

# 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](http://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



## DECOLIGHT CERAMICS LTD.

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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.



## DECOLIGHT CERAMICS LTD.

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To serve you better, our RTA Agent has 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](http://www.bigshareonline.com)) and help them serve you better."

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

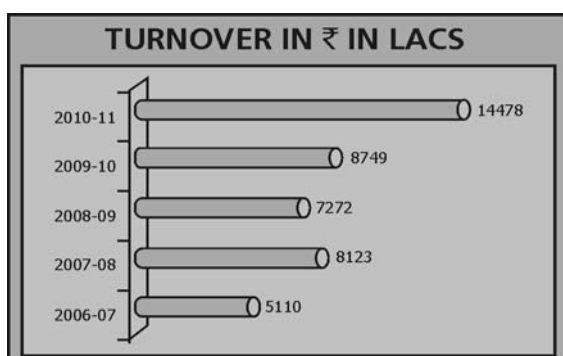
For the year ended 31st March, 2011, the revenue from Tiles, Building Materials and Allied Activities remained at ₹ 14043.32 lakhs as against ₹ 8199.56 lakhs for year 2009-10. On green power generation front, during the year under review the revenues were ₹ 336.66 lakhs as against ₹ 549.69 lakhs for 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.

### c) Impact of the measures

Total fuel cost during the year was ₹ 2633.23 lacs while the same was ₹ 2764.85 lacs in the last year. During the year under review the company could generate 60 lakh units as against 81.31 lakhs units of wind power in previous year. The total revenue implication is ₹ 336.66 lakhs as against ₹ 549.69 lakhs of previous year.

Following are the details of power cost per ton of production:

Year	Production (Tons)	Total Power Cost incurred / ₹ (Net of wind power)	Power cost per ton / ₹ (Net of wind power)
Vitrified Tiles Unit / MT			
2005-06	33466	128,247,057	3832.16
2006-07	40583	161,802,924	3986.96
2007-08	53928	212,304,984	3936.75
2008-09	47159	221,340,254	4693.00
2009-10	61981	220,078,014	3550.73
2010-11	56684	229,656,472	4051.52
Aluminium Composite Panels Unit / Sq Mtr			
2008-09	31890 Sq/Mtr	12,63,249	39.61/Sq Mtr
2009-10	40703 Sq/Mtr	14,38,241	35.34/Sq Mtr
2010-11	Nil		

### B) Technology absorption

#### Efforts made in technology absorption:

##### a) Research & Development (R & D)

1. The Company continues to pursue its research and development efforts in the areas of product concept development, raw material usage giving priority to local contents and product features and product quality improvement, reduction in the Kiln cycling time of Vitrified Tiles, etc. and is adequately equipped with its own R&D Department with qualified manpower.

#### Benefits derived as a result of the above R & D

1. During the year under review, the

company continued to use local clay and for this the Company has been receiving cooperation from Central Glass & Ceramic research Institute (CGCRI), Naroda, Ahmedabad, for the development of local Indian clay. Consequently, local contents of the product increased and dependence on Ukraine Clay completely stopped.

2. The company replaced the old technology polishing line with the latest technology and longer length polishing line. This step continued to contribute improvement in quality, reduction in energy consumption, saving in working hours, and reduced use of abrasives leading to cost savings in production.
3. Reduction in the company's Spray Dryer fuel cost because of importation and installation of new Coal Stove
4. Regular overhauling and upgrading of the machinery resulted in improvement in the functioning of the machineries.
5. Routine and Preventive Maintenance carried out to its Auxilassing Calibrating Machine reflected improved quality and product life in the products of the company in addition to reduction in the consumption of abrasives and electricity.
6. The company uses CNG in its manufacturing facilities which promote environmental cleanliness, leads to more efficiency and less polluting.
7. The above measures continue to contribute conservation of resources and reduction in pollution and costs, productivity enhancement, improved product quality and eco-friendly products.



### Future Plan of action

1. Introduction of Nano Technology backed machinery for manufacturing of high Nano quality Vitrified Tiles.
2. Drive to position the company's products in untapped and potential markets.

### Expenditure on R & D tentatively planned

- |                        |           |
|------------------------|-----------|
| a) Capital Expenditure | ₹ 2.50 Cr |
| b) Recurring           | ₹ 0.50 Cr |
| c) Total               | ₹ 3.00 Cr |

### b) Technology absorption, adaptation and innovation

The company is using Chinese and Spanish technologies in its manufacturing facilities since year 2004.

The benefits derived are reflected in the products of the company in the form of improved product features, quality, product life, and better hygienic contents in addition to the increased business opportunities for the company's product that may accrue in the periods ahead.

The company has not imported any Technology during the last five years reckoned from the beginning of the financial year.

### C) Foreign Exchange Earning & Outgo

	2010-11	2009-10
1. Total foreign exchange earned ₹	10,80,986	4,09,446
2. Total foreign exchange used ₹ in lakhs	298.39	501.76

### Industrial / Human Relations:

The Industrial relations during the year under review continue to remain cordial between the workers and management. The Management appreciates the employees of all cadres for their dedicated service to the Company, and expects continued support for higher level of productivity, cost optimisation and better delivery systems with greater concerns on health, safety and environment. The Company continued its efforts in the HR policies and processes to further its performance.

### Acknowledgement:

Your Directors place on record their sense of appreciation for the co-operation received from the Banks, Financial Institutions, Employees, Customers and Suppliers of the Company at all levels during the year under review.

For and on behalf of Board of Directors  
Sd/-

Place : Morbi                      **Girishbhai M. Pethapara**  
Date : 26<sup>th</sup> August, 2011                      Chairman

## Annexure A to the Directors' Report

### Management Discussion and Analysis

#### Financial Highlights

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

#### Segment information

Segment information is given along with financial statements. The company has identified three segments viz "Manufacturing and Trading of tiles and other building materials", "Wind Power Generation" and "others". The major and material activities of the company are restricted to only one geographical segment i.e. India, hence the secondary segment disclosure is not applicable.

#### Industry Structure & Developments :

**Vitrified Tiles:** The total size of the Indian ceramic industry is expected to be around ₹ 12000 Cr and out of this vitrified tiles segment is expected to constitute the size of ₹ 4000 Cr. 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. The demand for vitrified tiles is driven by the developments and growth in construction, realty, housing and infrastructure sectors.

With the awareness of the Vitrified Tiles expected to increase since the modern flooring has witnessed a paradigm shift from conventional designing to contemporary and innovative outlooks; the company foresees bright prospects for its vitrified tiles business as the invaluable aura and elegance of vitrified tiles flooring is distinctly visible. 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. It is expected that India's per capita consumption of ceramic tiles will have a healthy growth in the periods ahead in view of rising disposable income, rapidly growing middle class and increased urbanization. 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 segment in particular will remain healthy.

**Green Power:** Wind energy, with an average growth rate of 30%, is the fastest growing source of renewable energy in the world. Wind energy has demonstrated its potential as a reliable and cost-effective source of clean energy and economic development world over. The Global Wind Energy Council in a recent study produced in partnership with Indian Wind Turbine Manufacturers Association predicts that the wind energy potential can be as high as 2,31,000 MW, more than five times the government's estimate. With such potential, the wind energy sector is currently developing rapidly. India occupies the fifth place in the



world in wind energy generation after USA, Germany, Spain, and China and has an installed capacity of more than 14158.00 MW as of 31st March, 2011. New technological developments in wind energy design have contributed to the significant advances in wind energy penetration and to get optimum power from available wind. Today India is a major player in the global wind energy market. The potential is far from exhausted. Estimates show that with the current level of technology, the 'on-shore' potential for utilization of wind energy for electricity generation is of the order of 65,000 MW. The unexploited resource availability has the potential to sustain the growth of wind energy sector in India in the years to come.

#### **Company Outlook:**

**Vitrified Tiles:** The size of the Vitrified Tiles segment is expected to constitute about 33% of the ceramic industry. With Vitrified Tiles, the size of the ceramic tiles market has increased considerably. It is expected that vitrified tiles segment will capture the bulk of the market gradually, replacing the conventional floor and wall tiles segment. These tiles are light and have the added advantage of being offered in designer looks as compared to mosaic tiles, which are heavier and more expensive to transport. The per capita consumption of ceramic tiles in India is very less as compared to the other countries. Therefore, the vitrified tiles segment is likely to maintain its growth momentum as the invaluable aura and elegance of vitrified tiles flooring is distinctly visible and this attraction has stimulated the growth of the vitrified tiles segment and the segment is growing at a faster rate.

#### **Green Power**

The Indian wind power industry is growing rapidly and the indication is that over the past five years, the installed capacity has grown at a compound annual growth rate of 17 per cent with India now being the fifth largest wind power producer in the world. The country's wind power capacity is expected to double in the next five years from the current 12,000 MW. Anticipating availability of strong and dependable winds at most of the time to continue, the outlook on wind power generation

front appears to be bright as viewed at large. Wind energy brings about ecological and social benefits and contributes to sustainable energy development.

#### **Opportunities and Threats:**

A trend that is gaining popularity is the use of Vitrified Tiles in place of the earlier mosaic and marbles. The reason behind the shift in favour of Vitrified Tiles is mainly because of its added features of greater hardness, acid and chemical resistant capabilities in addition to zero water absorption properties and above all its aesthetics appealing. It is expected that vitrified tiles segment will capture the bulk of the market gradually, replacing the conventional floor and wall tiles segment.

Vitrified Tiles play a very important role in our daily life. This is because, apart from their decorative look, vitrified tiles are primarily hygiene products. This is also one of the chief reasons for their wide usage in modern households to medical centres, laboratories, milk booths, schools, public conveniences etc.

The vitrified tiles segment in particular and ceramic industry in general has been modernizing continuously, by newer innovations in product design, quality etc. In this context, the company has plans to introduce Nano Technology backed machinery for manufacturing high Nano Quality Vitrified Tiles. Nano Vitrified Tiles can be targeted to high end customers for construction of modern house and villas in posh localities, modern commercial complexes, and other contemporary and innovative outlooks / flooring, etc. Emergence of Nano Technology backed vitrified tiles would fetch better price realization in terms of sq. ft. of tiles because of its thrust on manufacturing value addition.

With the government two years back imposing antidumping duty on Chinese imports for another five years coupled with increasing awareness of the advantages of the vitrified tiles over traditional marbles and tiles; the company finds bright opportunities for its product domestically. The company also anticipates incremental retail off-take and spurt in real estate and construction activities during year 2011-12.



The GST is expected to be rolled out from the next fiscal and will replace a plethora of state levies and central levies with a one tax. This would help create a national market.

The Indian economy has been on the growth path though in the last quarter of financial year 2010-11 witnessed a slow down. The overall growth in GDP clocked 8.5% in 2010-11 as against 8% in the last financial year. The construction industry is expected to grow proportionally to the growth of the country which can be in the range of 8 to 8.5% annually. Further, infrastructure creation being a national priority, the segment is poised for robust growth. As the products of ceramic industry find application in both the segments, it is expected that the improvement in the Indian economy will definitely result in accelerated demand for ceramic industry products.

In the background of new entrants on vitrified tiles segment and further increases in capacities, competition is bound to increase. The industry has biggest competition from China which has huge volumes and therefore Indian players in vitrified tiles overseas markets are facing difficulties to compete with China.

#### **Risks & Concerns**

The ceramics industry is a highly energy intensive sector. Petroleum and raw material products together form the most critical component in the production of the industry. Higher input costs due to the cascading effect of inflation vis-à-vis manufacturing sector may contribute to shrinking of margins.

The ceramic industry has been modernizing continuously, by newer innovations in product design, quality etc. However, in order to make the Ceramic Industry domestically and globally competitive, initiatives in the national and international level for constant technological and quality up gradations must emerge.

The ceramic industry is suffering from labour issues and non-availability of skilled man power and to overcome this automation needs to be done for which capital infusion is needed. However, the increasing interest rate environment can put pressure on margin and cash flows in addition to deferring corporate capex plans.

The structure of Indian ceramics industry is highly fragmented with very few large players and a large number of SMEs who face problems of poor economies of scale.

On wind power generation front, non-availability of strong and dependable winds at most of the time coupled with unprecedented climatic variations may affect output generation.

On Clean Development Mechanisms projects, the impending procedural delays may lead to lagging behind the schedules set forth by the company for achievement.

#### **Internal Control Systems and their adequacy:**

The Company has a well structured internal control mechanism and the same is monitored by the internal auditor of the company who reviews and strengthens the control measures periodically. The Internal Audit team regularly briefs the Management and the Audit Committee on their findings and also on the steps to be taken with regard to deviation, if any.

