

RESTILE CERAMICS LIMITED

**TWENTY FOURTH ANNUAL REPORT
2009 - 2010**

Restile[®]
The Original FULBODY Tiles

RESTILE CERAMICS LIMITED
TWENTY FOURTH ANNUAL REPORT

BOARD OF DIRECTORS

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

**REGISTERED OFFICE
& FACTORY LOCATION**

Malkapur Village
Hatnoora Mandal
Narsapur Taluk
Medak District
Andhra Pradesh

AUDITORS
M.S.Krishnaswami & Rajan
Chartered Accountants
Chennai

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

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

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

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

SHARE AND DEPOSITORY TRANSFER AGENTS

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

NOTICE

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

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

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

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

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

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

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

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

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

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

Remuneration:

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

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

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

The Remuneration Committee has approved the above remuneration.

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

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

By Order of the Board

Tribhuvan Simh Rathod
Managing Director

Place: Chennai
Date: May 29, 2010

NOTES:

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

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

Item No 4:

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

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

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

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

Item No 5:

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

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

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

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

Item No 6:

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

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

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

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

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

By Order of the Board

Tribuvan Simh Rathod
Managing Director

Place: Chennai

Date: May 29, 2010

DIRECTORS' REPORT

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

FINANCIAL RESULTS

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

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

OPERATIONS

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

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

FUTURE OUTLOOK

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

COST REDUCTION AND CONTROL

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

RESEARCH & DEVELOPMENT

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

PUBLIC DEPOSITS

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

DIRECTORS:

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed with no material departure there from;
- ii. In order to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the Net Loss of the Company for the year ended on that date such accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates have been made;
- iii. Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities have been taken;
- iv. The annual accounts presented to the members have been prepared on a going concern basis;

AUDITORS:

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

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

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

CORPORATE GOVERNANCE

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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

PARTICULARS OF EMPLOYEES AND INDUSTRIAL RELATIONS

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

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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

ACKNOWLEDGEMENTS

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

By Order of the Board

PLACE: Chennai
DATE: May 29,2010

Tribhuvan Simh Rathod
Managing Director

ANNEXURE TO THE DIRECTORS REPORT

A. CONSERVATION OF ENERGY:

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

FUEL: During the year, the processing cycle time was brought down leading to saving in LPG consumption. In order to further optimize the fuel consumption, Company has installed a second fuel storage system, suitable for storing both LPG and Propane.

B. NEW PRODUCT DEVELOPMENT

NEW PRODUCTS: Company's R&D department continuously and successfully developed new products and the following new products were developed during the year.

1. Double Charged Tiles
2. 900x900 Tiles from Line-III
3. New Designs

C. NEW RAW MATERIALS

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

D. TECHNOLOGY UPGRADATION

Company had commissioned Line-III project having state of the art production line leading to cost reduction and production of high quality and high value product which gives higher sales realization. Company would like to introduce new product range. R&D facilities and quality control equipments are being upgraded.

	2009-10	2008-09
ELECTRICITY		
a) Purchase Units (KWH)	4192102	4441978
Total Amount (Rs.)	16824291	19330903
Average Rate per unit (Rs./Kwh)	4.01	4.35
b) Own Generation		
1) Through Diesel Generator Units (Kwh)	198954	305623
Units per Liter of Diesel Oil (Kwh)	2	3
Average cost per Unit (Rs/Kwh)	11.84	12
2) LPG		
Quantity (Tonnes)	1717.09	1725
Total cost (Rs.)	70766678	76014231
Average rate(Rs./Tonne)	41213.14	44066

CONSUMPTION PER UNIT (Sq.Mtr) OF PRODUCTION

	2009-10	2008-09
Electricity (Kwh)	8.18	8.50
LPG (Tonnes)	0.0034	0.00184

FORM B

RESEARCH AND DEVELOPMENT 2009-10

During the year 2009-10 special emphasis and thrust has been given in the areas of cost reduction, quality improvement & new product development.

1. Cost Reduction: As a part of cost reduction drive the R&D has done the following activities.
 - a) Introduction of new chemicals to reduce Green & Dry tiles losses.
 - b) Introduction of special grades Raw Materials and New sources of better quality materials to improve the brightness & clarity of the body.
2. Quality improvement:
 - a) Improved sorting methods and system to get higher yields and better quality.
 - b) Introduction of ISO 9000 Quality Management System is under progress to reduce the losses and improve the working system.
3. Product Development by way of continuous efforts, new designs & Patterns were developed.

BENEFITS:

All the above efforts have led to improved efficiencies, enhanced product range and production of consistent quality products.

FUTURE PLAN OF ACTION:

To carry out the R&D activity to develop new products consistently, to reduce energy consumption and to lower cost of production.

By Order of the Board

PLACE: Chennai
DATE: May 29,2010

Tribhuvan Simh Rathod
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

RESTILE CERAMICS LTD, being a pioneer in vitrified tile and in the business of flooring tiles since 1986 holds excellent reputation in the Industry as high quality producer. The company employs the best practices and highest quality standards in the industry. While it works constantly on quality up-gradation, the company is known for introducing innovative product range on frequent intervals.

Restile is the only brand in Indian market to make 100% of its production as full body vitrified tile. The fierce competition is affecting the quality standards of the industry in general, but at RESTILE quality comes first, the stand vindicated by the repeat purchases from country's corporate customers.

Restile was launched as manufacturers for Fully Vitrified Unglazed and Polished Monolithic floor tiles in smooth, rough as well as Mirror Polished finishes and commenced commercial production during 1991 with an initial installed capacity of 5,40,000 Sq.mtrs. per annum and subsequently enhanced to 21,00,000 Sq.mtrs at Hyderabad, Andhra Pradesh.

DISCUSSION IN FINANCIAL/OPERATIONAL PERFORMANCE

Production during the year was 10,63,662 Sq.mtrs., higher by 19.85% than the production during previous year on account of higher capacity utilization.

NET SALES: Net Sales clocked for the year were Rs. 4425.84 Lacs, higher by 20.65 % as compared to Rs 3668.21 Lacs in the previous year.

OTHER INCOME: The other income for the year stands at 19.89 Lacs.

TOTAL EXPENDITURE: Increase in expenditure in the year 2009-10 was on account of higher production and increase in the input costs.

MANUFACTURING EXPENSES: Manufacturing expenses were Rs.3184.67 Lacs during the year as compared to Rs. 2615.25Lacs in the year 2008-09. The increase has been on account of change in product mix and higher quantity of production.

ADMINISTRATIVE AND SELLING EXPENSES: There has been an increase of Rs. 33.58Lacs on account of general rise in prices, increase in level of business activity, increase in manpower costs

INTEREST AND FINANCIAL CHARGES: An amount of Rs.93.77 Lacs was incurred in the year 2009-10 against Rs.96.48 Lacs in the previous year.

NET PROFIT: Company recorded a net loss of Rs.498.28 Lacs during the year on account of increase in input costs, decrease in average selling prices.

INTERNAL CONTROL SYSTEMS: The Company has adequate internal control systems and management continuously reviews and improves the internal control systems as per the changed requirement. The Company has independent Internal Auditors, who conduct periodical audit and submit their report to MD. The Company's operations are overviewed by Executive Committee and Audit Committee of Board of Directors.

OPPORTUNITIES AND THE OUTLOOK: Restile has increased the manufacturing capacity by installing state of the art and cost effective production equipment and also planned inorganic growth by outsourcing the manufacturing activity. The effect of the economic slow down has provided an opportunity to the Company to thoroughly review the cost structure and achieve market competitive cost of production. The Government's determination to kick start the economy by increasing budget outlay on development of infrastructure sector, which in turn revives the purchasing power of the citizens and revival of construction sector, would help in restoration of normal growth of Ceramic Tile Industry.

