

RESTILE CERAMICS LIMITED

27th ANNUAL REPORT 2012-13

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 Director
Shri N S Mani	Independent Director

Annual General MeetingSaturday, 10th August, 2013**Venue**

Malkapur Village, Hatnoora Mandal
Narsapur Taluk, Medak District-502 296,
Andhra Pradesh

Auditors

M/s.M.S.Krishnaswami & Rajan
Chartered Accountants
GB, Anand Apartments, JP Avenue,
Dr.Radhakrishnan Road, 6th Street,
Chennai -600 004.

Bankers**State Bank of India,**

- a) Industrial Finance Branch, Somajiguda,
Hyderabad - 500 082
- b) Sanga Reddy Branch, Sanga Reddy,
Medak – 502 001

**Registered Office &
Factory Location**

Malkapur Village, Hatnoora Mandal, Narsapur Taluk
Medak District-502 296 Andhra Pradesh

Book Closure Date

6th August, 2013 to 10th August, 2013
(both days inclusive)

Listing**Bombay Stock Exchange Ltd,****ISIN NO**

INE298E01022

Stock Code

515085

Registrars & Share Transfer Agents

M/s. Cameo Corporate Services Ltd,
"Subramanian Building"1, Club House Road,
Chennai 600 002.

NOTICE TO MEMBERS

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of the Company will be held on Saturday the 10th day of August, 2013 at 12.00 pm. at Malkapur Village, Hatnoora Mandal, Narsapur Taluk, Medak District-502 296 to transact the following business;

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended 31st March, 2013, together with the Report of Auditors' and Directors thereon.
2. To appoint a Director in the place of Shri. N S Mani who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Shri. N Gopalakrishnan who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"Resolved that M/s. Krishnaswamy & Rajan, Chartered Accountants, Chennai (Registration No. 01554S with the Institute of Chartered Accountants of India) be and are hereby appointed as Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at remuneration to be decided by the Audit Committee of the board in consultation with the Auditors"

Special Business

5. **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 a special resolution:

"Resolved that in super session 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 Shri Tribhuvan Simh Rathod as Managing Director of the company with effect from 1.4.2013 for a period of 2 years on the following Remuneration:

Salary	:	Rs. 2, 40,000/- per month.
Leave travel	:	Rs. 5,000/- per month.
Medical	:	Rs. 2,500/- per month.
Technical literature	:	Rs. 2,500/- 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 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 fully furnished accommodation and car with driver fully maintained by the company for official use.

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 if 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 to the Act and he shall be entitled for Annual increments as per the Rules and policies of the company"

By Order of the Board of Directors

Sd/-

Nalinkant Amratlal Rathod
Chairman

Place: Chennai

Date: May 30, 2013

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The proxy form in order to be effective should however be duly stamped, signed and deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. 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.
3. The Register of Members and Share Transfer Books will remain closed from August 6th, 2013 to August 10, 2013 (inclusive of both days).
4. Members are requested to notify any change in their addresses to the Company's Share and Depository Transfer Agents. Members holding shares in physical form are requested to convert their holdings into Demat. The Company's Id with CDSL and NSDL is INE298E01022. The Company's Registrar and Share Transfer Agents are M/S.CAMEO CORPORATE SERVICES LIMITED, "Subramanian Building" 1, Club House Road, Chennai 600 002.
5. 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.
6. The shares of the Company are listed with Mumbai Stock Exchange. The Listing Fee for the year 2013-2014 has been paid to Stock Exchange.

7. Brief Resume of the Directors seeking reappointment and other details as stipulated under Clause 49 of the Listing Agreement, are provided as part of the Report on Corporate Governance.
8. Shareholders holding shares in physical form are invited to contribute to the cause of Green initiative by registering their e-mail ID, by submitting the E-Communication Registration Form inserted in the Annual Report.