The company's internal control systems and their adequacy is based on the nature of business and size of operations and the Company's internal control system has been designed to provide for:

- ☐ Accurate recording of transactions with internal checks and prompt reporting
- ☐ Adherence to applicable Accounting standards and policies
- ☐ Review of capital investments and long term business plans
- ☐ Periodic review meetings to guide optimum utilization of resources
- ☐ Compliance with applicable statutes, policies, listing requirements and management policies and procedures
- ☐ Effective use of resources and safeguarding of assets

#### **Cautionary Statement**

*The statement in this report may be forward looking within the meaning of applicable laws or regulations. These statements are made on certain assumptions and expectations of future events. Actual results could however differ materially from those stated above. The Company and its Board of Directors assume no responsibility in respect of the forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information and events.*

## Corporate Governance Report

The report on Corporate Governance is pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and forms a part of the report of the Board of Directors. Your Company has complied in all respects with the applicable Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges. A Report on the Corporate Governance compliance is furnished below:

### 1. Corporate Governance Philosophy:

Your Company is committed to the continued adoption and adherence to good Corporate Governance Practices, which shall ensure that all the concerned parties associated with the Company obtain requisite information, which would help them to make positive decision. Such Corporate Governance practices help enhance long-term shareholder value and interest of other stakeholders.

The Board fully appreciates the need of increased awareness for responsibility, transparency and professionalism and focus for effective control and management of the organization. The Company has adequate number of independent directors and committees of Board.

### 2. Board of Directors:

The Board of Directors has a mix of Executive and Non executive Directors. Presently the Board comprises of three Executive directors including the Chairman and three Non Executive Directors which are also independent directors. Except Managing Director Shri Girishbhai M. Pethapara, the other Directors are liable to retire by rotation.

Except the three Executive Directors, who are brothers inter se, there is no relationship between the independent directors and all the directors are above 21 years of age and possess the requisite qualifications and experience useful to the company in their capacity as directors.

The composition of the Board and other relevant details relating to Directors are given below:

Name of Director	Category	No. of other Directorships*		No. of other Committee memberships*		No. of Board Meetings attended	Attendance at last AGM
		Chairman	Director	Chairman	Member		
Mr. G.M.Pethapara (Chairman)	Promoter, Executive	1	1	None	None	13	Yes
Mr. K.M.Pethapara	Promoter, Executive	1	2	None	None	13	Yes
Mr. J.M.Pethapara	Promoter Executive	None	2	None	None	13	Yes
Mr Vijay Maganlal Vidja	Independent Non-Executive	None	None	None	None	10	Yes
Mr Vasant Avachar Kaila	Independent Non-Executive	None	None	None	None	10	Yes
Mr Ashvin H Bopaliya	Independent Non-Executive	None	None	None	None	12	Yes

[N.A. - Not Applicable]

\*Note: Excludes Directorships in Private Limited Companies, Non Profit Making Companies, Foreign Companies and Government Bodies, if any.

Last Annual General Meeting was held on 29th September, 2010.

#### Directors appointment / reappointment

Mr Vasant A Kaila, Director of the Company, retires by rotation and, being eligible, offer himself for re-appointment.





Mr Ashvin H Bopaliya, Director of the Company, retires by rotation and, being eligible, offer himself for re-appointment.

Details of the directors seeking appointment / reappointment as required under Clause 49 IV(G) (i) are given in the annexure to the Notice of the 12th Annual General Meeting to be held on 29th September, 2011.

Appropriate resolution for the appointment / reappointment of the aforesaid Director is being moved at the ensuing Annual General Meeting.

### **Attendance of Directors at AGM**

All the three Promoter Executive Directors and the Chairman of Audit Committee attended the last AGM.

### **Board Meetings**

During the year 2010-11 total 13 board meetings were held on dates: 15.04.2010, 10.05.2010, 01.07.2010, 12.08.2010, 30.08.2010, 01.10.2010, 26.10.2010, 01.11.2010, 19.11.2010, 30.12.2010, 14.02.2011, 22.02.2011, and 28.03.2011.

### **Code of Conduct:**

The Company has adopted Code of Conduct for all the Directors and Senior Management of the Company. The Code of Conduct is posted on the Website of the company. All the Board Members and senior management of the Company have affirmed compliance with Code of Conduct. The declaration on adopting the code of conduct is given elsewhere in the report.

### **Code for prevention of insider trading practices**

In compliance with the SEBI regulation on prevention of Insider Trading, the Company has framed a code of conduct for prevention of insider trading to be observed by the Directors, Officers and Designated Employees of the Company.

### **Audit Committee:**

#### **The Composition of Audit Committee as on 31.03.2011**

Mr Vasant Avachar Kaila,	–	Chairman
Mr Mr Vijay Maganlal Vidja	–	Member
Mr Ashvin H Bopaliya	–	Member

All the members of the Committee have exposure in the relevant areas. The Composition of the Committee is in conformity with Clause 49 (II)(A) of the Listing Agreement.

### **Role & Terms of Reference**

The role and terms of reference of the Audit Committee broadly are as under:

- Overseeing the Company's financial reporting process and to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, reappointment or removal of statutory auditor, fixation of audit fees and for other services.
- Reviewing with the management, the quarterly and annual financial statements before submission to the Board for approval.
- Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- v. Discussion with internal auditors any significant findings and follow up there on.
- vi. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- vii. In addition to the above, all items listed in Clause 49(II)(D) of the Listing Agreement.
- ix. Looking into any other matters as may be required by the Companies Act, 1956 or by rules framed thereunder.
- x. Reviewing the functioning of Whistle Blower Mechanism.
- xi. Appointment of CFO

#### Meetings held:

There are in all four Audit Committee Meetings held during the financial year 2010-11. The dates of meeting: 10.05.2010, 12.08.2010, 01.11.2010, and 14.02.2011.

Name	Meetings held	Attendance
Mr. Vasant Avachar Kaila — Chairman	4	4
Mr. Vijay Maganlal Vidja — Member	4	4
Mr. Ashvin H Bopaliya — Member	4	4

The Jt. Managing Director who is looking after the finance matter and the Chief Accountant of the Company were special invitees to the audit committee meeting and they attended the meeting.

The Company Secretary of the Company is the Secretary to the Committee.

### 3. Remuneration Committee:

#### Composition of the Remuneration Committee:

- Mr. Vasant Avachar Kaila — Chairman
- Mr. Vijay Maganlal Vidja — Member
- Mr. Ashvin H Bopaliya — Member
- Mr. KM Pethapara — Jt. M.D (Invitee)

#### Terms of Reference

- ☐ To recommend to the Board, the remuneration packages of the Company's Managing/ Joint Managing/ Deputy Managing/ Whole time/ Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
- ☐ To be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/ Joint Managing/ Deputy Managing/ Whole time/ Executive Directors, including pension rights and any compensation payment;

### Attendance during the year

One meeting of the committee was held on 28.03.2011.

### Remuneration of Directors

Independent Directors are paid sitting fees for attending Board and Committee meetings. The fees paid to them during the year are shown below:

#### Non-Executive Directors:

Name of Director	Sitting Fees (₹ In lakhs)
Mr. Vasant Avachar Kaila	0.50
Mr. Vijay Maganlal Vidja	0.50
Mr. Ashvin H Bopaliya	0.60

#### Executive Directors:

Name of Director	Salary & Perquisites
Shri Girishbhai M. Pethapara	NIL
Shri Kantibhai M. Pethapara	NIL
Shri Jayantibhai M. Pethapara	NIL

*\* In view of inadequacy of profit and overdues with the Bankers, the three Executive Directors have not been paid any salary & perquisites during the year 2010-11.*

### Remuneration Policy

The Company while deciding the remuneration package takes into consideration, the following:

- ☐ Employment scenario.
- ☐ Remuneration package of the industry / other industries for the requisite managerial talent.
- ☐ The qualification and experience held by the appointee.

### 4. Shareholders'/ Investors' Grievance Committee:

The composition of Shareholders'/Investor' Grievance Committee is as under:

Mr. Vasant Avachar Kaila,	—	Chairman
Mr. Vijay Maganlal Vidja	—	Member
Mr. Ashwin H Bopaliya	—	Member

### Terms of Reference

Brief summary of terms of reference is to deal with the transfer of shares, issue of duplicate share certificates, dematerialization of shares, remat of shares, redressal of all investor grievances and complaints generally. As on 31st March, 2011 there were no complaints pending to be addressed by the Shareholders, / Investors' Grievance Committee.

### Status of complaints

During the year 2010-11 the company has not received any complaint. As of 31st March, 2011, no complaints were pending to be resolved.

There are in all four meetings held during the financial year 2010-11. The dates of meeting: 10.05.2010, 12.08.2010, 01.11.2010, and 14.02.2011.

Name	Meeting held	Attendance
Mr. Vasant Avachar Kaila, — Chairman	4	4
Mr. Vijay Maganlal Vidja — Member	4	4
Mr. Ashwin H Bopaliya — Member	4	4

Name and designation of Compliance Officer: Mr Ramachandran Pillai  
Company Secretary & Compliance Officer

## 5. Details of General Body Meetings:

Location, date and time of General Meetings held during the last 3 years:

### Annual General Meeting:

Year	Location	Date	Day	Time	No. of Special Resolutions
2007-08	Adarsh Hotel, 8A, National Highway, Opp: Shakti Chambers, Morbi - 363 642	05.08.2008	Tuesday	12.30 pm	NIL
2008-09	Regd. Office: B/h. Romer Ceramic, Old. Ghuntu Road, Morbi - 363642	07.09.2009	Tuesday	12.30 pm	2
2009-10	Regd. Office: B/h. Romer Ceramic, Old. Ghuntu Road, Morbi - 363642	29.09.2010	Wednesday	12.30 pm	1
<b>Extra Ordinary General Meeting Held after the last AGM</b>					
2009-10	Regd. Office: B/h. Romer Ceramic, Old. Ghuntu Road, Morbi - 363642	17.03.2010	Wednesday	11.00 am	1

The following Special Resolutions were passed

### Year 2008-09

- 1) Issue of equity convertible warrants on preferential basis
- 2) Enabling Resolution for QIP/GDR/ADR/FCCB Issue

### Year 2009-10 (EGM)

- 1) Enabling Resolution increasing the limit of QIP/GDR/ADR/FCCB Issue

### Year 2009-10 (AGM)

- 1) Issue of equity shares under preferential allotment

In the last year none of the resolutions was required to be put through postal ballot.



## 6. Disclosures:

### **Related party transactions:**

The Company has not entered into any transactions of material nature, with its promoters, the directors, the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large except the related party transactions that are disclosed in the notes to the accounts. All contracts with the related parties entered into during the year which are in the normal course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length basis at fair market value.

### **Disclosure of accounting treatment:**

The Company has followed all relevant and applicable Accounting Standards while preparing the financial statements.

### **Risk Management**

The company periodically reviews its risk assessment and minimization procedures so as to ensure that executive management controls risk through means of a properly defined framework. Executive management of the company periodically places before the Audit Committee risk identification report and risk mitigation measures. The properties of the company are adequately insured from risk and where risk transfer is not practicable, such risks are retained and effectively controlled.

### **Statutory Compliance, penalties**

There have been no instances of non-compliance on any matter related to the capital markets since the company entered in to the capital market. As such no penalty has been imposed on the Company by any statutory authority on matter relating to capital markets during the last three years. The company's shares were listed in Bombay Stock Exchange and National Stock Exchange in June 2007.

As reported earlier in this part of the report, the company had been served with a show cause notice for ₹ 4.91 Cr. by DGCEI, Ahmedabad, in furtherance of the search operations carried out by the DGCEI, Ahmedabad, in the month of March 2008. Besides, in connection with the search operations, during March 2008 the company paid ₹ 4 crore under protest towards bail conditions of the two directors. In addition to this, as per the recent High Court Order consequent upon remand back of the case to lower Court, the Directors / Company submitted Solvency Certificate to the Lower Court in the sum of ₹ 3.25 Cr pending adjudication of the case by Central Excise Authorities. The case is still pending to be adjudicated.

### **Allotment of shares on preferential basis**

With the completion of the allotment of shares on preferential basis 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 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.

#### **Disclosure of unclaimed shares**

The company has no unclaimed shares in the suspense account hence the information as per the Clause 5A of the listing agreement has not been provided / applicable.

### **7. Means of Communication:**

The website of the Company [www.decocovering.com](http://www.decocovering.com) acts as the primary source of information regarding the activities, nature of businesses etc. of the Company. Dedicated email id for communication [dcl@decocovering.com](mailto:dcl@decocovering.com). Quarterly and half-yearly financial results were published in two news papers Financial Express and Indian Express and the same are also available with the company's website and stock exchanges website where the companies shares are listed.

