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**RESTILE**

CERAMICS LIMITED

# **ELEVENTH ANNUAL REPORT 1996-97**

MD	<input checked="" type="checkbox"/>	DEG	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>	DPV	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SEP	<input checked="" type="checkbox"/>
YS	<input checked="" type="checkbox"/>		



## BOARD OF DIRECTORS

Shri C S Pani	-	Chairman
Shri R Sivasailam	-	Director
Shri K S Purohit	-	Director
Shri J Narasimha Rao	-	Nominee - APIDC
Shri R Kandaswami	-	Nominee - ICICI
Shri S Rajeev Pai	-	Nominee - Canbank Venture Capital Fund Ltd (Upto 11-02-1997)
Ms. Rajee R	-	Nominee - Canbank Venture Capital Fund Ltd (w.e.f.11-02-1997)
Shri Ranjit Chopra	-	Director (Upto 09-04-1997)
Shri Inderjit Singh Narula	-	Director (Upto 09-04-1997)
Shri M V Subba Rao	-	Technical Director (Upto 26-11-1996)
Shri P V L N Raju	-	Executive Director
Shri V Padmakar	-	Managing Director
Shri K Krishna Rao. B. Com., FCA & ACS -		General Manager (Fin) & Company Secretary

## AUDITORS

M/s Reddy & Kumar  
Chartered Accountants  
B 37, IIIrd Floor,  
View Towers, Lakdi-ka-pool  
Hyderabad - 500 004

## REGISTRARS AND SHARE TRANSFER AGENTS

Karvy Consultants Ltd  
"Karvy House"  
Road No.4, Street No.1  
Banjara Hills  
Hyderabad - 500 034

## BANKERS

State Bank of India  
Industrial Finance Branch  
Somajiguda, Hyderabad

## REGISTERED OFFICE AND FACTORY

Malkapur Village  
Hatnoor Mandal  
Narsapur Taluk  
Medak District  
Andhra Pradesh

## ADMINISTRATIVE OFFICE

6-3-655/12, 2nd Floor  
Civil Supplies Bhavan Lane  
Somajiguda  
Hyderabad - 500 482

## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the **ELEVENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on **Thursday, the 27th November, 1997 at 9.30 A.M at the Regd. Office of the Company at Malkapur Village, Hatnoor Mandal, Medak District, Andhra Pradesh** to transact the following business :

### ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date along with the Reports of the Board of Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri C.S. Pani who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri J. Narasimha Rao who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors 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.

### SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without any modification(s), the following Resolutions as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions if any, read along with schedule XIII (as amended) of the Companies Act, 1956, the Company hereby approves the increase in the basic salary of Shri V. Padmakar, Managing Director to Rs. 50,000/- per month with effect from 1.4.97 apart from the perquisites as set out in the explanatory statement of this notice".

"RESOLVED FURTHER THAT the terms and conditions of the appointment of the Managing Director referred to above shall remain unchanged in relation to all other matters including tenure of appointment as has been approved by the members at the earlier Annual General Meeting except the remuneration payable."

### NOTES :

- a. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a member of the Company. The Proxy in order to be effective must be received by the Company not less than 48 hours before the Meeting.
- b. The related explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business is annexed hereto.

By Order of the Board  
for **RESTILE CERAMICS LIMITED**

Place : Hyderabad  
Date : 14.10.1997

**K. KRISHNA RAO**  
GENERAL MANAGER(FIN.)&  
COMPANY SECRETARY



**ANNEXURE TO NOTICE  
EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES  
ACT, 1956**

**Item No. 5**

Shri V. Padmakar has been reappointed at the 8th Annual General Meeting of the Company held on 29.09.1994 for a further period of five years with effect from 1st February, 1994. Shri V. Padmakar, Managing Director has been associated with the Company since inception and is continuously endeavouring for the improvement of overall performance of the Company. He is also completely incharge of the day-to-day operations of the Company and is instrumental in steering the Company through all the period.