By Order of the Board of Directors

Sd/-

Nalinkant Amratlal Rathod
Chairman

Place: Chennai

Date: May 30, 2013

**Annexure to the Notice – Explanatory Statement
(pursuant to Section 173(2) of the Companies Act, 1956)**

Item No.5

Shri Tribhuvan Simh Rathod aged 65 and a Chartered Accountant has vast experience in the fields of Finance and Management. He is also a Director in Bell Granito Ceramica Limited and Atreya Finance Private Ltd, Companies incorporated in India

His earlier appointment as Managing Director was for a period of 3 years from April 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 and conditions as mentioned in the resolution for a period 2 years effective April 1, 2013. As per the provisions of the Companies Act the reappointment and fixation of remuneration to Managing Director requires the approval of shareholders by way of special resolution. The board recommends the resolution for the approval of shareholders.

The intimation may be treated as a Notice as required under Sec.302 of the Companies Act, 1956.

None of the directors other than Shri Tribhuvan Simh Rathod and Shri Nalinkant Amratlal Rathod are interested in the resolution.

By Order of the Board of Directors

Sd/-

Nalinkant Amratlal Rathod
Chairman

Place: Chennai

Date: May 30, 2013

DIRECTOR'S REPORT

To the Members:

The Directors have pleasure in presenting the 27th Annual Report of the Company together with Audited Financial Statements for the year ended March 31, 2013.

Financial Results:

Particulars	Rs. Lakhs	
	2012-13	2011-12
Gross Sales	405.45	2404.31
Other Income	20.94	90.04
EBITDA	(398.73)	(616.93)
Interest and Financial charges	105.04	106.44
Depreciation	574.03	573.95
Profit/(Loss) before taxes	(1077.80)	(1297.32)
Amortization	-	50.25
Profit / (Loss) before tax	(1077.80)	(1347.57)
Provision for taxes	-	-
Profit / (Loss) carried to Balance Sheet	(1077.80)	(1347.57)

Company Performance

The Operational performance of the Company is discussed in detail under Management Analysis and Discussion Report

Fixed Deposits:

The Company has not accepted any fixed deposits from the public within the meaning of section 58A of the Companies Act, 1956. Necessary declarations have been filed by Managing Director with regard to Unsecured Loan advanced to the Company in terms of Sec.58A and the rules framed there under.

Energy conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars pursuant to the provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure to this Directors report.

Directors:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Shri. N S Mani and Shri. N Gopalakrishnan, Directors, retire by rotation and being eligible have offered themselves for reappointment.

Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors of the Company state:-

- a. that in the preparation of the accounts for the financial year ended 31st March 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 loss of the Company for the year under review.
- c. that 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 safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. that the Directors have prepared the accounts for the financial year ended 31st March 2013 on a 'going concern basis'.

Auditors and Audit Report

The Statutory Auditors M/s. M.S. Krishnaswami & Rajan, Chartered Accountants, Chennai, retire at the forthcoming Annual General Meeting and are eligible for reappointment.

Your company has received intimation to the effect that, proposed re-appointment, if made would be within the prescribed limit under Section 224(1B) of the Companies Act 1956 and also in compliance with the requirements of the Listing Agreement regarding Peer Review. They have also confirmed their willingness to accept office, if re-appointed. The Board and Audit Committee recommend the re-appointment of M/s. M.S. Krishnaswami & Rajan, Chartered Accountants, Chennai, (FRN.01554S) as Statutory Auditors to hold office till conclusion of Next Annual General Meeting.

The Members are requested to re-appoint M/s. M.S. Krishnaswami & Rajan, Chartered Accountants, Chennai (FRN.01544S) as Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and authorize the Board of Directors to fix their remuneration.

The Company has well established system of Internal Audit which carries out audit on Risk Management frame work which covers the entire gamut of financial, marketing, plant operations and other service functions

Regarding the comments of Auditors in their report, the Directors wish to state:

- (i) the company had during the finalization of rehabilitation scheme by BIFR in 2002, effected a capital reduction aggregating Rs 754.44 lakhs and since that date the same has been held as a reserve primarily to finalize the erosion in net worth for adjustment. Consequently and in terms of the BIFR Scheme, the Company would with the approval of BIFR adjust the identified impairment in fixed assets against the reserves earmarked for this purpose. The non-recognition of the impairment loss in the statement of Profit and Loss as required by Accounting Standard 28 should be viewed in the light of requirements of the BIFR Scheme.

