



## 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 P V L N Raju	-	Executive Director (Upto 16.06.1998)
Shri V Padmakar	-	Managing Director
Shri K Krishna Rao. B. Com., FCA & ACS -		General Manager (Fin) & Company Secretary

## AUDITORS

Lalith Prasad & Co.,  
Chartered Accountants  
Flat No.402, Golden Green Apts.,  
Erramanzil Colony,  
Hyderabad - 500 082.

## SHARETRANSFER AGENTS

Sathguru Management Consultants Pvt Ltd.,  
Plot No.15,  
Hindi Nagar,  
Punjagutta,  
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

1-10-177  
Varun Towers  
3rd Floor, Begumpet  
Hyderabad - 500 016

## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the **THIRTEENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on **Wednesday, the 29th day of December, 1999 at 9.30 A.M. at the Regd. Office of the Company at Malkapur Village, Hatnoor Mandal, Narsapur Taluk, Medak District, Andhra Pradesh** to transact the following business :

### ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 1999 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 a *Special Resolution* :

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approvals, consents, permissions and/or sanctions, as may be necessary and subject to the conditions and modifications as may be prescribed by any of them, consent of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as "the Board"), to offer, issue and allot to any person or persons whether or not a member of the Company hereinafter referred to as "investors" at one time or from time to time, an aggregate amount not exceeding Rs.325 lakhs (Rupees Three Hundred and Twenty Five Lakhs Only) divided into 32,50,000 (Thirty Two Lakhs Fifty Thousand Only) Equity Shares of Rs.10/- each for cash at par."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to reserve part or parts of such issue for preferential/firm allotment to the existing promoters, directors and employees and/or associates or any other person whether or not a member of the Company."

"RESOLVED FURTHER THAT the said shares be allotted subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing equity shares of the Company except that with respect to dividend declared for the financial year of the Company in which the said equity shares are allotted, they shall qualify for dividend only on prorata basis on the amount paid-up on them from the date of the said allotment."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to settle any question or difficulty that may arise in this regard and to take all steps which the Board in its absolute discretion considers necessary, proper or expedient for implementing this resolution."

6. To consider and if thought fit, to pass with or without any modification(s), the following resolution as a *Special Resolution* :

"RESOLVED THAT new Article 38A of Articles of Association be added after the existing Article 38 by inserting the following :

### NOMINATION

38A. Notwithstanding anything contained in the Articles of Association or in any other law for the time being in force, where a nomination has been made in the manner prescribed in Section 109A of the Act, purporting to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall, on the death of the shareholder or debenture holder of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the shares or debentures of the Company or, as the case may be, all the joint holders, in relation to such shares in or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner and the provisions contained in Sections 109A and 109B of the Companies Act, 1956 shall be applicable to such cases."

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

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

Place : Hyderabad  
Date : 29.10.1999

**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 item No.5 and 6 is annexed hereto.
- C. The Register of Members and Share Transfer Books of the Company will remain closed from 16.12.1999 to 29.12.1999 (inclusive of both days).
- D. Members are requested to notify immediately any change in their address to the Company's Share Transfer Agents, M/s Sathguru Management Consultants Pvt. Ltd., Plot No:15, Hindi Nagar, Panjagutta, Hyderabad - 500 034.
- E. Members can avail of the nomination facility by filing Form 2-B, as prescribed under the Companies (Central Government's) General Rules and Forms, 1956 with the Company. Blank Forms will be supplied on request.
- F. Your Company's securities are listed at the following Stock Exchanges and the Company is regular in paying the Annual Listing Fee to these Exchanges :

## Exchange Name &amp; Address

1. The Hyderabad Stock Exchange Ltd.  
3-6-275, Himayath Nagar, Hyderabad - 29.
2. The Stock Exchange, Mumbai  
Phiroze Jeejee Bhoy Towers,  
Dalal Street, Mumbai - 400 001.
3. The Stock Exchange, Ahmedabad  
Kamdhenu Complex, Near Polytechnic,  
Panjarapole, Ahmedabad - 380 015.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.5**

The Authorised Capital of the Company is Rs.1500.00 lakhs. The paid-up capital as on 31st March, 1999 is Rs.941.45 lakhs.

