the policies are valid and subsisting.

Particulars Of The Employees

Particulars of employees in accordance with provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, are not given as none of the employees qualify for such disclosure.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

A) Conservation of Energy

a) Energy Conservation measures taken:

Your Company continues to be committed to energy conservation in its manufacturing operations.

Cost Accounting Records

Your Company is required to maintain cost accounting records in respect of wind power generation business and the Company has complied with the above requirement for the year ended 31st March 2011.

b) Some significant Energy conservation measures implemented in the recent past are:

1. The company is taking every necessary steps towards reducing the consumption of energy.
2. The captive power units of the company have been functioning properly. Units generated thereat have been wheeled or banked through State grids which augur well towards reduction in energy cost.
3. The Company continues to reduce the firing cost of Tiles driers by effective recovery of waste heat for using in Roller Kilns and for this the company on a regular basis identified leakage points and necessary prevention / rectification is done / being done .
4. The Company made regular maintenance to plant and machinery in addition to design modifications in the machinery and allied equipments to aid in conservation of energy and improvement in operational efficiency.
5. The instructions of the energy auditor have been disseminated throughout the manufacturing set ups with the objective of creating awareness towards effective conservation of energy and reduction of costs.
6. The Company also uses the energy saving techniques by using the waste steam converting into vapors and then reusing the same in cooling and filtering the Coal gas.
7. To reduce the company's Spray Dryer fuel cost further, the company imported new Coal Stove.