### **8. General Shareholders Information:**

#### **9.1 Annual General Meeting:**

##### **Date, Time and Venue of Annual General Meeting**

Date : Thursday, 29th September, 2011

Time : 12.30 p.m.

Venue : **Registered Office**  
B/h. Romer Ceramic,  
Old Ghuntu Road,  
Morbi - 363642

#### **9.2 Financial Year:**

The Company's financial year is based on twelve months starting from April to March.

Financial Calendar : Q1 Results FY 2011-12 by August, 2011 2nd week  
: Q2 Results FY 2011-12 by October, 2011 last week  
: Q3 Results FY 2011-12 by January, 2012 last week  
: Q4 Results FY 2011-12 by May, 2012 2nd or last week

#### **9.3 Dates of Book Closure:**

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.

**9.4 Dividend Payment Date :** Not Applicable since the Board has not recommended any dividend for the year 2010-11.

#### **9.5 Listing on Stock Exchanges:**

The company's shares are listed in the following stock exchanges:

- a) The Bombay Stock Exchange Limited (BSE), Scrip Code: 532858
- b) The National Stock Exchange Of India Limited (NSE) : Symbol: Decolight

### SHARE DISTRIBUTION AS ON 31.03.2011

Range	Total Holders	% of Total Holders	Total Holding	% of Total Capital
1 - 500	8,503	74.0744	1718860	3.5561
501 - 1000	1503	13.0935	1251488	2.5892
1001 - 2000	808	7.0389	1179660	2.4406
2001 - 3000	214	1.8643	548282	1.1343
3001 - 4000	95	0.8276	337617	0.6985
4001 - 5000	94	0.8189	450776	0.9326
5001 - 10000	144	1.2545	1051119	2.1746
10001 - 99999999	118	1.0280	41797642	86.4741
Total :	11,479		4,83,35,444	100.00000

### SHAREHOLDING PATTERN AS ON 31.03.2011

Category	No. of shares held	% of holding
<b>A Promoter and Promoter Group</b>		
Individuals / Hindu Undivided Family	18,57,888	3.84
Bodies Corporate	5,000	0.01
<b>Sub Total</b>	<b>18,62,888</b>	<b>3.85</b>
<b>B Public Shareholding</b>		
<b>1 Institutions</b>		
Foreign Institutional Investors	215,507	0.45
<b>2 Non-Institutions</b>		
a) Bodies Corporate	4,223,169	08.74
b) Individuals holding nominal share capital up to ₹ 1 lakh	6,010,956	12.44
c) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	35,539,422	73.53
<b>Others</b>		
i) Non-Resident Indians	448,461	0.93
ii) Clearing Member	35,041	0.07
<b>Sub Total</b>	<b>46,472,556</b>	<b>96.15</b>
<b>Grand Total (A+B)</b>	<b>48,335,444</b>	<b>100</b>

**Note:** None of the promoter and promoter group shares is pledged or otherwise encumbered.

## STOCK MOVEMENT DATA

Month	BOMBAY STOCK EXCHANGE			NATIONAL STOCK EXCHANGE		
	High (₹)	Low (₹)	Monthly Volume (No. of shares)	High (₹)	Low (₹)	Monthly Volume (No. of shares)
April 2010	12.34	8.31	915,425	12.10	8.60	578,280
May 2010	12.44	8.19	607,608	12.35	8.25	426,815
June 2010	10.15	8.29	510,500	10.05	8.00	753,370
July 2010	11.94	8.10	3040,647	11.95	8.25	2075,097
Aug 2010	11.40	9.32	977,090	11.15	9.25	538,704
Sept 2010	9.93	8.65	1093,270	9.95	8.80	164,218
Oct 2010	9.50	8.85	340,913	9.60	8.75	153,753
Nov 2010	9.81	7.75	345,713	9.85	7.50	153,660
Dec 2010	8.52	7.11	201,030	8.55	7.00	149,071
Jan 2011	8.50	6.61	165,754	8.70	6.30	130,465
Feb 2011	8.76	5.79	250,768	8.80	5.80	180,277
Mar 2011	10.82	7.16	560,875	11.10	7.45	435,618

(Source : BSE & NSE Websites)

## 9.4 Registrar and Transfer Agent:

The Company has entered into Memorandum of Understanding with M/s. Bigshare Services Private Limited and they are acting as Registrar and Transfer Agent (RTA) to the company. Investors / Shareholders may contact at the following address for any query:

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

Our RTA has 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](http://www.bigshareonline.com)) and help them serve you better.

### Share Transfer System

Share transfers are registered and returned within a period of 21 days of receipt, if the documents are in order in all respects. The company has no unclaimed shares in suspense account. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement with Stock Exchanges and files a copy of the same with the Stock Exchanges where the company's shares are listed.





### **Dematerialization of shares**

The dematerialization requests received were confirmed within 21 days from the date of receipt of DRF and Share Certificates. As on 31st March, 2011, 99.65% of the company's shares were in demat form and 0.35% of the shares were held in physical form. The company's ISIN: INE172101012

The Company has no outstanding GDRs / ADRs / Warrants or any convertible instruments except to the allotment of 28,237,500 equity convertible warrants on 8th December, 2009 which stand lapsed for non-exercise of option.

### **9.5 Plant 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** : No. M-15 & M-38, Survey No. 84/P & 114/P, Village Khadoli Tal. Abdasa, Kutch

### **9.6 Address for Correspondence:**

B/h. Romer Ceramics,  
Old Ghuntu Road,  
Morbi - 363642, Gujarat, India.  
Tel: +91-2822-241156  
Website: [www.decocovering.com](http://www.decocovering.com)  
Email: [dcl@decocovering.com](mailto:dcl@decocovering.com)  
CIN: L26914GJ2000PLC037494



**To,**

The Board of Directors  
Decolight Ceramics Limited  
Old Ghuntu Road  
Morbi – 363 642

### **Declaration on Compliance of Code of Conduct**

I, Kantibhai M. Pethapara, Jt. Managing Director of Decolight Ceramics Limited, do hereby declare and confirm that all the Board Members and Senior Management Personnel have affirmed to the Board of Directors the compliance of the Code of Conduct laid down by the Board.

Place : Morbi  
Date : 26<sup>th</sup> August, 2011

**Kantibhai M. Pethapara**  
Joint Managing Director

---

## **CEO / CFO CERTIFICATION**

The Jt. Managing Director and the CFO heading the finance function has certified to the Board that:

- (a) He has reviewed the financial statements and the cash flow statement for the year and that to the best of his knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of his knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or violative of the company's code of conduct.
- (c) He accepts the responsibility for establishing and maintaining internal controls and he has evaluated the effectiveness of the internal control systems of the company and he has disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which he is aware and the steps taken or propose to take to rectify the deficiencies.
- (d) He has indicated to the auditors and the Audit Committee
  - the significant changes in the internal control during the year
  - instances of significant fraud of which he has become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

**Kantibhai M. Pethapara**  
Joint Managing Director

Place : Morbi  
Date : 26<sup>th</sup> August, 2011



## MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements are in full conformity with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The Management of Decolight Ceramics Ltd. accepts responsibility for the integrity and objectivity of these financial statements, as well as, for estimates and judgements relating to matters not concluded by the year-end. The management believes that the financial statements reflect fairly the form and substance of transactions and reasonably presents the company's financial condition, and results of operations. To ensure this, the company has installed a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis. Our internal auditors have conducted periodical audits to provide reasonable assurance that the company's established policies and procedures have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls.

These financial statements have been audited by SVK & Associates, the statutory auditors of the company.

The Audit Committee of the Company meets periodically with the Chief Financial Officer, the Chief Accountant, Internal Auditors and Statutory Auditors to review the manner in which they are performing their responsibilities and to discuss auditing, internal controls and financial reporting issues. To ensure complete independence, the statutory auditors and internal auditors have full and free access to members of the Audit Committee to discuss any matter of substance.

The Audit Committee for the financial year 2010-11 consisted of -

- Mr. Vasant Avachar Kaila – Chairman
- Mr. Vijay Maganlal Vidja – Member
- Mr. Ashvin H Bopaliya – Member

**Girishbhai M Pethapara**  
Chairman & Managing Director

**Kantibhai M Pethapara**  
Joint Managing Director/CEO & CFO

Place : Morbi

Date : 26<sup>th</sup> August, 2011

### Status of non-mandatory requirement

- 1 During the period under review, there is no audit qualification in the financial statement. The company continues to adopt best practices to ensure unqualified financial statements.
- 2 All new directors are given orientation about the business, business model and risk profile of the business parameters of the company. No new directors have been appointed during the year under review. One of the Executive Directors of the Company visited overseas during the year under review to learn about the best business practices prevailing there.
- 3 The company established a Whistle-Blower Policy and placed the same in the Website of the company. The Company affirms that during the year under review the company has not denied any employee access to Audit Committee. The existence of the whistle-Blower Policy has been appropriately communicated throughout the organization, plant and manufacturing facilities.
- 4 The company provides all necessary infrastructure and assistance to the independent directors to enable them to discharge their responsibilities effectively.
- 5 The company did not send any half-yearly declaration of financial performance summary of the company to its shareholders.
- 6 The company is yet to establish any mechanism for evaluating non-executive Board Members.



## Practicing Company Secretary's Certificate on Corporate Governance

TO  
THE MEMBERS OF  
DECOLIGHT CERAMICS LIMITED

We have examined the compliance of conditions of Corporate Governance by Decolight Ceramics Limited, for the year ended 31 March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company entered with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement entered with the stock exchanges, to the extent of applicable.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For, HS Mehta & Associates**

Company Secretaries

Sd/-

**Hitesh S Mehta**

C.P. No.: 2471

Place : Morbi

Date : 26<sup>th</sup> August, 2011



# AUDIT REPORT

DECOLIGHT CERAMICS LIMITED



## Auditors' Report

TO THE MEMBERS OF 'DECOLIGHT CERAMICS LIMITED'

1. We have audited the attached Balance Sheet of **DECOLIGHT CERAMICS LIMITED**, as at March 31, 2011, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
  - v. On the basis of written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with and subject to the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - b) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For SVK & ASSOCIATES**

Chartered Accountants

**Shilpang V. Karia**

Partner

M. No. – 102114

Firm No. - 118564W

Place : Morbi

Date : 28<sup>th</sup> May, 2011

## Annexure To The Auditor's Report

(Referred to in paragraph 3 of our Report of even date on the Statement of Accounts of DECOLIGHT CERAMICS LIMITED, for the year ended on 31st March, 2011)

### i. FIXED ASSETS:

- a. In our opinion, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to size of the company and nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- c. In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.

### ii. INVENTORIES:

- a. As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable in relation to its size and nature of business.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation its size and nature of business.
- c. On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory in relation to its size and nature of business. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

### iii. LOANS:

- a. As explained to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, during the year under review. Accordingly clauses 4(iii) (a), (b), (c) and (d) are not applicable.
- b. As explained to us, the company has taken unsecured from three parties being directors of the company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year from all such parties was ₹ 377.16 lacs, and the year end balance of loans taken from such parties is ₹ 80.67 lacs.
- c. According to information and explanation given to us and in our opinion the rate of interest and other terms and conditions, wherever stipulated were not prima facie prejudicial to the interest of the company.
- d. According to the information and explanations given to us said loans were repayable on demand and the repayment was within dates demanded.

### iv. INTERNAL CONTROL

In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in these areas.

### v. TRANSACTIONS IN PURSUANCE OF SECTION 301:

- a. According to information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- b. In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices available at the relevant time.

**vi. DEPOSITS:**

As explained to us, the company has not accepted any deposits from the public within meaning of Section 58A and 58AA of the Companies Act, 1956, during the year under review.

**vii. INTERNAL AUDIT:**

In our opinion and according to information and explanations given to us, the internal audit system of the company is commensurate with size and nature of its business.

**viii. COST RECORDS:**

To the best of our knowledge and as explained to us, the central government has not prescribed the maintenance of cost records for the business of the company under section 209(1)(d) of the Companies Act, 1956, except for wind power generation business of the company. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

**ix. STATUTORY DUES:**

- a. As per information and explanation available to us, undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it, have been generally regularly deposited with the appropriate authorities, though there had been certain delays during the year under review. Further according to information and explanation given to us, no such undisputed statutory dues applicable to the company were outstanding as at 31st March, 2011 for a period of more than 6 months from the date they become payable, except value added tax of ₹ 12.58 lacs & professional tax ₹ 0.19 lacs.
- b. According to the information and explanation available to us, details of dues of Excise Duty, Service Tax, Cess which have not been deposited on account of any dispute with appellate authority, are given below:

Name of the statue	Nature of dues	Amount under dispute ₹ In lacs	Period to which amount relates	Forum where dispute is pending
The Central Excise Act 1944*	Excise duty including interest and penalty as applicable	4.65	2004-05	Tribunal
The Finance Act, 1994**	Service Tax Penalty	1.49	2007-09	Commissioner (Appeals)

The excise / service tax department has issued certain show cause notices amounting to tax liability of ₹ 511.87 lacs, which are pending at adjudication level and amount paid under protest for the same amounting to ₹ 408.79 lacs.

