

# **RESTILE CERAMICS LIMITED**

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**TWENTY FOURTH ANNUAL REPORT  
2009 - 2010**

**Restile<sup>®</sup>**  
The Original FULBODY Tiles

**RESTILE CERAMICS LIMITED**  
**TWENTY FOURTH ANNUAL REPORT**

**BOARD OF DIRECTORS**

Shri Nalinkant Amratlal Rathod -	Chairman
Shri Tribhuvan Simh Rathod -	Managing Director
Shri K.Rajendra Prasad -	Independent Director - Nominee APIDC
Shri. Seetharaman TR -	Independent Director
Shri. Ramachandran N.S -	Independent Director
Shri G.Padmanabhan -	Independent Director
Shri N Gopala Krishnan -	Independent -Additional Director
Shri N S Mani -	Independent- Additional Director

**REGISTERED OFFICE  
& FACTORY LOCATION**

Malkapur Village  
Hatnoora Mandal  
Narsapur Taluk  
Medak District  
Andhra Pradesh

**AUDITORS**  
**M.S.Krishnaswami & Rajan**  
Chartered Accountants  
Chennai

**BANKERS**  
**State Bank of India**  
Industrial Finance Branch  
Somajiguda  
**Hyderabad - 500 082**

**HDFC Bank Limited**  
Begumpet Branch,  
Begumpet, Hyderabad - 500 003

**HDFC Bank Limited,**  
Lakdikapool Branch,  
Lakdikapool, Hyderabad - 500 004

**State Bank of India,**  
Sanga Reddy Branch,  
Sanga Reddy, Medak - 502 001

**SHARE AND DEPOSITORY TRANSFER AGENTS**

Sathguru Management Consultants Pvt. Ltd.  
Plot No. 15, Hindi Nagar  
Hyderabad - 500 034

## NOTICE

Notice is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Saturday, the 25<sup>th</sup> day of September, 2010 at 11.30 A.M. at the Malkapur Village, Hatnoora Mandal, Narsapur Taluk, Medak District-502 296 to transact the following businesses:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2010, the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010, together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Shri.Ramachandran N.S. who retires by rotation and being eligible, offer himself for re-appointment.
3. To appoint a Director in the place of Shri.Seetharaman T.R who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. M.S.Krishnaswami & Rajan, Chartered Accountants as Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors of the Company to fix their remuneration.

### **SPECIAL BUSINESS:**

- 5 **To appoint Mr. N Gopala Krishnan as Director**

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. N Gopala Krishnan, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

- 6 **To appoint Mr. N S Mani as Director**

To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. N S Mani, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

**7 To ratify the Re-appointment of Shri Tribhuvan Simh Rathod as Managing director**

To consider and if thought fit, to pass, with or without modification, the following resolution as an Special Resolution:

**"RESOLVED THAT** in supersession to the earlier resolution(s) and pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions if any of the Companies Act, 1956 (the Act), consent of the Company be and is hereby accorded for re appointment of Sri Tribhuvan Simh Rathod as a Managing Director of the Company with effect from 01.04.2010 for a period of 3 years on the following Remuneration, terms and conditions:

Position	:	Managing Director
Effective from	:	1st April 2010
Tenure	:	3 years

Remuneration:

Salary	Rs.240000/- per month
Leave Travel	Rs.5000/- per month
Medical	Rs.2500/- per month
Technical Literature	Rs.2500/- per month

Managing Director will be covered under the Employees Provident Fund Scheme as per the rules applicable to other employees of the Company and Company shall contribute to the Provident fund in the manner laid down under the said scheme. Payment of gratuity shall be payable at a rate not exceeding half a month's salary for each completed year of service. The Managing Director will be entitled to leave as per Rules of the Company and is entitled to encashment of his leave at the end of his tenure.

In addition, the Company will provide a fully furnished accommodation and car with driver fully maintained by the Company.

The Remuneration Committee has approved the above remuneration.

All rules applicable to senior employees of the Company shall be applicable to the Managing Director.

**"RESOLVED FURTHER THAT** in the event of there being no profits or the profits of the Company are inadequate the Managing Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits as per Part II of Schedule XIII specified above and he shall be entitled for Annual Increments as per the Rules and Policies of the Company".