Keeping in view the above and also the steep increase in the volume of work handled by him, the Board of Directors at their meeting held on 14.10.97 enhanced the remuneration of Shri V. Padmakar apart from the perquisites as detailed hereunder subject to necessary approvals, effective from 1st April, 1997 :

- |                          |                         |
|--------------------------|-------------------------|
| I. Basic Salary          | : Rs.50,000/- per month |
| II. House Rent Allowance | : Rs.15,000/- per month |
| III. Medical             | : Rs.4,160/- per month  |
| IV. Furnishing Allowance | : Rs.2,840/- per month  |

**PERQUISITES :**

Managing Director shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration as specified above :

- a) Leave Travel Assistance: Leave Travel Assistance for self and family once in a year, incurred in accordance with the rules of the Company.

Explanation: Family means the spouse, the dependent children and dependent parents.

- |    |   |
|----|---|
| b) | Club Fees: Fees of 2 clubs subject to the Admission and Life Membership Fees.                                 |
| c) | Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 10,000/- per annum. |
| d) | Company's contribution towards Provident Fund as per the Rules of the Company.                                |
| e) | Gratuity as per the Rules of the Company.   |
| f) | Company's contribution towards Superannuation Fund as per the Rules of the Company.                           |
| g) | Earned Leave : Encashment of Leave at the end of the tenure.  |
| h) | Car for use of Company's business and Telephone at residence shall not be considered as perquisites.          |

The members are requested to pass the necessary resolution.

None of the Directors except Shri V. Padmakar is interested in the above said resolution.

By Order of the Board  
for **RESTILE CERAMICS LIMITED**

Place : Hyderabad  
Date : 14.10.1997

**K. KRISHNA RAO**  
GENERAL MANAGER(FIN.) &  
COMPANY SECRETARY

## DIRECTORS' REPORT

To  
The Members

Your Directors have pleasure in presenting their Eleventh Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1997.

### 1. FINANCIAL RESULTS:

During the period under review, the Company's performance has been as under :

	(Rs. in lakhs)	
	1996-97	1995-96
	(Twelve Months)	(Six Months)
Sales and other Income	1390.02	659.25
Profit/(Loss) before Interest & Depreciation	172.97	(509.88)
Interest	387.04	326.14
Depreciation	89.03	44.98
Profit/(Loss) for the period	(303.10)	(881.00)

### 2. OPERATIONS :

During the year under review, your Company produced 3,07,805 Sq. Mtrs. of tiles as against 2,73,999 Sq. Mtrs. of production achieved during the corresponding previous 12 months period ended 31.3.96. During this period, the Company has achieved a gross sale of Rs. 1390.02 lakhs resulting in a Gross Profit before Interest and Depreciation of Rs. 172.97 lakhs as against a Gross Loss of Rs. 509.88 lakhs during the previous period of six months.

Despite the recessionary conditions in the market and downward pressure on the selling prices, your Company was able to improve its performance by changing the composition of the bodies and production and sale of new varieties of Industrial Tiles.

The proposed Amalgamation Scheme between STP Limited and our Company could not materialise. Consequently, the anticipated reliefs and sanctions from the Financial Institutions could not be obtained as of date and hence could not be reflected in the Books.

As per section 3(1)(o) of Sick Industrial Companies (special provisions) Act, 1985, your company has become a sick Company. And necessary actions will be taken to comply with the provisions of the above referred Act, after the approval and adoption

of the accounts by the members for the year ended March 31st, 1997.

### 3. FUTURE OUTLOOK :

By virtue of the strong brand image of Company's products "GRANAMITE, MIRRORSTONE & IMPACTA", combined with aggressive marketing, your Company is able to sustain a steady improvement and growth in its operations. The Company is strongly focussing its product development and marketing efforts on the Industrial Tile segment and is making good progress in this area. The improvements in the market for Industrial Tiles have already been witnessed during the first half of the current year. The gross sales for the first six months of the current year have been Rs.794.63 lakhs, with a record turnover of about Rs.172 lakhs in the month of September '97.

Concurrently, your Company is actively working on various possibilities to achieve reduction in the Debt and Interest burden, including identifying potential investors in this regard. Once the debt restructuring is done and the interest burden is reduced, the Company would rapidly turnaround into a profit making organisation.