THREATS: Since the vitrified market enjoys consistent growth and assured returns, few companies in the organized and unorganized sector are expected to come up with the latest technology, which may result in pressure on the realizations. Despite the prompt and effective steps initiated by the Government, the dumping of tiles from China and other countries may add further pressure to the realizations. In view of trade practices and the market dynamics being followed in the industry, the Company is compelled to extend larger credit period to the customers. As a result, there is a possibility of increase in the operational costs.

RISKS AND CONCERNS: The Company is consuming petroleum products for firing the tiles. The prices of petroleum products depend upon international market and subject to highly volatility. Some of the competitors who have the facilities of natural gas, tax incentives etc. are dominating the market. There may be a threat from some of the larger capacity players, who have varied range of products, effects and colors to dominate market presence.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS: The Company has its own system to control all its branches and divisions to ensure proper and adequate control, facility, transparency and accuracy. The employer-employee relationship has been cordial. The Company considers the quality of its human resources as its important asset it endeavors to attract and recruit best possible talent and to retain and groom it to meet its needs.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-2010

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges the Company submits the report on the matters mentioned in the said Clause and practice followed by the Company:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company attaches importance to good Corporate Governance and the code of governance as formulated by the Stock Exchange/SEBI and other authorities in the right earnest. It will be the endeavor of the Board of Directors that the Company is so governed as to maximize the benefits of all stakeholders (i.e., shareholders, employees, customers, society) and others. The Company has been implementing the clauses of Corporate Governance from time to time.

COMPOSITION OF BOARD

As on 31st March 2010, the Board of the Company consists of both Executive and Non Executive Directors. It presently consists of Eight Directors out of which One Director is Non-Executive Chairman, One Managing Director and Six Non Executive Independent Directors, One among them is a Nominee Director. The non-executive directors possess rich and varied experience in different facets of corporate functioning. They play active role in the meetings of the Board. The Board formulates policy decisions so as to lead and control the Company.

BOARD MEETINGS

During the year under review, five meetings of the Board of Directors were held. The time gap between any two Board Meetings has not exceeded four months. The Names and Categories of the Directors on the Board, their attendance at Board Meetings held during the Financial Year 2009-2010 and at the last Annual General Meeting, and also the number of Directorships and Committee positions held by them in other public limited companies as on March 31, 2010 are given below:

Name	Category	Number of Board Meetings attended	Whether attended AGM held on 29.09.2009	No. of Directorships in other Public Limited Companies	No. of committee Positions held in other Public limited Companies	
					Chairman	Member
Shri Nalinkant Amratlal Rathod	Promoter Chairman & Non Executive Director	3	No	1	-	-
Tribhuvan Simh* Rathod	Managing Director	5	Yes	2	-	-
Raghavan R.S*	Executive Director	2	No	-	-	-
Shri K.Rajendra Prasad (APIDC-Nominee)	Independent Non-Executive (APIDC)	4	Yes	3	-	-
N.S.Ramachandran	Independent Non Executive-Director	5	Yes	-	-	-
Seetharaman T.R	Independent Non Executive-Director	5	Yes	-	-	-
G Padmanabhan*	Independent Non Executive Director	3	Nil	-	-	-
N S Mani	Independent Non Executive Additional Director	Nil	NA	-	-	-
N Gopala Krishnan	Independent Non Executive Additional Director	Nil	NA	-	-	-

- (i) Five (5) Board Meetings were held during the year 2009-10 and the gap between 2 meetings did not exceed 4 months. The dates on which, the Board Meetings held were 29th June 2009, 11th July 2009, 26th July 2009, 31st October 2009 and 30th January 2010.
- (ii) Apart from receiving the sitting fees, Non-Executive Directors do not have any other material pecuniary relationship or transactions with the Company, its promoters or its Management, which in the opinion of the Board may affect the independence judgment of the Director.
- (iii) Necessary information as specified in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for their consideration.
- * 1 Shri Tribhuvan Simh Rathod was re appointed as a Managing Director of the Company with effect from 1st April 2010 in the Board meeting held on 30th day of January 2010.
- *2 G Padmanabhan was appointed as an Additional Director in the Board Meeting held on 11th day of July 2009 and he was regularized as a Director in Annual General Meeting 2009.
- *3 N S Mani was appointed as an Additional Director in the Board Meeting held on 30th day of January 2010.
- *4 N Gopala Krishnan was appointed as an Additional Director in the Board Meeting held on 30th day of January 2010.
- *5 R S Raghavan has resigned from office as Executive Director as well as Director with effect from 11th day of July 2010

AUDIT COMMITTEE

The Board of Restile Ceramics Limited has three members in the Audit Committee, consisting of Non-Executive and Independent Directors viz Shri.Seetharaman T R, Shri.Ramachandran N S, and Shri. G.Padmanabhan. The Chairman of the Audit Committee is Shri. Ramachandran N S.; Shri. T.R Seetharaman and Shri G Padmanabhan are Chartered Accountants.

The Audit Committee met four times during the financial year 2009-10 i.e on 29th June,2009, 26th July,2009, October 31,2009, and January 30,2010. The attendance record of the Audit Committee members is given below:-

Name of the Member	No. of Meetings held	Attended
Shri.T.R.Seetaraman	4	4
Shri N.S.Ramachandran	4	4
Shri.G.Padmanabhan*	4	4

- *1 Shri Nalinkant Amritlal Rathod, has stepped down as a member of the Audit committee with effect from 11th July 2009.
- *2 Shri G Padmanabhan was inducted as a Member of the Audit committee with effect from 11th July 2009.

The role of the audit committee in brief is to review financial statements, internal controls, accounting policies and internal audit. The quarterly financial results are placed before the audit committee for its review, suggestions and recommendations, before taking the same to the Board. The internal audit plans are drawn in consultation with the Managing Director, Chief Financial Officer, Heads of departments and the audit committee. The committee reviews the internal auditors report periodically. The committee also tracks the implementation of its guidelines/suggestions through review of action taken reports.

REMUNERATION COMMITTEE:

The Remuneration Committee was set up by the Board of Directors at its meeting held on January, 30, 2010 and comprises of three independent non-executive Directors Viz Shri Shri.Seetharaman T R, Shri N S Mani and Shri N Gopala Krishnan with Shri N S Mani as Chairman.

The Remuneration Committee has been set up to determine the specific remuneration package for Managing Director/Executive Director

REMUNERATION OF DIRECTORS

The non-executive directors do not receive any remuneration from the Company and are paid Sitting Fee for attending the meetings of the Board and Committee Meetings. There is no pecuniary relationship or transactions between non-executive Directors and the Company.

The aggregate value of salary and perquisites for the year ended 31.03.2010 to Managing/Executive Director are as under:

Shri Tribhuvan Simh Rathod, Managing Director	:	Rs. 19.82 Lacs
Shri R S Raghavan, Executive Director	:	Rs. 4.27 Lacs
Notice period, severance fee and stock options to the above personnel		-Nil

SHARE TRANSFER AND INVESTORS' GRIEVANCES COMMITTEE

The Board had delegated the authority to approve transfer of shares to a Committee of Directors.

The Share Transfer and Investors' Grievances Committee consists of non executive independent directors Shri.N.S.Ramachandran, Shri.T.R.Seetaraman, and Shri G. Padmanabhan. The compliance officer Shri. M.S.Subba Rao.

The Chairman of the Share Transfer and Investors' Grievances Committee is N S Ramachandran. The meetings of the Committee are held at frequent intervals to approve transfers, transmissions, issue of duplicate shares and resolving investors' grievances, etc. During the year the Committee met 14 times. During the year no investor grievance has been received. The company has replied through the DP agent in respect complaint received in the earlier year. The minutes of the Share Transfer and Investors' Grievances Committee meetings are placed before the Board for its noting on a regular basis.