\* However the company has paid under protest ₹ 2.60 lacs for the above.

\*\* However the company has received stay order for the above.

**x. CASH LOSSES AND ACCUMULATED LOSSES:**

The company has no accumulated losses at the end of the year under review and it has not incurred any cash losses in the year under review and the immediately preceding financial year.

**xi. DUES TO FINANCIAL INSTITUTION, BANKS OR DEBENTURE HOLDER:**

Based on our audit procedures and as per information and explanation given to us by the management of the company, we are of the opinion that company has defaulted in repayment of dues to banks and financial institution during the year under review. The details default at year end after taking into the consideration restructuring / rescheduling of the loans granted by the bank are as follows:



Period of Default	Amount (₹ In lacs)
Less than 30 days	135.74
30 to 90 days	23.74

However as per further information and explanations received, most overdue as of balance sheet date has been paid after balance sheet date.

**xii. LOANS & ADVANCES ON PLEDGE OF SHARES DEBENTURES & OTHER SECURITIES:**

In our opinion and according to information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.

**xiii. CHIT FUND/ NIDHI / MUTUAL BENEFIT FUND / SOCIETY:**

In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clauses 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the company.

**xiv. TRADING IN SHARES, SECURITIES, DEBENTURES & OTHER INVESTMENTS:**

The company is not dealing or trading in shares, securities, debentures and other investments.

**xv. GUARANTEE FOR LOANS TAKEN BY OTHERS:**

According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from any bank or financial institutions. Accordingly clauses 4(xv) is not applicable.

**xvi. TERM LOANS:**

In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.

**xvii. SHORT TERM FUNDS USED FOR LONG TERM INVESTMENTS:**

According to the information and explanations given to us, and on overall examination of the year end balance sheet of the company, we are of the opinion that prima facie, no funds raised on short-term basis have been used for long-term investments.

**xviii. PREFERENTIAL ALLOTMENT OF SHARES:**

According to the information and explanations given to us, during the year under review, the company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

**xix. DEBENTURES:**

The company has not issued any debentures during the year under review.

**xx. PUBLIC ISSUE:**

We have verified the end use of money raised during the year under review by preferential issue of equity shares as disclosed in the notes to the financial statements.

**xxi. FRAUD:**

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no significant fraud on or by the company has been noticed or reported during the course of our audit.

**For, SVK & ASSOCIATES**

Chartered Accountants

**Shilpang V. Karia**

Partner

M. No. – 102114

Firm No. - 118564W

Place : Morbi

Date : 28<sup>th</sup> May, 2011

## Balance Sheet As At 31st March, 2011

PARTICULARS	SCHEDULE	As at 31-March-11 ₹	As at 31-March-10 ₹
<b>SOURCES OF FUNDS :</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	A	483,354,440	183,354,440
(b) Equity Convertible Warrants	A1	70,593,750	70,593,750
(c) Reserves & Surplus	B	579,711,266	570,459,336
		<b>1,133,659,456</b>	<b>824,407,526</b>
<b>2. Loan Funds</b>			
(a) Secured Loans	C	461,486,660	524,803,791
(b) Unsecured Loans	D	11,067,359	1,094,690
		<b>472,554,019</b>	<b>525,898,480</b>
<b>3. Deferred Tax Liability (net)</b>		<b>57,500,225</b>	<b>57,219,894</b>
	<b>TOTAL</b>	<b>1,663,713,700</b>	<b>1,407,525,900</b>
<b>APPLICATION OF FUNDS :</b>			
<b>1. Fixed Assets</b>	E		
(a) Gross Block		837,994,826	939,019,292
(b) Less :- Depreciation		198,920,261	162,851,299
(c) Net Block		639,074,565	776,167,992
(d) Capital Work-in-Progress		108,722	-
		<b>639,183,287</b>	<b>776,167,992</b>
<b>2. Investments</b>	F	333,727,329	59,910,905
<b>3. Current Assets, Loans and Advances</b>	G		
(a) Inventories		278,049,548	311,155,882
(b) Sundry Debtors		393,734,632	304,913,780
(c) Cash and Bank Balances		90,132,284	10,541,613
(d) Loans and Advances		116,856,579	111,045,290
		<b>878,773,043</b>	<b>737,656,565</b>
<b>Less : Current Liabilities and Provisions</b>	H		
(a) Current Liabilities		180,921,994	148,926,321
(b) Provisions		18,052,917	34,603,245
		<b>198,974,911</b>	<b>183,529,565</b>
<b>Net Current Assets</b>		<b>679,798,132</b>	<b>554,126,999</b>
<b>4. Miscellaneous Expenditure</b>	I	<b>11,004,952</b>	<b>17,320,004</b>
	<b>TOTAL</b>	<b>1,663,713,700</b>	<b>1,407,525,900</b>

As per our report of even date  
**For SVK & ASSOCIATES**  
Chartered Accountants

**Shilpang V. Karia**  
Partner  
Membership No.: 102114  
Firm No.: 118564W  
Place : Morbi  
Date : 28th May, 2011

For and on behalf of the Board  
**For DECOLIGHT CERAMICS LTD.**

**Girishbhai M. Pethapara**  
Managing Director

**Ramachandran Pillai**  
Company Secretary

**Kantibhai M. Pethapara**  
Joint Managing Director

Place : Morbi  
Date : 28th May, 2011

## Profit And Loss Account For The Year Ended 31st March, 2011

PARTICULARS	SCHEDULE	For the Year 31-March-11 ₹	For the Year 31-March-10 ₹
<b>INCOME :</b>			
Sales and Other Income from Operations	J	1,507,678,020	924,295,442
Less: Excise Duty Recovered on Sales		59,825,301	49,370,325
		<b>1,447,852,719</b>	<b>874,925,117</b>
Other Income	K	33,634,039	42,646,765
Increase / (Decrease) in Stocks	L	(26,242,825)	(3,958,598)
<b>TOTAL</b>		<b>1,455,243,932</b>	<b>913,613,283</b>
<b>EXPENDITURE :</b>			
Material Costs	M	925,655,317	293,246,649
Manufacturing & Operating Costs	N	346,113,674	416,046,723
Employment Costs	O	28,349,038	50,710,705
Sales & Distribution Expenses	P	13,307,613	18,880,790
Administrative & General Expenses	Q	13,411,295	25,779,786
Interest & Financial Charges	R	60,603,148	77,274,689
Depreciation	E	54,473,185	52,185,502
Miscellaneous Expenditure Written Off	I	3,203,510	3,563,510
		<b>1,445,116,780</b>	<b>937,688,353</b>
<b>Profit Before Tax &amp; Before Exceptional Items</b>		<b>10,127,152</b>	<b>(24,075,070)</b>
Less: Exceptional Items (Refer note 11)		-	<b>3,843,992</b>
<b>Profit Before Tax &amp; After Exceptional Items</b>		<b>10,127,152</b>	<b>(27,919,062)</b>
Provision for Tax :			
- Current Tax		2,005,078	-
- Deferred Tax		280,332	(14,355,058)
<b>Tax For the Year</b>		<b>2,285,410</b>	<b>(14,355,058)</b>
<b>Profit After Tax</b>		<b>7,841,742</b>	<b>(13,564,005)</b>
Less: Prior Year Items		-	<b>16,800</b>
Balance Brought Forward From Last Year		197,982,855	211,563,660
<b>Amount Available For Appropriation</b>		<b>205,824,597</b>	<b>197,982,855</b>
<b>APPROPRIATIONS:-</b>			
Proposed Dividend on Equity Shares		-	-
Tax on Proposed Dividend		-	-
<b>Balance carred to Balance Sheet</b>		<b>205,824,597</b>	<b>197,982,855</b>
Earning Per Share Before Exceptional Items (Basic Dilluted)		0.25	(0.53)
Earning Per Share After Exceptional Items (Basic & Dilluted) (Refer Note 15)		0.25	(0.74)
<b>Significant Accounting Policies</b>	S		
<b>Notes to Accounts</b>	T		
As per our report of even date <b>For SVK &amp; ASSOCIATES</b> Chartered Accountants	For and on behalf of the Board <b>For DECOLIGHT CERAMICS LTD.</b>		
<b>Shilpang V. Karia</b> Partner Membership No.: 102114 Firm No.: 118564W Place : Morbi Date : 28th May, 2011	<b>Girishbhai M. Pethapara</b> Managing Director  <b>Ramachandran Pillai</b> Company Secretary	<b>Kantibhai M. Pethapara</b> Joint Managing Director  Place : Morbi Date : 28th May, 2011	

## Cash Flow Statement For The Year Ended 31st March, 2011

PARTICULARS	For the Year 31-March-11 ₹	For the Year 31-March-10 ₹
<b>A Cash Flow from Operating Activity</b>		
<i>Profit before tax and before exceptional items</i>	10,127,152	(24,075,070)
Add: Non Cash and Operating Expenses		
Depreciation	54,473,185	52,185,502
Interest & Financial Charges	60,603,148	77,274,689
Preliminary Expenses Written Off	3,203,510	3,563,510
<b>Operating profit before working capital changes</b>	<b>128,406,995</b>	<b>108,948,631</b>
Adjustment for:		
(Increase) / Decrease in Inventory	33,106,334	30,874,479
(Increase) / Decrease in Debtors	(88,820,853)	(60,018,556)
(Increase) / Decrease in Loans and Advances	(19,180,946)	1,315,846
Increase / (Decrease) in Current Liabilities and Provisions	30,905,561	19,432,827
(Increase) / Decrease in Deferred Revenue Expenditure	3,111,542	(1,451,823)
<i>(to the extent not written off)</i>		
<b>Cash Generated from Operation</b>	<b>87,528,633</b>	<b>99,101,405</b>
Taxes paid	(4,095,637)	(2,504,625)
<b>Net Cash Flow from Operating Activity before Exceptional Items</b>	<b>83,432,996</b>	<b>96,596,780</b>
Less: Exceptional and Prior Year Revenue Expenses in Cash		
Exceptional Items	-	3,843,992
Prior Year Items	-	16,800
<b>Net Cash Flow from Operating Activity after Exceptional Items</b>	<b>83,432,996</b>	<b>92,735,988</b>
<b>B Cash Flow from Investing Activity</b>		
(Increase) / Decrease in Fixed Assets (net)	82,511,520	(34,342,227)
(Increase) / Decrease in Investments & Accrued Interest Thereon	(273,816,424)	(59,910,905)
<b>Net Cash Flow from Investing Activities</b>	<b>(191,304,904)</b>	<b>(94,253,132)</b>
<b>C Cash Flow from Financing Activity</b>		
Proceeds from Issue of Equity Convertible Warrants	-	77,653,125
Proceeds from Issue of Equity Shares on Preferential Basis	306,000,000	-
Increase / (Decrease) in Secured Loans	(63,317,130)	(3,635,972)
Increase / (Decrease) in Unsecured Loans	9,972,669	(1,790,758)
Interest Expenses	(60,603,148)	(77,274,689)
Issue Expenses of Equity Shares on Preferential Basis	(4,589,812)	-
<b>Net Cash Flow from Financing Activities</b>	<b>187,462,579</b>	<b>(5,048,294)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>79,590,671</b>	<b>(6,565,439)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>10,541,613</b>	<b>17,107,051</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>90,132,284</b>	<b>10,541,613</b>
<b>Components of Cash and Cash Equivalents</b>	<b>Year ended March 31, 2011 ₹</b>	<b>Year ended March 31, 2010 ₹</b>
<b>Cash on hand &amp; Equivalents</b>		
- Cash on hand	5,737,903	2,826,717
- Cheque on hand	67,404,162	103,911
<b>Balances with Scheduled Banks</b>		
- In Current Accounts	4,355,395	268,326
- In Fixed deposit	12,634,825	7,342,659
	<b>90,132,284</b>	<b>10,541,613</b>

### Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on "Cash Flow Statement" issued by ICAI.
- Figures of Cash & Cash Equivalents have been taken from Schedule G (c).