Your Company is currently working on a scheme for setting up balancing facilities with incremental investments to take up production of larger sizes of polished and unpolished tiles which would result in substantial value additions and further improvements in profitability.

### 4. RESEARCH & DEVELOPMENT :

Your Company is continuously endeavouring for the development of new varieties, new tile bodies, which result not only in reduction of the cost of production but also help to improve the profitability of the Company. The Company was able to develop few varieties of tiles to suit the specific and exclusive requirements of some large corporate clients. During the year under review your Company has further developed special range of thicker tiles for industrial and heavy duty applications.

### 5. PUBLIC DEPOSITS :

Your Company has not accepted any deposits within the meaning of Section 58A of Companies Act, 1956 and the Rules framed thereunder.

### 6. DIRECTORS :

Shri C.S. Pani and Shri J. Narasimha Rao retire by

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## CERAMICS LIMITED

rotation and being eligible, offer themselves for reappointment.

Canbank Venture Capital Fund Limited, Bangalore has nominated Mrs. R. Rajee in place of Shri S. Rajee/Pai. Mrs. R. Rajee, was appointed to the Board on 11th February, 1997 as Director.

### 7. AUDITORS :

Reddy & Kumar, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and are eligible for reappointment.

### 8. PARTICULARS OF EMPLOYEES :

The information as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) is annexed hereto and the same forms an integral part of this report.

### 9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

A statement giving details of conservation of

energy, technology absorption, exports and foreign exchange earnings and outgo in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed.

### 10. INDUSTRIAL RELATIONS :

The Industrial Relations in your Company have been cordial during the year.

### 11. ACKNOWLEDGEMENTS :

The Directors have pleasure in recording their appreciation of the assistance extended to the Company by various officials of the Central and State Governments and also by Members of the participating Financial Institutions and Commercial Banks.

The Directors wish to place on record their sincere appreciation of the unstinted cooperation extended and valuable contribution made by the employees at all levels.

On behalf of the Board  
for RESTILE CERAMICS LIMITED

Place : Hyderabad

C. S. PANI

Date : 14.10.97

CHAIRMAN

## ANNEXURE-I TO DIRECTORS' REPORT

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (particulars of Employees)(Amendment) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1997

Name	Designation	Remuneration	Age	Experience	Date of commencement of Employment	Last Employment Held
<b>A. EMPLOYED THROUGHOUT THE FINANCIAL YEAR :</b>						
PADMAKAR V	Managing Director	5,90,759	46	20	01-02-1989	General Manager (Commercial) Kera Sinter Ltd.
RAJU P V L N	Executive Director	4,59,994	43	18	01-02-1989	Wholetime Director Restile Ceramics Pvt Limited
<b>B. EMPLOYED FOR PART OF THE FINANCIAL YEAR :</b>						
SUBBA RAO M V	Technical Director	2,51,742	51	25	01-04-1989	General Manager (Projects) Sagar Cements Ltd

**ANNEXURE-II TO DIRECTORS' REPORT**

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS), RULES, 1988.

**A. CONSERVATION OF ENERGY**

The Company is continuously taking necessary steps for energy conservation. The technology adapted is well advanced and energy efficient.

**B. TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT**

1. Specific areas in which Research and Development carried out by the Company
  - Vendor development for import substitution.
  - Technology upgradation.
  - Development of Alternative Raw Materials.
2. Benefits derived as a result of the above Research & Development
  - Cost reduction
  - Quality improvement
  - Decrease in imports
3. Future plan of action
  - Specific thrust on Research & Development activities.
4. Expenditure on Research & Development

	1996-97	(Figures in Rs.) 1995-96
a) Capital		
b) Recurring	2,47,000	84,444
c) Total	2,47,000	84,444
d) Total R&D expenditure as a % of total turnover	0.18%	0.13%

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

1. Continued efforts are made for absorption and adaptation of technology and improvement in the technology.
2. Benefits derived as a result of the above efforts.
  - Improvement in the quality of the product.
  - Development of new ceramic bodies.
  - Saving in cost of production
3. Imported Technology.
 

a) Technology imported	Process
b) Year of import	1989-90
c) Has technology been fully absorbed?	YES

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details of foreign exchange earnings and outgo are contained in Notes to Accounts.