GENERAL BODY MEETINGS

The last three Annual General Meetings (AGM) were held at Registered Office the Company at Malkapur Village, Hatnoora Mandal, Narsapur Taluq, Medak Dist, A.P. as per the details given below:

Year	Date of AGM	Day	Time
2007	September 29, 2007	Saturday	11.30 A M
2008	September 30,2008	Monday	11.30A M
2009	September 29, 2009	Tuesday	11.00A.M

There were no resolutions in the last AGM that were put through postal ballot

DISCLOSURES

A. Related Party Transactions

Details of materially significant related party transactions are listed in Note 7 to the Annual Accounts annexed. There were no transactions during the year with related parties that were prejudicial to the interests of the Company.

B. Compliances made by the Company

The Company has continued to comply with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years; no penalties, strictures have been imposed on the Company by the Stock Exchanges, SEBI and other statutory authorities related to the above.

C. Communication to Shareholders

The quarterly and Annual Results are being published in the Business Standard and Andhra Bhoomi OR Financial Express and Andhra Prabha. Quarterly and Annual Financial Results of the Company are furnished to the Stock Exchange as per the requirements of the Listing Agreement. The Results and Official news releases are not displayed in the Company's website.

D. Code of Conduct

The Restile Code of Conduct as adopted by the Board of Directors, is applicable to the Directors, both executive and non-executive and Senior Management team comprising of members of Management one level below the Executive Directors, including all functional heads.

A declaration by Managing Director affirming the compliance of the Code of Conduct for Board Members and senior management executives is also annexed separately at the end of this report.

E. General Shareholders Information

The following information would be useful to Shareholders:

- a. The 24th Annual General Meeting of the Company will be held on Saturday, September 25, 2010 .at 11.30 A.M. at the Registered Office of the Company at Malkapur Village, Hatnoora Mandal, Narsapur Taluq, Medak Dist, A.P.
- b. The Financial Year of the Company was from 1st April 2009 to 31st March 2010.
- c. Date of Book Closure: September 23, 2010 to September 25, 2010 (inclusive of both days)
- d. The Shares of the Company are listed on the Stock Exchange, Mumbai (BSE). The Stock Code is 515085
- e. The Share and Depository Transfer Agent: Sathguru Management Consultants Pvt. Ltd., Plot No.15, Hindi Nagar, Panjagutta, Hyderabad - 500 034.
- f. Dematerialisation of Shares: The Company's shares are traded compulsorily in dematerialised form. In this connection, the Company has already entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the Company's ID is INE 298E01022. The members are requested to dematerialize their physical holding in view of various advantages of holding the shares in dematerialized form.

As on 31st March 2010, 97650732 shares are under dematerialization.

g. Distribution of shareholding as on 31st March, 2010:

Holding of number of Shares or Debentures	Share/Debenture (Holders)		Shares/Debentures (Amount)	
	Number	%	Rs.	%
1 - 5000	23918	99.07	7703140	0.78
5001 - 10000	100	0.41	769680	0.08
10001 - 20000	52	0.22	708620	0.07
20001 - 30000	20	0.08	476510	0.05
30001 - 40000	9	0.04	321600	0.03
40001 - 50000	7	0.03	313160	0.03
50001 - 100000	7	0.03	482610	0.05
100001 - Above	30	0.12	972017070	98.90
Total	24143	100.00	982792390	100.00

h. Market Price Movement: The details of monthly high and low market price of equity shares at the stock exchange, Mumbai are as given below:

Month	Highest (Rs.)	Lowest (Rs.)	Month	Highest (Rs.)	Lowest (Rs.)
April '09	7.50	6.85	October '09	12.10	8.58
May '09	9.50	6.56	November '09	12.27	7.90
June '09	12.34	9.55	December '09	17.20	10.99
July '09	11.20	7.46	January '10	16.00	12.20
August '09	15.30	8.90	February '10	12.70	8.60
September '09	15.15	11.55	March '10	10.02	8.00

i. Our manufacturing unit is located at: Malkapur Village, Hatnoora Mandal, Narsapur Taluq, Medak Dist, A.P

Our address for Correspondence : Malkapur Village, Hatnoora Mandal, Narsapur Taluk Medak District 502296 and email to: contact@restile.com by quoting their DP Id or Folio Number.

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

To

The Shareholders

I hereby declare that all the Board members and Senior Management Personnel have affirmed compliance with the code of conduct adopted by the Company and have submitted declarations in this behalf for the year ended 31st March, 2010.

PLACE: Chennai
DATE: May 29,2010

Tribhuvan Simh Rathod
Managing Director

Certification by Managing Director and Chief Financial Officer to the Board

We, Tribhuvan Simh Rathod, Managing Director and M.Subba Rao, Chief Financial Officer of Restile Ceramics Limited, certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements present a true and fair view of the state of affairs of the company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the company's internal control system for financial reporting and evaluating its effectiveness. Internal audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board. The auditors and audit committee are appraised of any corrective action taken with regard to significant deficiencies and material weaknesses.
4. We indicate to the auditors and to the audit committee:
 - a) significant changes in internal control over financial reporting during the year;
 - b) significant changes in accounting policies during the year;
 - c) instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting. However, there was no such instance.
5. During the year the company adopted principles with respect to exchange difference:

Tribhuvan Simh Rathod
Managing Director

M.Subba Rao
Chief Financial Officer

May 29, 2010
Chennai

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To
The Members
Restile Ceramics Limited

1. We have examined the compliance with the conditions of Corporate Governance by Restile Ceramics Limited (the Company) for the year ended March 31, 2010 as stipulated in clause 49 of the listing agreement of the said company with the stock exchange, Mumbai (BSE) in India, with the relevant records and documents maintained by the Company and furnished to us and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the said compliance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. Based on the aforesaid examination and according to the information and explanations given to us, we certify that the Company has complied with the said conditions of Corporate Governance as stipulated in the above mentioned listing agreements.
4. We further 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 M.S. Krishnaswami & Rajan
Chartered Accountants
Registration No: 01554S

M.K. Rajan
Partner
Membership No.4059

May 29, 2010
Chennai

AUDITORS' REPORT TO THE MEMBERS

OF

RESTILE CERAMICS LIMITED

1. We have audited the attached Balance Sheet of **RESTILE CERAMICS LIMITED** as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement together with the Notes to the Accounts (financial statements) for the year ended on that date, annexed thereto, signed by us under reference to this report. 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 and assurance 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 disclosures 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 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - a. 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.
 - b. in our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books.
 - c. the financial statements dealt with by this report are in agreement with the books of account.
 - d. in our opinion, the aforesaid financial statements comply in all material respects with the applicable Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 (the Act).
 - e. in our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements read with the Statement on Significant Accounting Policies and Note 9 of the Notes to the Accounts (regarding pendency of reconciliation of balances of certain creditors and debtors and its possible consequential impact on financial statements), give the information required by the Act, in the manner so required and also give a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss account, of the loss for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

- 5.0 On the basis of written representations received from the directors as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is prima facie disqualified as on March 31, 2010 from being appointed as a director in terms of section 274 (1) (g) of the Act.

For M.S. Krishnaswami & Rajan
Chartered Accountants
Registration No. 01554S

M.K.Rajan-Partner
Membership No.4059

May 29, 2010
Chennai

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Government of India in terms of section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we report that:

1.
 - (i) The company is maintaining records showing particulars including quantitative details and situation of fixed assets. *The same, however, needs to be updated.*
 - (ii) The fixed assets are being physically verified under a phased programme of verification, which, in our opinion, is reasonable having regard to the nature and value of its assets, and no material discrepancies have been noticed on such verification carried out during the year in terms of the phased programme.
 - (iii) The company has not disposed off substantial part of its fixed assets during the year.

2.
 - (i) Inventories have been physically verified during the year by the management at the year end.
 - (ii) The procedures of the said physical verification of the inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (iii) The company is maintaining records of its inventories and discrepancies noticed on physical verification at the end of the year have been dealt with by adopting the stocks as verified.