By Order of the Board

Tribhuvan Simh Rathod  
Managing Director

Place: Chennai  
Date: May 29, 2010

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The proxy in order to be effective must be received by the company at its registered office not less than 48 hours before the commencement of the meeting.
3. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special business set out above is annexed hereto.
4. Members/proxies are requested to bring their copies of Annual Report and the attendance slip duly filled in for attending the meeting. Copies of the Annual Reports will not be provided at the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from September 23, 2010 to September 25, 2010 (inclusive of both days).
6. Members are requested to notify any change in their addresses to the Company's Share and Depository Transfer Agents.
7. Members holding shares in physical form are requested to convert their holdings into Demat. The Company's Id with CDS (I) L and NSDL is INE298E01022. The Company's Share and Depository Transfer Agents are Sathguru Management Consultants Pvt. Ltd., 15, Hindi Nagar, Panjagutta, Hyderabad - 500 034.
8. Members desiring any information as regards accounts are requested to write to the Company at least seven days before the date of the meeting to enable the management to keep the information ready at the meeting.
9. The shares of the Company are listed with Mumbai Stock Exchange. The Listing Fee for the year 2010-2011 has been paid to Stock Exchange.

**ANNEXURE TO THE NOTICE - EXPLANATORY STATEMENT**  
**(Pursuant to Section 173(2) of Companies Act, 1956)**

**Item No 4:**

Shri N.Gopala Krishnan was appointed as an additional director by the Board with effect from 30<sup>th</sup> January 2010.

In terms of Section 260 of the Act and Article 101 of the Company's Articles of Association, Shri.N.Gopala Krishnan holds office as Director only till the date of the forthcoming Annual General Meeting and is eligible for reappointment. Notice has been received from member as required by Section 257 of the Act, signifying his intention to propose the candidature of Shri.N.Gopala Krishnan for the office of Director.

Shri.N.Gopala Krishnan, aged 70 years, was associated with ITC, Calcutta. He has worked with Spectrum Power Limited as Works Director. He originally worked for Rolls Royce and is also a member of the Tobacco Board. He is having vast experience and expertise in the said field. He holds Nil equity shares of the Company in his name as on 31st March 2010.

None of the Directors other than Shri. N.S.Mani and Shri.N.Gopala Krishnan are interested in the Resolution.

**Item No 5:**

Shri.N.S.Mani was appointed as an Additional Director by the Board with effect from 30<sup>th</sup> January 2010.

In terms of Section 260 of the Act and Article 101 of the Company's Articles of Association, Shri.N.S.Mani holds office as Director only till the date of the forthcoming Annual General Meeting but is eligible for appointment. Notice has been received from member as required by Section 257 of the Act, signifying his intention to propose the candidature of Shri.N.S.Mani for the office of Director.

Shri.N.S.Mani, aged 68 years, is an Industrialist and has specialized in Polymer processing and is also the sole agent of Symphony Polymers of UK manufacturing oxobiodegradable additive for all type of polymers .He is a director in TransMedica (India) Limited. He holds Nil equity shares of the Company in his name as on 31st March 2010.

None of the Directors other than Shri .N.Gopala Krishnan and Shri.N.S.Mani are interested in the Resolution.

**Item No 6:**

Shri Tribhuvan Simh Rathod, aged 62 years has vast experience and expertise in the fields of Finance and Accounting. He is also a Director in Bell Granito Ceramica Ltd and Athreya Finance Private Limited, companies incorporated in India.

His earlier appointment as Managing Director was for a period of one year from April 1,2010 and considering his experience and expertise and based on the recommendation of remuneration committee, the Board of directors subject to approval of shareholders reappointed Shri.Tribhuvan Simh Rathod as Managing Director on the terms conditions as mentioned in the resolution for a period of 3 years effective from 01.04.2010. As per the provisions of Companies Act the reappointment and fixation

of remuneration to the Managing Director requires the approval of shareholders by way of special resolution, and hence the board of directors recommended the resolution for the approval of shareholders.

This intimation may be treated as a Notice as required under section 302 of the Companies Act 1956.

None of the Directors other than Shri Tribhuvan Simh Rathod and Shri Nalinkant Amritlal Rathod are interested in the Resolution.

By Order of the Board

Tribuvan Simh Rathod  
Managing Director

Place: Chennai

Date: May 29, 2010

## **DIRECTORS' REPORT**

Your Directors present their 24<sup>th</sup> Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March'2010.