As per our report of even date  
**For SVK & ASSOCIATES**  
Chartered Accountants

For and on behalf of the Board  
**For DECOLIGHT CERAMICS LTD.**

**Shilpang V. Karia**  
Partner  
Membership No.: 102114  
Firm No.: 118564W  
Place : Morbi  
Date : 28th May, 2011

**Girishbhai M. Pethapara**  
Managing Director

**Kantibhai M. Pethapara**  
Joint Managing Director

**Ramachandran Pillai**  
Company Secretary

Place : Morbi  
Date : 28th May, 2011

## Schedules Forming Part Of Balance Sheet As At 31st March, 2011

PARTICULARS	As at 31-March-11 ₹	As at 31-March-10 ₹
<b><u>SCHEDULE- A : SHARE CAPITAL</u></b>		
<b>1 AUTHORIZED :</b>		
10,00,00,000 Equity Shares of ₹ 10/- each (10,00,00,000)	1,000,000,000	1,000,000,000
<b>Total</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>
<b>2 ISSUED, SUBSCRIBED &amp; PAID UP :</b>		
<b>EQUITY SHARE CAPITAL</b>		
4,83,35,444 Equity Shares of ₹10/- each fully paid (1,83,35,444) (Refer Note 2)	483,354,440	183,354,440
<b>TOTAL A</b>	<b>483,354,440</b>	<b>183,354,440</b>
<b><u>SCHEDULE- A1: EQUITY CONVERTIBLE WARRANTS</u></b>		
2,82,37,500 (2,82,37,500) Equity Convertible Warrants of ₹ 10/- each partly paid (Refer Note 3)	70,593,750	70,593,750
<b>TOTAL A1</b>	<b>70,593,750</b>	<b>70,593,750</b>
<b><u>SCHEDULE- B : RESERVES &amp; SURPLUS</u></b>		
Equity Share premium	366,827,292	365,417,104
Equity Convertible Warrants Premium	7,059,375	7,059,375
	373,886,667	372,476,479
Profit & Loss Account	205,824,599	197,982,856
<b>TOTAL B</b>	<b>579,711,266</b>	<b>570,459,335</b>
<b><u>SCHEDULE - C : SECURED LOANS *</u></b>		
(Refer note 4)		
From Banks:		
Term Loans	68,200,090	89,028,784
Corporate Loans	63,708,045	118,821,041
Working Capital Loans	289,977,367	273,632,290
Vehicle Loans	432,628	1,401,496
From Financial Institutions:		
Term Loan	39,168,530	41,255,000
Vehicle Loans	-	665,179
* Secured Loans excludes interest accrued but not due	<b>461,486,660</b>	<b>524,803,791</b>
<b>TOTAL C</b>	<b>461,486,660</b>	<b>524,803,791</b>
<b><u>SCHEDULE - D : UNSECURED LOANS</u></b>		
From Banks	-	1,094,690
From Directors	8,067,359	-
Inter Corporate Deposits	3,000,000	-
<b>TOTAL D</b>	<b>11,067,359</b>	<b>1,094,690</b>

## Schedules Forming Part Of Balance Sheet As At 31st March, 2011

## SCHEDULE - E : FIXED ASSETS

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Particulars	GROSS BLOCK			DEPRECIATION / AMORTIZATION BLOCK			NET BLOCK		
	As on 1-April-10	Additions during the year	Deductions during the year	As on 31-March-11	As on 1-April-10	Depreciation for the year	Deductions during the year	As on 31-March-11	As on 31-March-10
Land	1,390,920	-	-	1,390,920	-	-	-	1,390,920	1,390,920
Factory Buildings	159,387,193	-	-	159,387,193	16,293,842	5,323,532	-	137,769,819	143,093,351
Plant and Machinery									
Coal Gas Plant	41,634,068	-	-	41,634,068	10,023,906	2,198,279	-	29,411,883	31,610,162
Kiln	46,554,968	-	-	46,554,968	9,544,782	2,458,102	-	34,552,084	37,010,186
Drayer	20,274,770	-	-	20,274,770	3,876,418	1,070,508	-	15,327,844	16,398,352
Press	23,293,228	-	-	23,293,228	7,073,528	1,229,882	-	14,989,819	16,219,701
Other Imported Machineries	198,004,908	6,483,690	-	204,488,598	46,654,758	14,215,470	-	143,618,370	151,350,150
Indigenous Machineries	181,725,593	881,902	-	182,607,495	31,954,279	13,218,591	-	137,434,625	149,771,314
Electric Installation	11,670,998	-	-	11,670,998	2,693,037	865,988	-	8,111,973	8,977,961
Electric Fittings	6,294,542	-	-	6,294,542	1,764,125	467,055	-	4,063,362	4,530,417
Laboratory Instruments	738,409	-	-	738,409	155,129	35,074	-	548,206	583,280
Other Equipments	952,910	-	-	952,910	85,235	70,706	-	796,969	867,675
Computer	1,442,832	-	30,685	1,412,147	554,659	232,366	10,595	635,717	888,173
Mobile Instruments	358,095	-	-	358,095	61,969	17,010	-	279,116	296,126
Furniture and Fixtures									
Office Furniture	1,371,839	18,040	79,009	1,310,870	135,264	86,906	8,389	1,097,089	1,236,575
Office Appliances	898,731	30,500	15,300	913,931	112,560	43,698	910	758,583	786,171
Vehicles									
Moror Car	6,239,655	-	753,112	5,486,543	1,103,107	581,006	335,383	4,137,813	5,136,548
Staff Bus	476,800	-	-	476,800	260,607	45,296	-	170,897	216,193
Wind Mill Plant & Machinery	233,524,233	-	107,560,484	125,963,749	30,163,666	12,174,486	18,048,946	101,674,543	203,360,567
Wind Mill Leasehold Land	2,784,600	-	-	2,784,600	340,430	139,230	-	2,304,940	2,444,170
	939,019,292	7,414,132	108,438,590	837,994,834	162,851,299	54,473,185	18,404,223	639,074,565	776,167,993
Capital Work In Progress									
Indigenous Machineries	-	108,722	-	108,722	-	-	-	108,722	-
	-	108,722	-	108,722	-	-	-	108,722	-
GRAND TOTAL	939,019,292	7,522,854	108,438,590	838,103,556	162,851,299	54,473,185	18,404,223	639,183,287	776,167,993
PREVIOUS YEAR TOTAL	905,240,948	56,252,310	22,473,966	939,019,292	111,229,680	52,185,502	563,883	776,167,993	794,011,268



## Schedules Forming Part Of Balance Sheet As At 31st March, 2011

PARTICULARS	As at 31-March-11 ₹	As at 31-March-10 ₹
<b><u>SCHEDULE- F : INVESTMENTS</u></b>		
<b>Unutilized Fund of Equity Convertible Warrants &amp; Preferential Issue of Equity Shares</b>		
Inter Corporate Deposits	308,700,000	57,000,000
<b>Interest Accrued and Due</b>	25,027,329	2,910,905
<b>TOTAL F</b>	<b>333,727,329</b>	<b>59,910,905</b>
<b><u>SCHEDULE- G : CURRENT ASSETS, LOANS AND ADVANCES</u></b>		
<b>(a) INVENTORIES :</b>		
<i>(As taken ,valued and certified by the management)</i>		
Raw Materials	16,510,456	26,083,277
Stores & Spares, Polishing Materials & Packing Materials	69,096,804	67,269,353
Semi Finished Goods	105,664,754	107,727,906
Finished Goods	65,460,179	94,313,348
Fuel Items	13,360,189	379,650
Merchanting Goods	7,957,166	15,382,349
<b>Total (a)</b>	<b>278,049,548</b>	<b>311,155,883</b>
<b>(b) SUNDRY DEBTORS :</b>		
<i>(Unsecured and considered good as certified by the management)</i>		
Others	187,982,045	186,712,325
Over six months	205,752,587	118,201,454
<b>Total (b)</b>	<b>393,734,632</b>	<b>304,913,779</b>
<b>(c) CASH AND BANK BALANCES :</b>		
<b>Cash on hand &amp; Equivalants</b>		
Cash on hand	5,737,903	2,826,717
Cheque on hand	67,404,162	103,911
<b>Balances with Scheduled Banks</b>		
In Current Accounts	4,355,395	268,326
In Fixed deposit	12,634,825	7,342,659
<b>Total (c)</b>	<b>90,132,284</b>	<b>10,541,613</b>
<b>(d) LOANS AND ADVANCES :</b>		
<i>(Unsecured and considered good as certified by the management)</i>		
Advances recoverable in cash or kind or for value to be recovered	97,960,905	71,207,355
Deposits with government	7,255,521	9,541,791
Advance payment against taxes	11,640,153	30,296,144
<b>Total (d)</b>	<b>116,856,579</b>	<b>111,045,290</b>
<b>TOTAL G (a+b+c+d)</b>	<b>878,773,043</b>	<b>737,656,565</b>

## Schedules Forming Part Of Balance Sheet As At 31st March, 2011

PARTICULARS	As at 31-March-11 ₹	As at 31-March-10 ₹
<b><u>SCHEDULE- H : CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b>(a) Current Liabilities :</b>		
Sundry Creditors		
- Others	147,507,616	118,683,575
- Micro, Small & Medium Enterprises (Refer note 21 )	931,649	1,563,931
Dealers Deposits	5,781,729	10,938,215
Advances from Customers	4,000,732	3,969,993
Duties & Taxes Payable	17,251,443	7,967,796
Interest accrued but not due on Secured Loans	5,448,825	5,802,810
<b>Total (a)</b>	<b>180,921,994</b>	<b>148,926,320</b>
<b>(b) Provisions :</b>		
For Unpaid expenses	10,847,275	11,391,564
For Excise duty	4,127,674	4,673,496
For Income Tax	3,077,968	18,538,183
<b>Total (b)</b>	<b>18,052,917</b>	<b>34,603,244</b>
<b>TOTAL H (a+b)</b>	<b>198,974,911</b>	<b>183,529,564</b>
<b><u>SCHEDULE - I : MISCELLANEOUS EXPENDITURE</u></b>		
<i>(To the extent not adjusted or written off)</i>		
<b>(a) Preliminary Expenses</b>	-	360,000
Less : - Written off against profit and loss account	-	360,000
<b>Total (a)</b>	<b>-</b>	<b>-</b>
<b>(b) Share Issue Expenses</b>	7,072,704	10,276,214
Less : - Written off During the Year	3,203,510	3,203,510
<b>Total (b)</b>	<b>3,869,194</b>	<b>7,072,704</b>
<b>(c) Deferred Revenue Expenditure</b>	10,247,300	8,795,477
Add : - Incurred During the Year	-	4,563,365
Less : - Written off During the Year	3,111,542	3,111,542
<b>Total (c)</b>	<b>7,135,758</b>	<b>10,247,300</b>
<b>TOTAL I (a+b+c)</b>	<b>11,004,952</b>	<b>17,320,004</b>



## Schedules Forming Part of Profit And Loss Account For The Year Ended 31st March, 2011

PARTICULARS	For the Year 31-March-11 ₹	For the Year 31-March-10 ₹
<b><u>SCHEDULE - J : SALES AND OTHER INCOME FROM OPERATIONS</u></b>		
Sale of Manufactured Goods	684,600,341	766,185,483
Sale of Merchanting & Other Goods	731,456,624	72,990,190
Work Contract Income [TDS ₹ 9,62,000 (₹ 6,21,111)]	48,100,000	30,151,000
Wind Power Generation Income	33,666,055	54,968,769
Commission Income [TDS ₹ 10,87,007 (Nil)]	9,855,000	-
<b>TOTAL J</b>	<b>1,507,678,020</b>	<b>924,295,442</b>
<b><u>SCHEDULE - K : OTHER INCOME</u></b>		
Interest on Investments [TDS ₹ 19,49,655 (₹ 1,00,600)]	24,104,189	3,390,986
Interest on Deposits [TDS ₹ 1,06,875 (₹ 1,89,673)]	1,069,089	1,076,038
Rate Difference, Discount & Credit Balances written back	4,099,304	32,454,378
Other Miscellaneous Income	4,361,457	5,725,363
<b>TOTAL K</b>	<b>33,634,039</b>	<b>42,646,765</b>
<b><u>SCHEDULE - L : INCREASE / (DECREASE) IN STOCKS</u></b>		
(a) <b>Stock-In-Trade (at close)</b>		
Finished Goods	65,460,179	94,313,348
Stock-in-process	105,664,754	107,727,906
<b>Total (a)</b>	<b>171,124,933</b>	<b>202,041,254</b>
(b) <b>Stock-In-Trade (at commencement)</b>		
Finished Goods	94,313,348	77,297,276
Excise Duty	(4,673,496)	(1,076,588)
Stock-in-process	107,727,906	129,779,164
<b>Total (b)</b>	<b>197,367,758</b>	<b>205,999,852</b>
<b>TOTAL L (a-b)</b>	<b>(26,242,825)</b>	<b>(3,958,598)</b>
<b><u>SCHEDULE - M : MATERIAL COSTS</u></b>		
(a) <b>Raw Material :-</b>		
Opening Stock	26,083,277	41,897,662
Less: Transfer to Consumables	-	-
Add: Purchases (net)	190,970,177	217,038,941
Less: Closing Stock	16,510,456	26,083,277
<b>Raw Material Consumed</b>	<b>200,543,000</b>	<b>232,853,326</b>
(b) <b>Merchanting Goods :-</b>		
Opening Stock	15,382,349	27,571,996
Add: Purchases	717,687,134	48,203,675
Less: Closing Stock	7,957,166	15,382,349
<b>Cost of Goods Sold</b>	<b>725,112,317</b>	<b>60,393,323</b>
<b>TOTAL M (a+b)</b>	<b>925,655,317</b>	<b>293,246,649</b>