3. The company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under section 301 of the Act

4. There is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and for sale of services. *In respect of the internal control system for purchase of inventory and sale of goods, the same needs to be strengthened.* We are informed that the said controls have since been streamlined. On the basis of our examination of the books and records of the company, we have come across/ have been informed, of steps taken to correct major weaknesses in the aforesaid internal control system.

5. To the best of our knowledge there are no contracts or arrangements referred to in section 301 of the Act which need to be entered in the register maintained under the said section.

6. The company has not accepted any deposits from the public to which the provisions of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 apply.

7. Internal audit has been carried out by an independent Chartered Accountant from September 2009. We are informed, that the Internal Audit function is in the process of being strengthened and will, in the ensuing year, include operations audit as well.

8. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Act for the products dealt with by the company.
9. (i) The company has been regular in depositing undisputed statutory dues towards investor education and protection fund, wealth tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. *Delays were, however, noticed in depositing undisputed provident fund, employees' state insurance, income tax, sales tax, service tax, with the appropriate authorities during the year. The arrears of such dues outstanding as at the end of the year for a period of more than six months from the date they became payable are –service tax-Rs.11.02 lakhs; Tax collected at source-Rs.0.09 lakhs; Property tax-Rs.0.20 lakhs, sales tax Rs.20.74 lakhs and Tax deducted at source-Rs.1.69 lakhs.* We are informed that the delays were caused by unavoidable circumstances.

(ii) There are no dues of income tax / wealth-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. Sales Tax dues not deposited on account of disputes and pending with Andhra Pradesh Appellate deputy Commissioner (Commercial Taxes) are as under:

Year	Forum where dispute pending	Sales Tax Demanded	Amount Paid	Balance Due
2006-07	APCST	3,337,749	417,219	29,20,530
2006-07, 2007-08 & 2008-09	APVAT	3,955,954	494,494	3,461,460

10. The company has accumulated losses as at March 31, 2010 and has incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to any financial institution, bank or debenture holders during the year. The sum of Rs.34.13 lakhs being loan together with interest thereon outstanding at the beginning of the year was repaid on July 10, 2009 with the concurrence of the said institution.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to a chit fund, nidhi, mutual benefit fund / societies are not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the CARO are not applicable to the company.
15. No guarantees have been given during the year by the company, for loans taken by others from banks or financial institutions.

16. The term loans availed by the company were prima facie, applied for the purpose for which they were obtained.
17. On an overall examination of the financial statements of the company, funds raised on short-term basis have, prima facie, not been used for long-term investment.
18. The company has not made any preferential allotment of shares during the year to any party.
19. The company has not issued any debentures during the year and hence the question of creating a charge in respect thereof does not arise.
20. The company has not raised any money by public issues during the year.
21. No fraud of material significance on or by the company has been noticed or reported during the year.

For M.S. Krishnaswami & Rajan
Chartered Accountants
Registration No. 01554S

M.K.Rajan-Partner
Membership No. 4059

May 29, 2010
Chennai

RESTILE CERAMICS LIMITED
BALANCE SHEET

	Schedule No.	As at 31.03.2010		As at 31.03.2009	
		Amount in Rs.	Amount in Rs.	Amount in Rs.	Amount in Rs.
SOURCES OF FUNDS					
Shareholders Funds					
a. Capital	1	982,792,390.00		982,792,390.00	
b. Reserves and Surplus	2	80,056,777.00		80,056,777.00	
			1,062,849,167.00		1,062,849,167.00
Loan Funds					
Secured Loans	3		218,814,923.15		227,249,845.91
Deferred Tax Liability (Refer Note 5)			-		33,726,193.00
TOTAL			1,281,664,090.15		1,323,825,205.91
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	1,168,816,573.07		1,118,447,423.92	
Less : Depreciation		274,425,298.66		219,902,934.00	
Net Block			894,391,274.41		898,544,489.92
Investments	5		-		99,000.00
Current Assets, Loans and Advances					
a. Inventories	6	110,622,075.00		165,054,394.05	
b. Sundry Debtors	7	119,411,077.83		78,690,973.45	
c. Cash and Bank balances	8	5,824,129.27		22,703,696.04	
d. Loans and Advances	9	28,623,288.46		89,228,829.70	
		264,480,570.56		355,677,893.24	
Current Liabilities and Provisions					
Current Liabilities	10	137,391,987.44		150,161,513.12	
Provisions		5,597,499.00		8,216,565.00	
		142,989,486.44		158,378,078.12	
Net Current Assets			121,491,084.12		197,299,815.12
Miscellaneous Expenses (to the extent not written off and adjusted)					
	11		16,954,892.00		28,883,235.00
Profit and Loss account			248,826,839.62		198,998,665.87
TOTAL			1,281,664,090.15		1,323,825,205.91
Notes to Accounts	17				

Singnificant Accounting Policies and the schedules referred to above form an integral part of this Balance Sheet

As per our report of even date attached

for M.S.KRISHNASWAMI & RAJAN
Chartered Accountants
Firm Regn No :01554S

For and on behalf of the Board

M K RAJAN
Partner

M Subbarao
Chief Financial Officer

Tribhuvan Simh Rathod
Managing Director

Seetharaman T R
Director

Chennai
May 29,2010

RESTILE CERAMICS LIMITED
PROFIT AND LOSS ACCOUNT

	Schedule No.	Year ended 31.03.2010		Year ended 31.03.2009	
		Amount in Rs.	Amount in Rs.	Amount in Rs.	Amount in Rs.
INCOME					
Sale of Ceramic Tiles		472,767,395.55		395,691,713.71	
Less: Excise Duty		30,183,798.00		28,870,287.00	
Net Sales			442,583,597.55		366,821,426.71
Other Income	12		1,988,553.28		3,950,112.00
			444,572,150.83		370,771,538.71
EXPENDITURE					
Materials and Manufacturing Expenses	13		318,466,741.08		261,524,571.10
Administration Expenses	14		97,399,431.96		93,908,506.27
Selling and Distribution Expenses	15		36,432,394.44		61,147,854.19
Interest and Financial Charges	16		9,377,242.44		9,647,756.55
Depreciation			54,522,364.66		29,602,114.00
Amortisation of Issue and Other Expenses (Refer Note 11)			11,928,343.00		11,928,343.00
			528,126,517.58		467,759,145.11
Net (Loss) / Profit before Tax			(83,554,366.75)		(96,987,606.40)
Provision for taxes					
Current			-		-
Deferred tax (liability) / asset (Refer Note 5)			33,726,193.00		-
Fringe Benefit Tax			-		1,042,261.00
Profit / (Loss) After Tax			(49,828,173.75)		(98,029,867.40)
Balance brought forward from previous years			(198,998,665.87)		(100,968,798.47)
Profit/(Loss) Carried to Balance Sheet			(248,826,839.62)		(198,998,665.87)
Basic Earnings per Share	Rs.		(0.51)		(1.00)
Notes to Accounts	17				

Significant Accounting Policies and the schedules referred to above form an integral part of this Profit and Loss Account