- (ii) steps are being initiated to update the fixed asset register now that the evaluation of impairment is complete. Similarly steps to improve internal audit function is also being initiated.
- (iii) regarding arrears of Statutory dues including provident fund, Sales Tax etc a major portion has since been paid and balance will be remitted in due course.
- (iv) Stock of stores & spares is verified with no material discrepancy.
- (v) the creation of charge in respect of the Deep Discount Bonds will be completed expeditiously

Information for Shareholders:

Additional information pertaining to shareholders like Equity History, Shareholding Pattern, Price Movement in Stock Exchange, Corporate communication etc, is provided in this Annual Report.

Corporate Governance:

Pursuant to the provisions of the Listing Agreement with the Stock Exchange the report on Management Discussion and Analysis, Corporate Governance together with the Auditors' Certificate on the compliance of the conditions of Corporate Governance form part of the Annual Report

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.

As mentioned in our previous annual report during the year 2011-12, the company was under lay off due to compulsory power cut in Andhra Pradesh. Subsequent to lay off workers have resorted to indiscipline and were stopping all dispatches from the company. This has lead the management of the company to declare lockout. Subsequently issues has been settled with workers and operations have been started during the second half of the year. At present production is running intermittently.

Acknowledgements:

Your Directors place on record their deep appreciation of the continued co-operation and support extended by financial institutions, bankers, suppliers, dealers, C & F Agents, customers, employees and various State and Central Government Agencies. The Directors also take this opportunity to thank the shareholders for their continued confidence reposed in the Management of the Company.

For and on behalf of the Board of Directors

Sd/-

Place : Chennai
Date : May 30, 2013

Nalinkant Amratlal Rathod
Chairman

ANNEXURE TO THE DIRECTORS REPORT

Information under Section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 and forming part of Directors Report.

A. Energy Conservation:-**Power:**

The Company is continuously putting efforts to conserve energy consumption. During the year the dependence on DG Power has been minimized.

Fuel:

During the year, the processing cycle time was brought down leading to saving in LPG consumption.

FORM A (As per Rule 2)

Form for Disclosure of Particulars with Respect to Conservation of Energy

ELECTRICITY	2012-13	2011-2012
Purchase Units (KWH)	760735	3998569
Total Amount (Rs.in Lakhs)	64.27	189.90
Average Rate per unit (Rs./Kwh)	8.45	4.74
LPG		
Quantity (Tonnes)	126.72	1400.00
Total cost (Rs.Lakhs)	90.42	688.50
Average rate (Rs.Lakhs/Tonne)	0.71	0.49
CONSUMPTION PER UNIT (Sq.Mtr) OF PRODUCTION	2012-13	2011-12
Electricity (Kwh)	13.88	8.97
LPG (Tonnes)	0.0023	0.0031

FORM B (As per Rule 2)**B. Disclosure of Particulars with Respect to Technology Absorption, Research and Development****New Development:****New Raw materials:**

Continuous trials have been made and new/alternate raw materials have been introduced to improve the green strength and maturity of the body leading to higher production yield and lower cost.

During the year 2012-13 special emphasis and thrust has been given in the areas of cost reduction, quality improvement & new product development.

Cost Reduction: As a part of cost reduction drive the R&D has carried out the following activities.

- a) Introduction of new chemicals to reduce Green & Dry tiles losses.
- b) Introduction of special grade Raw Materials and New sources of better quality materials to improve the brightness & clarity of the body.
- c) Introduction of Special Bonding agent.

Quality improvement:

Improved sorting methods and system to get higher yields and better quality.

The above effort has led to improved efficiencies, enhanced product range and production of consistent quality products.

To carry out the R&D activity to reduce energy consumption and to lower cost of production.

C. Foreign Exchange Earnings and Outgo:

	2012 - 13 (Rs in lakhs)	2011-12 (Rs in lakhs)
Foreign Exchange Earnings	Nil	70.97
Foreign Exchange out go	Nil	103.47

By Order of the Board of Directors

Sd/-

Nalinkant Amratlal Rathod
Chairman

Place : Chennai

Date : May 30, 2013