## Schedules Forming Part Of Profit And Loss Account For The Year Ended 31st March, 2011

PARTICULARS	For the Year 31-March-11 ₹	For the Year 31-March-10 ₹
<b><u>SCHEDULE - N : MANUFACTURING &amp; OPERATING COSTS</u></b>		
Consumption of Stores & Spares	32,969,766	45,133,916
Consumption of Packing Materials	22,068,399	22,142,810
Consumption of Electric, Power and Fuel	263,322,527	276,485,024
Machinery Repairs & Maintenance	3,227,272	7,672,946
Building Repairs & Maintenance	567,470	697,630
Freight & Unloading Expenses	6,431,607	37,158,594
Work Contract Expenses	9,518,158	6,206,153
Rent - Factory	-	244,000
Other Manufacturing & Operating Expenses	8,008,475	20,305,650
<b>TOTAL N</b>	<b>346,113,674</b>	<b>416,046,723</b>
<b><u>SCHEDULE - O : EMPLOYMENT COSTS</u></b>		
Salary, Wages and Bonus	27,985,784	49,752,132
Contribution to Provident Fund & Gratuity Fund Provision	363,254	958,573
<b>TOTAL O</b>	<b>28,349,038</b>	<b>50,710,705</b>
<b><u>SCHEDULE - P : SALES &amp; DISTRIBUTION EXPENSES</u></b>		
Advertisement & Sales Promotion Expenses	3,985,991	6,549,479
Discount and Commission	5,628,295	5,706,936
Transportation & Loading Expenses	1,172,346	4,996,098
Bad Debts Written off	-	972,503
Taxes	2,520,981	655,774
<b>TOTAL P</b>	<b>13,307,613</b>	<b>18,880,790</b>
<b><u>SCHEDULE - Q : GENERAL &amp; ADMINISTRATION EXPENSES</u></b>		
Rent	2,685,481	8,136,491
Rates & Taxes	99,971	62,851
Conveyance, Tour and Travelling Expenses	1,254,873	4,478,301
Legal and Professional Expenses	1,160,880	3,877,647
Insurance	892,097	1,248,420
Loss on Sale of Fixed Assets	2,159,460	297,361
General Administration Expenses	5,110,117	7,568,467
Other Miscellaneous Expenses	48,416	110,248
<b>TOTAL Q</b>	<b>13,411,295</b>	<b>25,779,786</b>
<b><u>SCHEDULE - R : INTEREST &amp; FINANCE CHARGES</u></b>		
Interest on Loans	56,723,270	65,364,138
Other Interest	1,323,980	9,322,824
Other Financial Charges	2,555,898	2,587,727
<b>TOTAL R</b>	<b>60,603,148</b>	<b>77,274,689</b>



## **SCHEDULE - S : SIGNIFICANT ACCOUNTING POLICIES**

### **(i) Basis of preparation**

The financial statements have been prepared to comply with all material aspects of the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

### **(ii) Use of Estimates:**

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates. Differences between the actual results and estimates are recognised in the year in which the results are known / materialised.

### **(iii) Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Sales of Goods:

Sales are recognised when significant risks and rewards of ownership of goods have been passed to the buyer.

Work Contracts Income:

Work contracts income is recognised on completed contract method when the complete services are rendered.

Power Generation Income:

Power generation income is recognised on the basis of electrical units generated and eligible for captive consumption or captive consumed or sold as shown in the power generation reports issued by the concerned authorities. Power generation income is booked as the per unit electricity rate, being paid by the company / actually sold by the company.

Interest:

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Commission Income:

Revenue is recognised as and when complete services are rendered.



Other Income:

Sales Schemes and Other Market incentives are recognized in the profit and loss account of the period during which it accrues. Unspent liabilities & credit balances are recognized in the profit and loss account of the period in which it is identified as not payable

**(iv) Inventories:**

Inventories of Raw Materials, Packing Materials, Goods-in-Process, Finished Goods, and Merchanting Goods are stated at cost or net realisable value, whichever is lower. Stores and Spare Parts are stated 'at or below cost'. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The excise duty in respect of closing inventory of finished goods is included as part of finished goods. Cost formula used is 'Average cost'. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company.

**(v) Fixed Assets :**

Gross fixed assets are stated at cost of acquisition including incidental expenses relating to acquisition and installation. Fixed Assets are stated at cost net of modvat / cenvat / other credits and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All pre-operative costs, including specific financing cost till commencement of commercial production, net charges on foreign exchange contracts and adjustment arising from foreign exchange rate variations attributable to the fixed assets are capitalised. Long-term leasehold assets are capitalized under fixed assets.

**(vi) Depreciation / Amortization**

Depreciation is provided on Straight Line Method at the rates and in the manners prescribed in Schedules XIV to the Companies Act, 1956, on the basis of shifts / manners of utilization of the assets. Depreciation on additions/ disposals during the year has been provided on pro-rata basis with reference to the nos. of days utilized.

Long-term leasehold assets capitalized under fixed assets are amortized over the period of lease on straight-line method.

**(vii) Borrowing Cost.**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**(viii) Foreign Currency Transactions:**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.

Foreign currency current assets and current liabilities outstanding at the balance sheet date are translated at the exchange rate prevailing on that date and the net gain or loss is recognized in the profit and loss account.



Foreign currency translation differences relating to liabilities incurred for purchasing of fixed assets from foreign countries are adjusted in the carrying cost of fixed asset for differences up to the year-end in the year of acquisition, whereas differences arising thereafter to be recognized in the profit and loss account. All other foreign currency gain or losses are recognized in the profit and loss account.

**(ix) Investments**

Pending the utilization of equity convertible warrants issued on preferential basis application money received and preferential issue of equity shares, fund raised for the purpose has been shown under this group, in compliance with Schedule VI of the Companies Act, 1956. Interest accrued and due over such investments has been shown separately under this group.

**(x) Taxation**

Tax expenses comprise current tax and deferred tax charge or credit. Current tax is determined in accordance with the provisions of the Income-Tax Act, 1961.

Deferred tax assets and liability is recognized, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising mainly on account of brought forward losses, unabsorbed depreciation and minimum alternate tax under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassure realisation. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

**(xi) Operating Lease :**

Operating leases: Assets acquired as leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals being income or expense are booked to the profit and loss account as incurred.

Initial direct cost in respect of the lease acquired are expensed out in the year in which such costs are incurred.

**(xii) Retirement Benefits and other employee benefits :**

Defined contribution to provident fund is charged to the profit and loss account on accrual basis.

Provision for gratuity liability is provided based on actuarial valuation made at the end of the financial year.

Leave encashment expenditure is charged to profit and loss account at the time of leave encashed and paid. Bonus expenditure is charged to profit and loss account on accrual basis.

**(xiii) Provisions, contingent liabilities and contingent assets :**

A provision is recognised when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are



determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed by way of notes to the accounts.

Contingent assets are not recognized.

**(xiv) Preliminary & Pre-operative Expenditure :**

Preliminary Expenditure has been amortised over a period of five years.

Pre-operative Expenditure incurred for expansion project including specific financing cost till commencement of commercial production, attributable to the fixed assets are capitalised.

**(xv) Deferred Revenue Expenditure :**

Deferred Revenue Expenditure includes those advertisement expenditure, market survey expenditure and sales promotion expenditure, which in the opinion of the management of the company has beneficial utility for longer period. Such expenditure is amortized over period of five years on straight line basis.

**(xvi) Share Issue Expenses:**

Portion of share issue expenses being in nature of deferred revenue expenses incurred for raising the money through initial public offer for the expansion projects are amortized to profit and loss account over period of five years from the commencement of the relevant project. Additional share / warrant issue expenses incurred at the time of initial public offer has been written off against the share premium received for such shares / warrants.

As per our attached report of even date  
**For SVK & ASSOCIATES**  
Chartered Accountants

For and on behalf of the Board  
**For DECOLIGHT CERAMICS LTD.**

**Shilpang V. Karia**  
Partner  
Membership No.: 102114  
Firm No.: 118564W

**Girishbhai M. Pethapara**  
Managing Director

**Kantibhai M. Pethapara**  
Joint Managing Director

Place : Morbi  
Date : 28th May, 2011

**Ramachandran Pillai**  
Company Secretary

Place : Morbi  
Date : 28th May, 2011

## SCHEDULE T : NOTES ON ACCOUNTS

### **Nature of Operations :-**

Decolight Ceramics Ltd. (the company) having its manufacturing facilities at Morbi, is engaged in Manufacturing of vitrified tiles & alluminium composite panels. However during the year, the company has not carried out manufacturing activity for alluminium composite panels. The company has also carried out other business operations like Trading of ceramic tiles, building materials ceramic raw materials, Work contracts for ceramic and alluminium section works, Wind Power Generation and Commission for capital goods.

1. Previous year's figure have been reworked, regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

### **2. Preferential Issue of Equity Shares :-**

During the year 30,000,000 Equity Shares allotted on preferential basis at ₹ 10.20 (including premium of ₹ 0.20) per equity share of the nominal value of ₹ 10 each. Application cum allotment money received of ₹ 10.20 (including premium of ₹ 0.20) per equity share.

### **3. Equity Convertible Warrants :-**

28,237,500 Equity Convertible Warrants allotted on preferential basis being convertible within 18 months from the date of allotment of warrant i.e. any time on or before June 7, 2011, exercisable at the option of the warrant holders into one equity share per warrant at ₹ 10.25 (including premium of ₹ 0.25) per equity share of the nominal value of ₹ 10 each. Application cum allotment money received of ₹ 2.75 (including premium of Re.0.25) per equity convertible warrant.

### **4. Loan Funds :-**

#### **Term Loan & Corporate Loan From Banks**

Amt O/s

₹ 131,908,135/- Secured by Equitable Mortgage of factory land & building, hypothecation of plant & machineries, hypothecation of stock & book-debts, Equitable Mortgage & Hypothecation of collaterals from associate concern & relatives of directors and guarantee of directors, their relatives and associates.

#### **Working Capital Loan From Banks**

Amt O/s

₹ 289,977,367/- Secured by Equitable Mortgage of factory land & building, hypothecation of plant & machineries, hypothecation of stock & book-debts, Equitable Mortgage & Hypothecation of collaterals from associate concern & relatives of directors and guarantee of directors, their relatives and associates.

#### **Term Loan From Financial Institutions**

Amt O/s

₹ 39,168,530/- Secured by Hypothecation of windmill plant & machineries and Equitable Mortgage of its leasehold land rights being financed, Equitable Mortgage of collaterals from directors and guarantee of directors.

#### **Vehicle Loan From Banks**

Amt O/s

₹ 432,628/- Secured against hypothecation of vehicles.