As per our report of even date attached

for M.S.KRISHNASWAMI & RAJAN
Chartered Accountants
Firm Regn No :01554S

For and on behalf of the Board

M K RAJAN
Partner

M Subbarao
Chief Financial Officer

Tribhuvan Simh Rathod
Managing Director

Seetharaman T R
Director

Chennai
May 29,2010

CASH FLOW STATEMENT FOR THE PERIOD 01.04.2009 to 31.03.2010

	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax and Extraordinary items	(83,554,366.75)	(96,987,606.40)
Adjustment for:		
Depreciation	54,522,364.66	29,602,114.00
Interest	9,377,242.44	9,647,756.55
Amortisation of issue and other expenses	11,928,343.00	11,928,343.00
Provision for diminution in value of investments	99,000.00	0.00
Provision for doubtful debts	(2,064,445.03)	7,267,000.00
Operating profit before working capital changes	(9,691,861.68)	(38,542,392.85)
Adjustment for:		
Trade and other receivables	(38,655,659.35)	(59,559.45)
Inventories	54,432,319.05	(59,355,287.05)
Trade payables	(13,258,541.16)	92,484,544.65
Loans & Advances	60,527,696.24	100,584,929.30
Cash generated from operations	53,353,953.10	95,112,234.60
Interest paid	(10,465,031.96)	(9,647,756.55)
Direct Taxes	(964,416.00)	(1,042,261.00)
Cash flow before extra-ordinary items	41,924,505.14	84,422,217.05
Extraordinary items	0.00	0.00
Net Cash Flow from Operating Activities	41,924,505.14	84,422,217.05
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(50,369,149.15)	(319,039,030.92)
Sale of Fixed Assets	0.00	0.00
Misc Fixed Assets	0.00	(6,834,049.00)
Net Cash used in Investing Activities	(50,369,149.15)	(325,873,079.92)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of share capital	0.00	115,415,808.00
Proceeds from long term borrowings	0.00	81,084,534.74
Repayment of Long term Unsecured Loans	(2,242,018.31)	0.00
Net Cash used in Financing Activities	(2,242,018.31)	196,500,342.74
Net increase in cash and cash equivalents	(10,686,662.32)	(44,950,520.13)
Cash and Cash equivalents as at 1.4.2009 (Opening Balance)	28,824,534.87	73,775,055.00
Cash and Cash equivalents as at 31.03.2010(Closing Balance)	39,511,197.19	28,824,534.87
	(10,686,662.32)	(44,950,520.13)

Significant Accounting Policies and the Notes to accounts form an integral part of this Cash Flow Statement

As per our report of even date attached

for M.S.KRISHNASWAMI & RAJAN
Chartered Accountants
Firm Regn No :01554S

M K RAJAN
Partner
Membership No:4059

Chennai
May 29,2010

M Subbarao
Chief Financial
Officer

For and on behalf of the Board

Tribhuvan Simh Rathod
Managing Director

Seetharaman T R
Director

SCHEDULES FORMING PART OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT

(Amount In Rs.)

	As on 31.03.2010	As at 31.03.2009
SCHEDULE 1		
<u>CAPITAL</u>		
Authorised :		
10,00,00,000 Equity Shares of Rs. 10 each	1,000,000,000.00	1,000,000,000.00
Issued ,Subscribed and Fully paid up:		
9,82,79,239 (2009 : 9,82,79,239) Equity Shares of Rs. 10 each	982,792,390.00	982,792,390.00
SCHEDULE 2		
<u>RESERVES AND SURPLUS</u>		
1. Central Subsidy from Govt of India	1,275,000.00	1,275,000.00
2. Capital Reduction Reserve (Reduction in Equity Share Capital as per BIFR Order dated 18.12.2002 during the Financial year 2002-03.)	75,443,880.00	75,443,880.00
3. Capital Reserve (Cessation of liability under One time Settlement)	3,337,897.00	3,337,897.00
	80,056,777.00	80,056,777.00
SCHEDULE 3		
<u>SECURED LOANS</u>		
A. Term Loans		
ICICI Bank Ltd (Secured by all movable and immovable assets of the company other than the current assets hypothecated to working capital bankers and 3rd floor premises in Varun Towers, Begumpet).	-	2,089,562.00
B. HDFC Car Loan (Secured by way of hypothecation of related Vehicle)	396,855.69	549,312.00
C. Deep Discount Bonds (Refer Note 14) (Secured by all movable and immovable assets of the company other than the current assets hypothecated to working capital bankers and 3rd floor premises in Varun Towers, Begumpet. The charge is under creation).	173,082,741.00	173,082,741.00
D. Cash Credit from State Bank of India - (Secured by all hypothecation of stocks, stores, spares and consumables, receivables and equitable mortgage of 3rd floor premises in Varun Towers, Begumpet).	45,335,326.46	51,528,230.91
	218,814,923.15	227,249,845.91

FIXED ASSETS

SCHEDULE FORMING PART OF BALANCE SHEET

SCHEDULE 4

(Amount In Rs)

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.2009	Additions During year	Adjustment During the year	As at 31.03.2010	Upto 1.4.09	For The Year	Adjustment During the year	Upto 31.3.10	As at 31.03.2010	As at 31.03.2009
Land -Freehold	6,510,527.00			6,510,527.00					6,510,527.00	6,510,527.00
Buildings										
(i)Factory	117,620,215.48	(519,549.36)	-	117,100,666.12	10,651,970.00	3,849,447.49	-	14,501,417.49	102,599,248.63	106,968,245.48
(ii)Non Factory	4,910,347.00			4,910,347.00	845,696.00	80,038.66	-	925,734.66	3,984,612.34	4,064,651.00
Plant and Machinery										
--Imported	770,560,833.68	28,599,792.86	-	799,160,626.54	155,248,653.00	42,129,653.47	-	197,378,306.47	601,782,320.07	615,312,180.68
--Indigenous	124,843,666.50	18,188,260.25	-	143,031,926.75	41,608,969.00	6,232,481.66	-	47,841,450.66	95,190,476.09	83,234,697.50
Electrical Installations	17,171,039.19		-	17,171,039.19	4,763,760.00	815,624.36	-	5,579,384.36	11,591,654.83	12,407,279.19
Furniture and Fittings	6,726,823.69	100,000.00	-	6,826,823.69	2,236,467.00	432,137.94	-	2,668,604.94	4,158,218.75	4,490,356.69
Office Equipments	4,674,329.27	165,408.33	-	4,839,737.60	2,235,926.00	226,461.90	-	2,462,387.90	2,377,349.70	2,438,403.27
Computers	2,113,069.50	406,468.00	-	2,519,537.50	588,592.00	353,080.45	-	941,672.45	1,577,865.05	1,524,477.50
Vehicles	4,201,956.00	9,999.00	-	4,211,955.00	1,285,742.00	400,135.73	-	1,685,877.73	2,526,077.28	2,916,214.00
Others	440,462.00			440,462.00	437,160.00	3,302.00	-	440,462.00	-	3,302.00
TOTAL	1,059,773,269.31	46,950,379.08	-	1,106,723,648.39	219,902,935.00	54,522,363.66	-	274,425,298.66	832,298,349.73	839,870,334.31
<i>Previous Year</i>	<i>552,811,009.00</i>	<i>506,962,260.00</i>		<i>1,059,773,269.00</i>	<i>190,300,820.00</i>	<i>29,602,114.00</i>		<i>219,902,934.00</i>	<i>839,870,336.00</i>	<i>362,510,189.00</i>
Capital Work In progress	48,121,344.61			62,092,924.68					62,092,924.68	48,121,344.61
Grand Total	1,107,894,613.92	46,950,379.08		1,168,816,573.07	219,902,935.00	54,522,363.66		274,425,298.66	894,391,274.41	887,991,679.92