As a part of Rehabilitation Package, a One Time Settlement has been finalised by the Operating Agency, ICICI in consultation with Board for Industrial and Financial Reconstruction (BIFR), the Promoter Director and his associates are required to infuse further funds in the form of share capital towards their contribution as part of the package, hence, the special resolution under section 81(1A) of the Companies Act, 1956.

The Board recommends the above resolution for approval by the members.

None of the directors except the promoter director is deemed to be interested in the resolution.

**Item No.6 :**

An amendment has been made in the Companies Act, 1956 through the Companies (Amendment) Act, 1999, to permit the holder of shares or debentures of the Company to nominate in the prescribed manner, a person to whom his/her shares in or debentures of the Company shall vest in the event of his/her death. In order to bring the Articles of Association of the Company in conformity with the provisions of the amendment made in the Companies Act, 1956, a new Article 38A is proposed to be added, subject to the approval of the shareholders in this Annual General Meeting.

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

**K. KRISHNA RAO**

GENERAL MANAGER (Fin.) &  
COMPANY SECRETARY

Place : Hyderabad  
Date : 29.10.1999



## DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting their *Thirteenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1999.*

### 1. FINANCIAL RESULTS:

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

	(Rs. in lakhs)	
	1998-99	1997-98
Sales and other Income	1770.62	1858.09
Gross Profit	306.41	469.54
Interest & Financial Charges	477.39	409.15
Depreciation	91.87	89.07
Net Profit/(Loss) for the year	(262.85)	(30.75)

### 2. OPERATIONS :

Due to the slow down of the economy, building construction activity was adversely affected in the last few years. This had put the selling prices under severe pressure, forcing the Company to reduce prices. During the year under review, Production has increased from 4,12,604 Sq.Mtrs. to 4,30,809 Sq.Mtrs. However, the Gross Profit before interest and depreciation reduced from Rs.469.54 lakhs to Rs.306.41 lakhs. This was on account of market recession, severe competition, shift in the market preferences to larger sizes and marble effects, general increase in inputs cost coupled with downward pressure on the selling prices. The high interest cost of Rs.477.39 lakhs on the Term Loan which amounts to 27% of the Turnover resulted in a net loss of Rs.262.85 lakhs.

### 3. DRAFT REHABILITATION SCHEME - BIFR

BIFR vide its letter No.33/98 (II) dated 08.10.1999, has circulated the Draft Rehabilitation Scheme in terms of which a sum of Rs.1300.00 lakhs towards

One Time Settlement of the dues to the Financial Institutions will become payable.

### 4. FUTURE OUTLOOK :

Your Company's Research and Development Department, has successfully developed larger sized tiles upto 40cm and the product has since been launched in the market. With this development coupled with judicious production planning and cost reduction, your Company is confident of improving its performance and profitability during the current year.

### 5. RESEARCH & DEVELOPMENT :

In addition to the development of larger sizes, the Research & Development Department is engaged on a continuing basis, towards Process Improvement, Cost Reduction, Energy and Fuel Conservation and Productivity improvement.

### 6. PUBLIC DEPOSITS :

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

### 7. DIRECTORS :

Sri C.S. Pani and Sri J. Narasimha Rao retires by rotation and being eligible, offer themselves for reappointment.

### 8. AUDITORS :

M/s. Lalith Prasad & Co., 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 re-appointment.

### 9. 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.

#### 10. 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.

#### 11. Y2K COMPLIANCE :

All the systems in the Company are Y2K Compliant.

#### 12. INDUSTRIAL RELATIONS :

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

#### 13. 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 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  
Date : 29.10.1999

**C. S. PANI**  
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, 1999.

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	10,35,980	48	22	01-02-1989	General Manager (Commercial) Kera Sinter Ltd.
<b>B. EMPLOYED FOR PART OF THE FINANCIAL YEAR :</b>						
RAJU P V L N	Executive Director	9,14,866*	45	20	01-02-1989	Wholetime Director Restile Ceramics Pvt Limited

\* includes terminal benefits.