5	Managerial Remuneration to Directors	<b>2010-2011</b>		<b>2009-2010</b>			
	a) Salaries, Perquisites & Allowances	–		–			
	b) Sitting Fees	160,000		195,000			
		<u>160,000</u>		<u>195,000</u>			
		<b>2010-2011*</b>		<b>2009-2010*</b>			
6	Payment to Auditor						
	a) Statutory Audit Fees	175,000		175,000			
	b) Tax Audit Fees	50,000		50,000			
		<u>225,000</u>		<u>225,000</u>			
	* excluding service tax						
7	C.I.F. Value of Import-	<b>2010-2011</b>		<b>2009-2010</b>			
	a) Raw material	431,503		-			
	b) Stores and spares	17,608,456		30,866,077			
	c) Capital goods	11,798,993		-			
	d) Merchanting Goods	-		18,003,750			
		<u>29,838,951</u>		<u>48,869,827</u>			
8	The consumption of	<b>2010-2011</b>		<b>2009-2010</b>			
		₹	%	₹	%		
	a) Raw material						
	i) Imported	531,548	0.27%	1,098	0.00%		
	ii) Indigenous	200,011,452	99.73%	232,852,228	100.00%		
		<u>200,543,000</u>	<u>100.00%</u>	<u>232,853,326</u>	<u>100.00%</u>		
	b) Store, spares, polishing and packing materials						
	i) Imported	19,754,940	35.89%	33,359,517	49.59%		
	ii) Indigenous	35,283,225	64.11%	33,917,209	50.41%		
		<u>55,038,165</u>	<u>100.00%</u>	<u>67,276,726</u>	<u>100.00%</u>		
9	Expenditure & Earnings in Foreign Exchange	<b>2010-2011</b>		<b>2009-2010</b>			
	a) Machinery Maintenance	-		652,947			
	b) Earnings for sale of goods	1,080,986		409,446			
10	Raw Material Consumption Pattern	<b>2010-2011</b>		<b>2009-2010</b>			
		Qty. in M.T.	₹	%	Qty. in M.T.	₹	%
	<b>Vitrified Tiles Unit</b>						
	a) Feldspar Powder	33,481	69,392,881	34.79%	43,462	80,521,144	36.64%
	b) Ball Clay	8,931	22,067,996	11.06%	6,252	13,959,269	6.35%
	c) China Clay	20,321	26,542,338	13.31%	26,507	28,080,124	12.78%
	d) Other Material	12,934	81,487,472	40.85%	15,459	97,202,927	44.23%
		<u>75,668</u>	<u>199,490,687</u>	<u>100.00%</u>	<u>91,680</u>	<u>219,763,465</u>	<u>100.00%</u>



2010-2011				2009-2010					
		Qty. in M.T.	₹	%			Qty. in M.T.	₹	%
<u>Alluminium Composite Panel Unit</u>									
a)	Alluminium Coils	4.76	1,052,311	100.00%		48.97	9,479,760	72.42%	
b)	Plastic Granuals	-	-	0.00%		67.08	3,023,734	23.10%	
c)	Adhesive Films	-	-	0.00%		2.78	586,366	4.48%	
		4.76	1,052,311	100.00%		118.83	13,089,861	100.00%	

11 Exceptional Items

During the year ended March 31, 2010, the company has to pay to customers amount of ₹ 45.12 lacs on account of damaged goods claim lodged by the parties. This being expenditure of exceptionally high looking to the volume of business, the company has identified ₹ 38.44 lacs as exceptional item of the expenditure being over and above normal expenditure considered and identified at ₹ 6.68 lacs.

12 Details of utilization of funds received from issue of equity shares on preferential basis are as follows :

During the year ended March 31, 2011, the company has issued & allotted 30,000,000 equity shares of ₹ 10 each at price of ₹ 10.20/- per equity share, totaling to ₹ 3,060 lacs. (₹ In Lacs)

Sr. No.	Particulars	Utilization as at 31.3.2011
(i)	Utilized for the objects of the issue	213.00
(ii)	Unutilized Fund *	2847.00
	TOTAL	3060.00

\* Pending the utilization of fund, unutilized fund has been lying in Interest Bearing Inter Corporate Deposits

13 Details of utilization of funds received from issue of equity convertible warrants are as follows :

During the year ended March 31, 2010, the company has issued 28,237,500 equity convertible warrants at ₹ 2.75 each (including premium of ₹ 0.25 per warrant) out of exercise price of ₹ 10.25 per equity share, totaling to ₹ 776.53 lacs. (₹ In Lacs)

Sr. No.	Particulars	Utilization as at 31.3.2011
(i)	Utilized for the objects of the issue	536.53
(ii)	Unutilized Fund *	240.00
	TOTAL	776.53

\* Pending the utilization of fund, unutilized fund has been lying in Interest Bearing Inter Corporate Deposits

14 Deferred Tax Liability Comprise of the following

	2010-2011	2009-2010
a) <u>Deferred tax liabilities</u>		
Related to Fixed Assets	88,151,263	114,459,276
Related to Deferred Revenue Expenditure	2,204,949	2,038,352
	<u>90,356,212</u>	<u>116,497,628</u>

b) <u>Deferred tax assets</u>		<b>2010-2011</b>	<b>2009-2010</b>
Related to Unabsorbed Depreciation		14,098,502	41,863,291
Related to Provision for Gratuity		222,205	705,476
Related to Minimum Alternate Tax Credit		18,535,279	16,708,967
		<u>32,855,986</u>	<u>59,277,734</u>
Deferred Tax Liability {Net} (a-b)		<u>57,500,226</u>	<u>57,219,894</u>
15	Earning Per Share	<b>2010-2011</b>	<b>2009-2010</b>
Net Profit after tax and after exceptional items (₹)		7,841,742	(13,564,004)
Net Profit available to equity share holders (₹)		7,841,742	(13,564,004)
Add: Exceptional items and tax thereon (₹)		-	3,843,992
Net Profit after tax and before exceptional items (₹)		7,841,742	(9,720,012)
Weighted Nos.of Equity Shares used as denominated for calculating the Basic EPS		31,157,362	18,335,444
Weighted average nos. of potential equity that could arise on conversion of equity warrants.		31,157,362	2204846
Dilutive Shares for the year		-	38051
Weighted Nos.of Equity Shares used as denominator for calculating the Diluted EPS		31,157,362	18,373,495
Basic EPS Before Exceptional Items (₹) *		0.25	(0.53)
Diluted EPS Before Exceptional Items (₹) *		0.25	(0.53)
Basic EPS After Exceptional Items (₹) *		0.25	(0.74)
Diluted EPS After Exceptional Items (₹) *		0.25	(0.74)
* Annualized			
16	Information pursuant to the provision of Part II of Schedule VI of The Companies Act, 1956.	<b>2010-2011</b>	<b>2009-2010</b>
a)	Capacity & Production		
	<u>Product : Vitrified Tiles</u>		
	Licensed Capacity - Not Applicable		
	Installed Capacity (on continuous process basis)-In MT	64000	64000
	Actual Production - In MT	56684	61981
	<u>Product : Alluminium Composite Panel</u>		
	Licensed Capacity - Not Applicable		
	Installed Capacity (on per shift basis)-In Sq Mtrs.	700000	700000
	Actual Production - In Sq. Mtrs.	-	40703
b)	Turnover and Closing Stock of Manufactured Goods		
		<b>2010-2011</b>	<b>2009-2010</b>
		<b>Qty.</b>	<b>Qty.</b>
	<b><u>Vitrified Tiles Unit</u></b>	<b>in M.T.</b>	<b>in M.T.</b>
	Turnover	59,022.32	59,537.09
	Closing Stock	5,116.19	7,694.07
	Alluminium Composite Panel Unit	in Sq. Mtr	in Sq. Mtr
	Turnover	1,688.93	42,988.73
	Closing Stock	2,229.12	3,949.30
		₹	₹
		684,063,101	743,401,256
		64,506,051	92,728,089
		₹	₹
		537,240	22,784,227
		954,127	1,585,259

c) Consumption of Raw Material

	<u>2010-2011</u>		<u>2009-2010</u>	
	Qty. in M.T.	₹	Qty. in M.T.	₹
Vitrified Tiles Unit	75,668.44	199,490,687	91,680.30	219,763,465
Aluminium Composite Panel Unit	4.76	1,052,311	118.83	13,089,861

d) Opening Stock, Purchase, Sales & Closing Stock of Merchenting Goods (Tiles, Other Building Materials, Raw Materials & Commodity Items)

	<u>2010-2011</u>		<u>2009-2010</u>	
	Qty.	₹	Qty.	₹
	in Box/Sheets/MT		in Box/Sheets/MT	
Opening	79,926	15,382,349	132,502	27,571,995
Purchase	299,216	717,687,134	247,822	48,203,675
Sales	340,736	731,456,624	294,650	72,990,190
Transfer / other consumption	10,278	2,168,104	5,749	229,504
Closing Stock	28,127	7,957,166	79,926	15,382,349

17 Disclosure under Accounting Standard - 15 (Revised) on 'Post Employment Benefits' Gratuity Benefits.

The Company has defined benefit gratuity plan. Every employee who has completed five years or more of services gets a gratuity on departure at 15 days salary (Last drawn salary) for each completed year of service.

The following table summarizes the component of net benefit expenses recognized in Profit & Loss Account.

(i) Changes in the present value of the defined benefit gratuity plan are as follows:

Particulars	2010-2011	2009-2010
Opening defined benefit obligation	1,377,234	757,182
Interest Cost	86,077	41,645
Current Service Cost	296,877	224,270
Benefit Paid	-	-
Actuarial (Gain) / Losses on obligation	(1,041,077)	354,137
Closed Defined benefit obligation	719,111	1,377,234

(ii) Change in Fair Value of Asset

Particulars	2010-2011	2009-2010
Fair Value of Asset at beginning	-	-
Expected Return	-	-
Employer's Contribution	-	-
Actuarial Gain/ (Loss)	-	-
Fair Value of plan asset at end	-	-

### (III) Details of defined benefit gratuity plan

Particulars	2010-2011	2009-2010
Defined benefit obligation (A)	719,111	1,377,234
Fair Value of plan asset (B)	-	-
Present value of Unfunded obligation (C=A-B)	719,111	1,377,234
Less: Unrecognized past service Cost (D)	-	-
Plan Asset/(Liability) (E=C-D)	719,111	1,377,234

### (IV) Net Employee Benefit expenses in Profit & Loss Account

Particulars	2010-2011	2009-2010
Current Service Cost	296,877	224,270
Interest Cost on benefit obligation	86,077	41,645
Expected return on plan assets	-	-
Net Actuarial (Gain)/Loss recognized in the year	(1,041,077)	354,137
Past Service Cost	-	-
Net Benefit Expense (Income)	(658,123)	620,052

### (V) Amounts for the current and previous periods are as follows:

Particulars	2010-2011	2009-2010
Defined Benefit obligation	719,111	1,377,234
Plan Assets	-	-
Surplus / (Deficit)	719,111	1,377,234
Experience adjustments on Plan Liabilities	(1,029,536)	556,774
Experience adjustments on Plan Assets	-	-

### (VI) The principal assumption used in determining the defined benefit gratuity plan obligations are shown below.

Particulars	2010-2011	2009-2010
Retirement Age to be Assumed at	58	58
Rate of Discounting	7.50%	6.25%
Future Salary rise	5.00%	5.00%
Attrition Rate	50.00%	50.00%
Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Gratuity Limit	1,000,000	350,000

The estimated future salary increases, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

#### 18 Segment Information:-

The company has identified two reportable segment viz. "Manufacturing, Trading and Work Contract of tiles and other building materials" & "Wind Power Generation". The other items include commission income which is not related to two reportable segments.

Segment have been identified and reported taking into account nature of product and services and deferring risk and rewards from them. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies:

- Revenue and expenses have been identified to a segment on the basis of relationship to the corresponding segment. Revenue and expenses, which relate to enterprise as a whole and are not allocable to a segment on reasonable basis, have been deducted from total column.
- Segment assets and segment liabilities represents assets and liabilities in respective segments. Assets and liabilities that cannot be allocated to as segment on a reasonable basis have been disclosed as 'Unallocable'.

(l) Primary Segment Information:

**Amount ₹ In Lacs**

Figures in brackets shows previous year figures

Particulars	Tiles and other building material	Wind power generation	Others	Total
<b>Segment Revenue</b>	14,127.92	336.66	98.55	14,563.13
External Income	(8,581.36)	(549.69)	(Nil)	(9,131.05)
<b>Total Income</b>	14,127.92	336.66	98.55	14,563.13
	(8,581.36)	(549.69)	(Nil)	(9,131.05)
<b>Segment Result Before Interest and Taxes</b>	200.35	156.67	98.55	455.57
	(82.57)	(404.76)	-	(487.33)
Less: Interest & Finance Charges	551.30	54.74	-	606.03
	(714.20)	(58.55)	-	(772.75)
Add: Interest Income				251.73
				(44.67)
Profit Before Tax & Before Exceptional Items				101.27
				(-240.75)
Exceptional Items				-
				(38.44)
Profit Before Tax & After Exceptional Items				101.27
				(-279.19)
Less: Tax Expenditure				22.85
				(-143.55)
Profit After Tax				78.42
				(-135.64)
<b>Other Information</b>				
Segment Assets	14,198.17	1,052.75		15,250.92
	(13,153.34)	(2,087.38)		(15,240.72)
Unallocated Assets				3375.97
				(669.84)
Segment Liabilities	1375.15	434.07		1809.22
	(1,071.78)	(417.48)		(1,489.26)
Unallocated Liabilities				5,481.07
				(6,177.22)
Capital Expenditure	75.23			75.23
	(349.60)			(349.60)
Depreciation	421.59	123.14		544.73
	(397.16)	(124.69)		(521.86)
Non cash expenses other than Depreciation				32.04
				(35.64)



The reportable segment is further described below:

- (i) Manufacturing of vitrified tiles & alluminium composite panels Trading of other ceramic tiles and commodities items, Work contracts for ceramic and alluminium section works
- (ii) Power generation for captive consumption through installation of windmill.
- (iii) The other items include commission income which is not related to two reportable segments.
- (II) Secondary Segment Information:

The major and material activities of the company are restricted to only one geographical segment i.e. India, hence the secondary segment disclosure are not applicable.