Note:Land includes Development expenses

SCHEDULES FORMING PART OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT

(Amount In Rs.)		
	As at 31.03.2010	As at 31.03.2009
SCHEDULE 5		
<u>INVESTMENT</u>		
Long Term, Unquoted, Fully paid up 9,900 Equity Shares of Rs 10 each in Subsidiary company - Restile Marketing Private Limited	99,000.00	99,000.00
Less: Provision for Diminution in Value	99,000.00	-
	-	99,000.00
SCHEDULE 6		
<u>INVENTORIES</u>		
Raw Materials	6,553,613.00	20,241,331.05
Stores spares and Consumables	19,329,434.00	20,209,824.00
Work-in-Process	24,598,709.00	25,118,197.00
Finished Goods	60,140,319.00	99,485,042.00
	110,622,075.00	165,054,394.05
SCHEDULE 7		
<u>SUNDRY DEBTORS-UNSECURED</u>		
Debts outstanding for a period exceeding six months -considered good	20,885,916.06	15,607,741.00
Doubtful Debts outstanding for a period exceeding six months - not considered good	5,202,554.97	7,267,000.00
Other Debts	98,525,161.77	63,083,232.45
	124,613,632.80	85,957,973.45
Less: Provision for Doubtful Debts	5,202,554.97	7,267,000.00
	119,411,077.83	78,690,973.45
SCHEDULE 8		
<u>CASH AND BANK BALANCES</u>		
Cash in Hand	803,924.16	280,333.00
Balance with Scheduled Banks in		
-- Current Account	-	7,981,024.40
-- Fixed Deposit Account	5,020,205.11	14,442,338.64
(including held by Banks as Margin Money against Letter of credit and Guarantees)		
	5,824,129.27	22,703,696.04
SCHEDULE 9		
<u>LOANS AND ADVANCES</u>		
(Unsecured and considered Good, recoverable in Cash or in kind or for value to be received)		
Advance to Suppliers	7,662,222.59	69,439,926.92
Other Advances	276,554.01	2,157,515.44
Deposits		
-- with Govt Departments	14,332,848.52	10,666,444.00
-- with Others	4,940,424.00	5,475,859.00
Income Tax - Net of Provision	1,411,239.34	1,489,084.34
	28,623,288.46	89,228,829.70

SCHEDULES FORMING PART OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT

(Amount In Rs.)		
SCHEDULE 10	As on	As at
CURRENT LIABILITIES AND PROVISIONS	31.03.2010	31.03.2009
CURRENT LIABILITIES		
Sundry Creditors for Capital, Trade and Expenses		
- Due to Micro, Small and Medium Enterprises (Refer Note 10)	-	-
- Due to Others	70,734,700.15	96,719,139.98
Advance From Customers	23,540,556.21	15,982,359.34
Security Deposit from Dealers	10,761,013.78	10,633,032.91
Interest Accrued and Due	-	1,087,789.52
Other Liabilities	32,355,717.30	25,739,191.37
	137,391,987.44	150,161,513.12
PROVISIONS		
Provision for Employee Benefits and Tax (Refer Note 3.4)	5,597,499.00	8,216,565.00
	5,597,499.00	8,216,565.00
SCHEDULE 11		
<u>Miscellaneous Expenses (Not Written off or adjusted)</u>		
Opening Balance		
Capital Issue Expenses	7,426,473.00	2,938,851.00
Brand Building Expenses	2,627,512.00	3,941,268.00
Product Development Costs	18,829,250.00	27,097,410.00
	28,883,235.00	33,977,529.00
Additions		
Capital Issue Expenses		6,834,049.00
	-	6,834,049.00
Amortisation		
Capital Issue Expenses	2,346,427.00	2,346,427.00
Brand Building Expenses	1,313,756.00	1,313,756.00
Product Development Costs	8,268,160.00	8,268,160.00
	11,928,343.00	11,928,343.00
Closing Balance		
Capital Issue Expenses	5,080,046.00	7,426,473.00
Brand Building Expenses	1,313,756.00	2,627,512.00
Product Development Costs	10,561,090.00	18,829,250.00
	16,954,892.00	28,883,235.00

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(Amount In Rs.)		
SCHEDULE 12	Year ended 31.03.2010	Year ended 31.03.2009
OTHER INCOME		
Interest Earned (Tds Rs.0.33 Lacs (2009 Rs.2.72 Lacs))	130,807.40	1,087,842.18
Insurance Claims	129,858.00	396,001.04
other Receipts	1,727,887.88	2,466,268.78
	1,988,553.28	3,950,112.00
SCHEDULE 13		
MATERIAL AND MANUFACTURING EXPENSES		
Raw Materials Consumed	97,401,703.51	116,369,994.90
Less: Value of Materials Capitalised (Refer Note 13.4)	(17,137,113.00)	-
	80,264,590.51	116,369,994.90
<u>(Increase)/Decrease in Stocks</u>		
Opening Stocks :		
Finished Goods	99,485,042.00	73,933,641.00
Work-in-process	25,118,197.00	1,127,556.00
	124,603,239.00	75,061,197.00
Closing Stocks :		
Finished Goods	60,140,319.00	99,485,042.00
Work-in-process	24,598,709.00	25,118,197.00
	84,739,028.00	124,603,239.00
Excise Duty on Finished Stock (Refer Note 12)		
Opening stock	-	-
Closing Stock	2,428,612.00	-
	2,428,612.00	-
<u>(Increase)/Decrease in Stocks</u>	42,292,823.00	(49,542,042.00)
Consumption of Stores, Spares and Consumables	14,876,950.33	11,074,042.72
Power and Fuel	82,833,828.45	103,483,188.76
Packing Materials	11,044,648.79	13,223,096.47
Processing charges	87,153,900.00	66,916,290.25
	318,466,741.08	261,524,571.10

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	(Amount In Rs.)	
	Year ended 31.03.2010	Year ended 31.03.2009
SCHEDULE 14		
<u>ADMINISTRATION EXPENSES</u>		
Salaries and Allowances to Employees		
Salaries , Wages and Bonus	60,154,912.63	53,794,828.97
Contribution to Provident Fund and other Funds	2,985,855.83	4,274,875.32
Workmen and Staff Welfare Expenses	2,953,877.14	3,091,742.72
Rents	3,843,252.00	8,846,071.00
Rates and Taxes	2,263,116.06	2,673,301.42
Insurance	756,474.00	1,607,825.00
Directors Sitting Fees	77,500.00	61,000.00
Legal and Professional Charges	9,947,688.92	1,611,183.00
Auditors Remuneration (Refer Note 3.3)	350,000.00	130,060.00
Communication	1,942,052.72	3,296,899.55
Electricity Charges	411,487.00	654,046.00
Security Charges	1,223,035.00	1,216,579.79
Vehicle Expenses	3,199,170.69	4,506,913.77
Other Expenses	2,770,086.80	5,084,340.49
Repairs and Maintenance - Plant and Machinery	695,284.99	427,331.00
- Building	219,366.90	121,784.00
- Others	2,077,518.25	967,978.00
Travelling Expenses - Directors and Others	1,671,230.81	1,538,273.24
Provision for Dimunition in Value of Investments	99,000.00	-
Exchange Loss.(Gain)	(241,477.78)	3,473.00
	97,399,431.96	93,908,506.27
SCHEDULE 15		
<u>SELLING AND DISTRIBUTION EXPENSES</u>		
Travelling and Conveyance Expenses	5,709,078.14	7,737,172.20
Advertisement and Sales Promotion	4,502,409.54	5,264,452.01
Freight on Finished Goods	11,256,222.80	29,442,349.52
Commissions and Discounts	10,270,453.34	8,302,691.66
Bad Debts Written off	2,904,607.40	1,717,719.47
Provision for Bad and Doubtful Debts	(2,064,445.03)	7,267,000.00
Other Selling Expenses	3,854,068.25	1,416,469.33
	36,432,394.44	61,147,854.19
SCHEDULE 16		
<u>INTEREST AND FINANCIAL CHARGES</u>		
Interest on Term Loans	235,147.48	804,531.52
Interest on Working Capital	6,317,555.00	6,934,577.34
Interest - Others	748,385.05	718.00
Bank Charges	2,076,154.91	1,907,929.69
	9,377,242.44	9,647,756.55