### **FINANCIAL RESULTS**

The performance of the Company during the period under review is summarized below:-

PARTICULARS	(RS.IN LAKHS)	
	2009-10	2008-09
Gross Sales	4727.67	3956.92
Other Income	19.89	39.50
EBITDA	(75.94)	(458.10)
Interest and Financial charges	93.77	96.48
Depreciation	545.22	296.02
Profit/ (Loss) before taxes	(714.94)	(850.60)
Amortization	120.60	119.28
Profit / (Loss) before tax	(835.54)	(969.88)
Provision for taxes	(337.26)	10.42
Profit / (Loss) carried to Balance Sheet	(498.28)	(980.30)

### **OPERATIONS**

During the year under review, your Company has achieved a turnover of Rs4727.67 Lacs and EBITDA of (Rs 75.94Lacs) as against (Rs 458.10) Lacs in 2009-10.

Due to severe adverse effect of the economic slow down an amount of Rs.498.28 Lacs)loss was incurred during the year 2009-10 including an amount of Rs120.60. Lacs amortized and after adjusting Rs.337.26 Lacs being Deferred Tax liability write back.

### **FUTURE OUTLOOK**

In the present competitive market also the Company enjoys a brand image for its products. The Company is expecting a major increase in demand for its products with higher quality products coming from Line III. The Company also expects to stabilize its production and reach optimum capacity utilization during the year 2010-2011. Continuing R&D activity in the areas of new product development, quality improvement, optimization of product mix and cost reduction will benefit the Company in improved market share and profitability.

### **COST REDUCTION AND CONTROL**

Your Company is continuously focusing its efforts towards cost reduction, through improvement in yields, procuring better quality & alternate inputs and expanding sources while controlling overhead costs.

### **RESEARCH & DEVELOPMENT**

The R&D activities are undertaken in the areas of New Product Development, quality improvement, optimization of product mix and cost reduction.



## **PUBLIC DEPOSITS**

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

## **DIRECTORS:**

- Shri Tribhuvan Simh Rathod was reappointed as Managing Director of the Company at the Board Meeting held on 31<sup>st</sup> January 2010 for a period of Three years with effect from 1<sup>st</sup> April 2010 with a revision in the remuneration to be paid. His reappointment and payment of remuneration requires the ratification by members in the existing Annual General Meeting and necessary resolution for this purpose is proposed.
- Shri N Gopala Krishnan was appointed as an Additional Director of the Company with effect from 30<sup>th</sup> January 2010 and holds office till the date of the Annual General Meeting.
- Shri N S Mani was appointed as an Additional Director of the Company with effect from 30<sup>th</sup> January 2010 and holds office till the date of the Annual General Meeting.

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Sri. N.S. Ramachandran and Sri. T.R. Seetharaman, Directors retires by rotation and being eligible offers themselves for re-appointment.

## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors, confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed with no material departure there from;
- ii. In order to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the Net Loss of the Company for the year ended on that date such accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates have been made;
- iii. 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 have been taken;
- iv. The annual accounts presented to the members have been prepared on a going concern basis;

## **AUDITORS:**

- (i) M/s.M.S.Krishnaswami & Rajan, Chartered Accountants, Chennai, Statutory Auditors retire at the conclusion of the ensuing Annual General Meeting and are

eligible for re-appointment pursuant to section 224 of the Companies Act, 1956. The Board recommends the re-appointment of M/s.M.S.Krishnaswami & Rajan, Chartered Accountants, Chennai, as statutory auditors to hold the office from the conclusion of the ensuring Annual General Meeting till the Conclusion of the Next Annual General Meeting on remuneration to be fixed by the Board of Directors.

- (ii) Regarding the comments of the Auditors in their report, the Directors wish to state that;
  - (a) steps have been initiated to update the fixed asset register and show particulars of individual fixed assets.
  - (b) The internal control systems for purchase of inventory and sale of goods have since been streamlined and the entire exercise will culminate with the reconciliation of balances of suppliers / customers scheduled to be completed in the ensuring year.
  - (c) Statutory dues outstanding for more than six months and aggregating Rs.33.74, has been since remitted.

#### **CORPORATE GOVERNANCE**

Pursuant to the provisions of the Listing Agreement and the Companies Act, 1956, Report on Corporate Governance together with the Auditors' Certificate on the compliance of the conditions of Corporate Governance are furnished as part of this Annual Report together with a Report on Management Discussion and Analysis prepared and annexed to the Director's Report.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign Exchange Earnings: Rs.51.38 Lakhs  
Foreign Exchange outgo : Rs.266.13 Lakhs

#### **PARTICULARS OF EMPLOYEES AND INDUSTRIAL RELATIONS**

The information as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is NIL.

The Industrial relations with employees continue to be cordial. Development of Human Resources is taken at all levels and necessary training is imparted towards improving the productivity, quality, cost control, safety and environment protection.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION**

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies Act, 1956 (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of this report is given as Annexure to this report.