#### 19 Related Party Disclosures:

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosure of the transactions with the related parties as defined in the Accounting Standard are given :

List of Related Parties along with relationship and Transactions :-

##### Associates

Decogold Glazed Tiles Ltd.  
Decogold Electronics Ltd.  
Sweta Ceramics  
Aristo Ceramics

##### Relatives Of Key Management Personnel

Mayur K. Pethapara  
Hemal G. Pethapara  
Hiralben Girishbhai  
Poonamben Mansukhbhai  
Ramaben M. Pethapara  
Sadhnaben B. Kadivar  
Vasantaben R. Patel  
Lataben K. Pethapara

##### Key Management Personnel

Girishbhai M. Pethapara  
Jayantilal M . Pethapara  
Kantilal M. Pethapara

Amount ₹ In Lacs

Figures in brackets shows previous year figures

Particulars	Associates	Key Management
<b>Transactions</b>		
Purchase of Goods	37.73 (270.68)	
Rent Paid	Nil (2.44)	0.14 (0.14)
Loans / Deposits Taken		433.04 (44.65)
Loans / Deposits Repaid		352.37 (44.65)
Advances Given for Capital Items/Consumables	Nil (5.36)	

Particulars	Associates	Key Management
Receipts towards Advances Repayment	Nil (5.36)	
Advances Given to suppliers	19.34 (102.83)	
Sales incentives & Special Discount Received	Nil (49.01)	
<b>Outstanding Balances</b>		
Advances to suppliers	19.34 (102.83)	
Loans / Deposits		80.67 (Nil)
Sundry Creditors for Expenses	0.27 (0.27)	0.17 (0.03)

20 The company has taken certain premises, factory building, godown & land under cancelable operating leases. The total rental expenses under cancelable operating lease during the year was ₹ 26.85 lacs (₹ 83.80 lacs).

21 Based on the information / documents / parties identified by the company and to the extent information available / gathered, information as required to be disclosed as per Micro, Small and Medium Enterprise Development Act, 2006 have been determined as follows:

	₹ In Lacs	
	<u>2010-2011</u>	<u>2009-2010</u>
Principal amount remaining unpaid to any supplier at the end of the year.	7.41	11.29
Interest due on above	1.91	4.35
Amount of interest paid by the company to the suppliers	-	-
Amount paid to the suppliers beyond respective due dates *		
Amount of interest due and payable for the period of delay in payments		
but without adding the interest specified under the Act. *		
Amount of interest accrued and remaining unpaid at the end of the year.	1.91	4.35
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	1.91	4.35

\* Whatever information the company could identify as above were possible at the year end only, and in view of the same & according to the company, it could not identify payments beyond due date during the year and to make interest provisions to that extent, as per the agreed terms with the suppliers. However the company has made due interest provisions over the requisite year end balances.



## 22 Contingent Liabilities\*

₹ In Lacs

	2010-2011	2009-2010
Counter guarantee given to the banks against guarantee issued by banks on behalf of company.	227.19	185.27
Letter of credits issued by the bank on behalf of the company.	269.87	-
Service Tax matters under dispute and under adjudication	1.49	-
Excise matters under dispute and under adjudication. (However the company has paid ₹ 6.94 lacs under protest)	58.50	58.50
Excise search operations matter (The company has paid under protest a sum of ₹ 400 lacs as a part of bail condition of court of law at the time of search operations. The company / directors have further submitted solvency certificate for ₹ 325 Lacs to the lower court as per the order of Gujarat High Court. Presently matter pertaining to the show cause notice for duty of ₹ 490.13 Lacs and the amount shown hereinabove of ₹ 980.26 Lacs as contingent liability including alleged penalty, is pending for adjudication at Central Excise Department.)	980.26	980.26

\* Contingent liability produced here in above on the bases of information compiled by the management of the company

## 23 Dues from the other companies under the same management at year end is as below:

Deco Gold Glazed Tiles Ltd. ₹ 19.34 Lacs/- (₹ 102.83/- Lacs).

## 24 In opinion of the Board of Directors of the company Net Current Assets are approximately of the same value as stated, in the normal course of business, and adequate provision has been made for all know liabilities.

## 25 Balances of Creditors, Unsecured Loans, Debtors, Loans & Advances and Investments are subject to the confirmation of the party concerned. Wherever confirmation of the parties for the amounts due to them / amounts due from them as per books of accounts are not received, necessary adjustments, if any, will be made when the accounts are reconciled / settled.

## 26 Wherever no vouchers and documentary evidences were made available for our verification, we have relied on the authentication given by management of the company.

## 27 Figures have been rounded off to nearest rupee and have been regrouped, rearranged and reclassified wherever necessary.

Signature to Schedules 'A' to 'T'

As per our report of even date  
**For SVK & ASSOCIATES**  
Chartered Accountants

For and on behalf of the Board  
**For DECOLIGHT CERAMICS LTD.**

**Shilpang V. Karia**  
Partner  
Membership No.: 102114  
Firm No. 118564W  
Place : Morbi  
Date : 28th May, 2011

**Girishbhai M. Pethapara**  
Managing Director

**Kantibhai M. Pethapara**  
Joint Managing Director

**Ramachandran Pillai**  
Company Secretary

Place : Morbi  
Date : 28th May, 2011



# Balance Sheet Abstract

## PART IV

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I REGISTRATION DETAILS

Registration No. L26914GJ2000PLC 

0	3	7	4	9	4
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 Balance Sheet Date 

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

State Code 

0	4
---	---

#### II CAPITAL RAISED DURING THE YEAR (₹ in 000's)

Public Issue

				N	I	L
--	--	--	--	---	---	---

Bonus Issue

				N	I	L
--	--	--	--	---	---	---

Right Issue

				N	I	L
--	--	--	--	---	---	---

Private Placement

	3	0	6	0	0	0
--	---	---	---	---	---	---

#### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (₹ in 000's)

Total Liabilities

1	6	6	3	7	1	3
---	---	---	---	---	---	---

Sources of Funds :

Paid-Up Capital

	4	8	3	3	5	4
--	---	---	---	---	---	---

Deferred Tax Liability

		5	7	5	0	0
--	--	---	---	---	---	---

Unsecured Loans

		1	1	0	6	7
--	--	---	---	---	---	---

Total Assets

1	6	6	3	7	1	3
---	---	---	---	---	---	---

Reserve & Surplus

	5	7	9	7	1	1
--	---	---	---	---	---	---

Secured Loans

	4	6	1	4	8	7
--	---	---	---	---	---	---

Share Application Money

		7	0	5	9	4
--	--	---	---	---	---	---

Application of Funds: Net Fixed Assets

	6	3	9	1	8	3
--	---	---	---	---	---	---

Investments

	3	3	3	7	2	7
--	---	---	---	---	---	---

Net Current Assets

	6	7	9	7	9	8
--	---	---	---	---	---	---

Misc. Expenditure

		1	1	0	0	5
--	--	---	---	---	---	---

#### IV PERFORMANCE OF COMPANY (₹ in 000's)

Turnover/Other Income/Stock

1	4	5	5	2	4	4
---	---	---	---	---	---	---

Profit/Loss before Tax

		1	0	1	2	7
--	--	---	---	---	---	---

(Please tick Appropriate Box + for Profit - For Loss)

Earning per Share in ₹

			0	.	2	5
--	--	--	---	---	---	---

Total Expenditure

1	4	4	5	1	1	7
---	---	---	---	---	---	---

Profit/Loss after Tax

			7	8	4	2
--	--	--	---	---	---	---

Dividend rate % (Equity Shares)

				N	I	L
--	--	--	--	---	---	---

#### V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(as per monetary terms)

Item Code No. :

(ITC Code)

69071010

Product Description

VITRIFIED TILES

Item Code No. :

(ITC Code)

76109030

Product Description

ALUMINIUM COMPOSITE PANELS

**Girishbhai M. Pethapara**

Managing Director

**Ramachandran Pillai**

Company Secretary

**Kantibhai M. Pethapara**

Joint Managing Director

Place : Morbi

Date : 28<sup>th</sup> May, 2011



**DECOLIGHT CERAMICS LTD.**

**(Manufacturers of Vitrified Tiles & Aluminium Composite Panels)**

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

**TWELFTH ANNUAL GENERAL MEETING  
PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
in the district \_\_\_\_\_ of being a member(s) of the above named Company hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_  
or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our  
proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the members of the Company to be  
held on Thursday, the 29<sup>th</sup> day of September, 2011 at 12.30 p.m. at Regd. Office of the Company at B/h. Romer Ceramics,  
Old Ghuntu Road, Morbi 363 642, Dist: Rajkot, Gujarat, India and at any adjournment thereof.

Ledger Folio No. : \_\_\_\_\_

DP ID\* : \_\_\_\_\_

Client ID\* : \_\_\_\_\_

Nos. of Shares held \_\_\_\_\_

**Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011**

Affix  
1 Rupee  
Revenue  
Stamp

**Signature of Member (s)**

Note: 1. A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself/herself  
and a Proxy need not be a member of the Company.  
2. The Proxy form duly completed and signed must be deposited at the Registered Office of the Company not less  
than 48 hours before the time of holding the Annual General Meeting.



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**TWELFTH ANNUAL GENERAL MEETING  
ATTENDANCE SLIP**

**PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL**

Full Name of the  
Member attending : \_\_\_\_\_

Full Name of Proxy : \_\_\_\_\_  
(To be filled in if Proxy attends instead of the Member)

I hereby record my presence at the **TWELFTH ANNUAL GENERAL MEETING** of the Company held on Thursday, the  
29<sup>th</sup> day of September, 2011 at 12.30 p.m. at Regd. Office of the Company at B/h. Romer Ceramics, Old Ghuntu Road, Morbi  
363 642, Dist: Rajkot, Gujarat, India.

Ledger Folio No. : \_\_\_\_\_

DP ID\* : \_\_\_\_\_

Client ID\* : \_\_\_\_\_

Nos. of Shares held \_\_\_\_\_

\_\_\_\_\_  
*Proxy's Signature*

\_\_\_\_\_  
*(Member's Signature)*

\* Applicable for investors holding shares in electronic form.

**Note:** Members are requested to bring their copy of Annual Report at the meeting.





## DECOLIGHT CERAMICS LTD.

(Manufacturers of Vitrified Tiles & Aluminium Composite Panels)

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



### Dear Members / Shareholders,

As you may be aware, the Ministry of Corporate Affairs, as a part of the Green Initiative in Corporate Governance has allowed paperless compliance by Companies, which now can send various notices / documents, such as Notice of General Meetings, Annual Report, etc., to its Shareholders through electronic mode at their e-mail address registered with the Company.

Your Company welcomes the spirit of this green initiative, which will reduce paper consumption to a great extent and allow Shareholders to contribute towards a Greener Environment.

In this backdrop, we wish to intimate / request you as under:-

- (i) Shareholders holding shares in demat form are requested to register/ update their e-mail ID with their respective Depository Participant/s, if not already done so.
- (ii) Shareholders holding shares in physical mode are invited to contribute to the cause of Green Initiative by submitting the appended E-COMMUNICATION REGISTRATION FORM, duly filled-in, at the address indicated therein.
- (iii) The E-COMMUNICATION REGISTRATION FORM, can also be downloaded from the company's website [www.decocovering.com](http://www.decocovering.com)



### E-COMMUNICATION REGISTRATION FORM

(Exclusively meant for shareholders holding shares in physical form)

To,

**Bigshare Services Pvt. Ltd.**

E-2/3, Ansa Industrial Estate,

Sakivihar Road, Saki Naka,

Andheri (E), Mumbai-400 072.

**E-Mail :** [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

**FAX : +91 22 28475207.**

Regd. Folio No.	
Name of 1 <sup>st</sup> Registered Holder	
Name of Joint Holder/s	1.
	2.
E-mail ID to be registered	

I/We shareholders of **DECOLIGHT CERAMICS LIMITED**, hereby agree to receive all communication from the Company by way of an e-mail. Please register my e-mail address for your records for sending communication through e-mail.

Date:

Signature  
(First Holder)



## Notes

Notes

Book-Post

To,



## **DECOLIGHT CERAMICS LTD.**

**(Manufacturers of Vitrified Tiles & Aluminium Composite Panels)**

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

Phone +91-2822-241156, Fax +91-2822-241156

E-mail : [decolight2004@yahoo.com](mailto:decolight2004@yahoo.com) Website : [www.decocovering.com](http://www.decocovering.com)