RESTILE CERAMICS LIMITED

Notes to the Accounts for the year ended March 31, 2010

		Unit of Measurement	2010 (Rs. In lakhs)		2009 (Rs. In lakhs)	
1	Information regarding goods manufactured, imports and foreign currency transactions					
1.1	Installed capacity - <i>(as certified by the Managing director)</i>	Sq mt.	2,700,000			2,700,000
1.2	Production Unglazed Fully Vitrified Ceramic Floor Tiles	Sq mt.	1,063,662			887,476
1.3	Finished / trading goods and work-in-progress					
	Opening stock Unglazed Fully Vitrified Ceramic Floor Tiles	Sq mt	284,686			180,593
	Sales (Includes samples, replacements and quantity taken for own use) Unglazed Fully Vitrified Ceramic Floor Tiles	Sq mt	1,208,719			783,383
	Closing stock Unglazed Fully Vitrified Ceramic Floor Tiles	Sq mt	139,629			284,686
1.4	Consumption of raw materials	UOM	(Quantity)	Value (Rs)	(Quantity)	Value (Rs)
	Ball Clay/Fledspar etc..	Tonnes	38,111.90	689.85	23,924.00	382.99
	Zirconium Sillicate/Colours	Tonnes	232.86	104.05	427.00	286.54
	Others			180.12		494.17
	Total		38,344.76	974.02	24,351.00	1,163.70
	Of the above					
	- Imported items			-		-
	- Indigenous items		100%			100%

RESTILE CERAMICS LIMITED

Notes to the Accounts for the year ended March 31, 2010

		2010 (In lakhs)	2009 (In lakhs)
1.5	Imports (CIF)		
	Capital items	180.02	764.04
	Spares	29.67	-
	Consumables	55.17	96.75
		264.86	860.79
1.6	Expenditure in foreign currency		
	Travel	1.27	4.59
		1.27	4.59
1.7	Earnings in foreign currency		
	Export - FOB value	51.38	NIL
		51.38	NIL
1.8	There were no remittances of dividend in foreign currencies to non-resident shareholders		
2	<u>Information regarding managerial remuneration</u>		
2.1	Remuneration to		
	(a) Managing Director		
	Salary	17.16	-
	Contribution to provident and other funds	2.06	-
	Perquisites	0.60	-
	Total (a)	19.82	-
	(b) Joint Managing Director and Executive Director*		
	Salary	3.81	4.58
	Contribution to provident and other funds	0.46	0.43
	Perquisites	-	0.24
	Total (b)	4.27	5.25
	Total (a) + (b)	24.09	5.25
	*For part of the year		
	Perquisites include amounts evaluated as per Income tax Rules in respect of certain items.		
	Remuneration to Managing Director is from April 1,2009, the date of his appointment.		
	Remuneration to Joint Managing director is up to 30.06.2008 while the remuneration to the Executive Director is up to July 11,2009.		

RESTILE CERAMICS LIMITED

Notes to the Accounts for the year ended March 31, 2010

		2010 (In lakhs)	2009 (In lakhs)
3.	Other Financial Information		
3.1	Capital commitments (net of advances) not provided for	102.26	287.60
3.2	Contingent liabilities		
	a) Guarantees	43.61	41.00
	b) Letters of Credit	128.37	172.07
	c) Claims (net) against the company not acknowledged as debts - Sales tax	72.94	497.87
	- Others	1.64	-
	d) Refer Note 13.1		
3.3	Auditors' remuneration Included under Administration expenses		
	For financial audit	1.50	1.00
	For taxation matters	0.50	0.30
	For others	1.50	
	Expenses reimbursed	-	0.01
3.4	Disclosures on provisions		
		Opening	Closing
	(i) For gratuity	41.65	48.35
	(ii) For encashable leave salary	30.10	7.62
	(iii) For fringe benefit tax	10.42	-
	Total	82.17	55.97

RESTILE CERAMICS LIMITED
Notes to the Accounts for the year ended March 31, 2010

4	Earnings per share	2010 (Rs. In lakhs)	2009 (Rs. In lakhs)
	<i>Basic earnings per share</i>		
	Profit after taxation as per Profit and Loss account (in Rs. Lakhs)	(498.28)	(980.30)
	Weighted average number of equity shares outstanding	982,79,239	982,79,239
	Basic earnings per share (Face value Re. 10) (in Rs.)	(0.51)	(1.00)
5	Composition of net deferred tax liability		
	<u>Deferred tax liabilities</u>		
	- Depreciation	284.93	337.26
	- Other timing differences	-	-
		284.93	337.26
	<u>Deferred tax assets</u>		
	- Unabsorbed depreciation	85.03	-
	- Other timing differences	199.90	-
		284.93	0.00
		-	337.26
	(i) In the light of the Company having an history of recent losses, accrual of deferred tax asset is restricted to timing differences, the reversal of which will result in sufficient income as laid down in para 18 of Accounting Standard 22 "Accounting for Taxes on Income".		
	(ii) Considering the uncertainty in realising the business losses brought forward under tax laws, deferred tax asset estimated at Rs. 749.08 lakhs has not been accrued.		
6	Segment information		
	The company is principally engaged in a single business segment viz., Vitrified tiles and operates in one geographical segment as per Accounting Standard 17 on 'Segment Reporting'.		
7	Related party disclosure		
	a) Related Parties where control exists: Restile Marketing (P) Ltd.,		
	b) Associate Companies Elister IT Solutions India (P) Limited Sologuard Medical Devices (P) Limited Athreya Finance Pvt Ltd		
	c) Key Management Personnel, their relatives and their enterprises where transactions have taken place. Mr. Nalin A. Rathod Mr. Tribhuvan Rathod Mr. G.V. Ramana Murthy* Mr. R.S. Raghavan*		
	*For Part of the year		

RESTILE CERAMICS LIMITED

Notes to the Accounts for the year ended March 31, 2010

	2010 (Rs. In lakhs)	2009 (Rs. In lakhs)
(d) Material Transactions with related parties		
(i) Purchase of Conusumables,stores etc and Fixed Assets		
(a) Consumables Stores and Spares from Associate Companies	79.65	Nil
(b) Fixed Asset from Associate Companies	168.45	Nil
(ii) Other expenditure		
a) Salary to Key Management Personnel:(Refer Clause 2.1)		
Mr. Tribhuvan Rathod	19.82	-
Mr. G.V. Ramana Murthy*	Nil	3.86
Mr. R.S. Raghavan*	4.27	1.39
b) Sitting Fees to key Management Personnel		
Mr. Nalani.A.Rathod	0.10	0.07
c) Office maintenance and other Expenses		
Associate Company	2.39	Nil
d) Provision for diminution in Value of Investments		
Subsidiary	0.99	Nil
*For the Part of the year		
(iii) Advance / Current account - Net increase / (decrease)		
Associate Companies		
Elister IT Solutions India (P) Limited	4.99	Nil
(iv) Amount due by the company		
a) Associate Companies		
Atherya finance Pvt Ltd - Deep Discount Bond outstanding	1730.83	1730.83
b) Key Management Personnel		
Mr Tribhuvan Rathod	5.91	Nil
Mr Nalin Rathod	3.60	3.60

RESTILE CERAMICS LIMITED					
Notes to the Accounts for the year ended March 31, 2010					
8	Employee benefits				
	a) Defined benefit plans - As per Actuarial valuation on March 31, 2010	(Rs.Lakhs)			
		Gratuity		Compensated absences-Leave	
		2010	2009	2010	2009
	A Expense recognised in the statement of Profit and Loss Account for the year ended March 31, 2010				
	1 Current service cost	10.38	9.23	9.52	21.83
	2 Interest cost	2.93	2.54	2.06	1.46
	3 Expected return on plan assets	-	-	-	-
	4 Net actuarial (gain) / loss recognised during the year	(1.45)	3.76	(28.79)	(5.45)
	5 Total expense	11.87	11.78	(17.22)	23.29
	B Actual return on plan assets				
	1 Expected return on plan assets	-	-	-	-
	2 Actuarial gain/ (loss) on plan assets	(1.45)	3.76	(28.79)	(5.45)
	3 Actual return on plan assets	-	-	-	-
	C Net Asset/ (Liability) recognised in the Balance Sheet				
	1 Present value of the obligation	48.35	41.65	7.62	30.10
	2 Fair value of plan assets	-	-	-	-
	3 Funded status [surplus/ (deficit)]	-	-	-	-
	4 Net Asset/ (Liability) recognised in the Balance Sheet	(48.35)	(41.65)	(7.62)	(30.10)
	D Change in Present value of the Obligation during the year				
	1 Present value of obligation as at beginning of the year	41.65	32.64	30.10	21.62
	2 Current service cost	10.38	9.23	9.52	21.83
	3 Interest cost	2.93	2.54	2.06	1.46
	4 Benefits paid	(5.16)	(6.53)	(5.26)	(9.37)
	5 Actuarial (gain) / loss on obligation	(1.45)	3.76	(28.79)	(5.45)
	6 Present value of obligation as at end of the year	48.35	41.65	7.62	30.10
	E Change in Assets during the year				
	1 Fair value of plan assets as at beginning of the year	-	-	-	-
	2 Expected return on plan assets	-	-	-	-
	3 Contributions	5.16	6.53	5.26	9.37
	4 Benefits paid	(5.16)	(6.53)	(5.26)	(9.37)
	5 Actuarial gain / (loss) on plan assets	(1.45)	3.76	(28.79)	(5.45)
	6 Fair value of plan assets as at end of the year	-	-	-	-
	F Experience adjustments in				
	1 Plan liabilities - loss / (gain)	1.29	4.24	0.28	0.75
	2 Plan assets - (loss) / gain	(2.74)	(0.49)	(29.08)	(6.20)
	G Major categories of plan assets as a percentage of total plan	Unfunded		Unfunded	
	H Actuarial Assumptions	2010	2009	2010	2009
1	Discount rate	8.00%	7.50%	8.00%	7.50%
2	Salary escalation	8.00%	7.00%	8.00%	7.00%
3	The estimates of future salary increases by the actuary have reckoned inflation, seniority, promotion and other relevant factors.				

- b) During the year the company has recognised the following amounts in the Profit and Loss Account in Schedule : 14
Salaries and wages includes compensated absences Rs.(6.24) lakhs (2009: Rs.15.73 Lakhs) and gratuity Rs.15.39 lakhs (2009: Rs.10.23 lakhs)
Contribution to provident, and other funds includes Provident fund and family pension Rs.23.07 lakhs (2009: Rs.33.55 lakhs),
and contribution to employee state insurance plan Rs.6.49 lakhs (2009: Rs.6.73 lakhs)

- c) The company has adopted Revised Accounting Standard 15 and comparatives have been provided for the Two Years for which data is available.

RESTILE CERAMICS LIMITED**Notes to the Accounts for the year ended March 31, 2010**

9.1 Towards the end of the year, the Company has embarked on an exercise to reconcile the balances disclosed as per books as dues to/from creditors/debtors and other parties. To the extent of balances that have been reconciled, corrective accounting action has been initiated wherever necessary and the results of the year incorporate the same. This exercise is in progress and will be completed during the ensuing year.

9.2 Arising out of reconciliation of balances with parties as stated in clause 9.1 above and a review of accounts during the year, the following prior period expenditure (net) Rs.5.32 Lakhs have been reckoned under the head other Expenses in Schedule 14 in the financial statements. The nature of such items is as under:

Sl No	Nature of Expenditure	Amount(Rs in Lacs)
i	Rates and Taxes	1.21
ii	Consumables and Spares	12.24
iii	Repairs and maintenance Plant and Machinery	0.21
iv	Professional Fees	16.95
v	Freight	1.46
vi	Power and Fuel	(5.48)
vii	Rent	(2.57)
viii	Materials	(7.75)
ix	Others- net of unclaimed balance written back	(10.95)
	Total	<u>5.32</u>

10 (i) Amounts due to Small Scale Industrial undertakings are not ascertainable. (ii) The Company has not received any information from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any relating to the amounts unpaid as at the end of the year together with interest paid/ payable under the said Act have not been furnished.

11 The Company has amortised the following expenditure during the year. Capital Issue expenses Rs.23.46 lakhs (2009:Rs.23.46 lakhs), Product Development expenses Rs. 82.68 Lakhs (2009 Rs.82.68 Lakhs) and Brand building expenses Rs.13.14 Lakhs (2009 Rs.13.14 Lakhs).

12 The Company has during the year changed its accounting policy to recognise the liability towards excise duty on finished goods lying uncleared at the factory as at the end of the year and consequently, consider the same in valuation valuation of the said stock. This change is pursuant to the requirements of Accounting Standard-2 "Valuation of Inventories". There is no impact on the results of the year due to the said change.

13.1 A case has been filed against the Company in 1997 regarding alleged sale and lease back of certain fixed assets belonging to the company. The Company has disputed the veracity of the sale and lease back arrangement particularly since there was no evidence of appropriate approvals on behalf of the Company. The case is pending adjudication before the High Court and consequently, the said assets continue in possession of and properly reflected in the Company's books of account.

13.2 Fixed assets include cost of vehicle Rs. 16.44 Lakhs.(2009 Rs.16.44) standing in the name of erstwhile Joint Managing Director.

13.3 Other Liabilities include temporary overdraft from Bank Rs.22.11 lakhs(2009 Rs.Nil)

RESTILE CERAMICS LIMITED**Notes to the Accounts for the year ended March 31, 2010**

13.4	In Schedule 14, (i) Consumption of Raw Materials is net of Rs.171.37 Lacs (2009 Rs.Nil) capitalised, incurred during trial run up to March 1,2009 and sale of materials Rs.238.52 Lacs (2009 Rs.Nil). (ii) spares and consumables is net of sale of Rs.118.88 Lacs (2009 Rs.Nil) and (iii) Packing material is net of (2009 Rs.Nil).
14	Secured Loan: 537527 Deep Discount Bonds of Rs.1000 each were issued to Athreya Finance private at a discounted price of Rs.344. The said bonds mature on April 1,2019 but both parties have options at an earlier date at predetermined interest rate or at a price to be agreed upon at the time of price prevalent as at that date for the said bonds.
15	Figures for the previous year have been regrouped/amended wherever necessary.

As per our report of even date attached

for M.S.KRISHNASWAMI & RAJAN
Chartered Accountants
Firm Regn No :01554S

For and on behalf of the Board

M K RAJAN
Partner
Membership No:4059

M Subbarao
Chief Financial Officer

Tribhuvan Simh Rathod
Managing Director

Seetharaman T R
Director

Chennai
May 29,2010

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details :

Registration No.	6480	State Code	01
Balance Sheet Date	31.03.2010		

II. Capital raised during the year (Rs. in lacs) :

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds :

Total Liabilities	12816.64	Total Assets	(Rs. in lacs) 12816.64
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Sources of Funds :

Paid-up Capital	9827.92	Reserves & Surplus	800.57
Secured Loans	2188.15	Unsecured Loans	Nil
Deferred Tax Liability	Nil		

Application of Funds :

Net Fixed Assets	8943.91	Investments	Nil
Net Current Assets	1214.91	Misc. Expenditure	169.55
Accumulated Losses	2488.27		

IV. Performance of Company (Rs. Lacs):

Turnover	4445.72	Total Expenditure	5281.27
Profit (Loss) Before Tax	(835.55)	Profit (Loss) after Tax	(498.28)
Earnings Per Share in Rs.(Annualised)	(0.51)	Dividend rate %	Nil

V. Generic Names of three principal products/services of Company

Item Code No (ITC Code)	: 69089002
Product description :	Unglazed Fully Vitrified Ceramic Tiles

RESTILE CERAMICS LIMITED

Regd. Office: Malkapur Village, Narsapur Taluk
Hatnoora Mandal, Medak District, Andhra Pradesh

ATTENDANCE SLIP

Registered Folio / DPID No.:

Name of the Shareholder:

No. of Shares:

I/We hereby record my/our presence at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company at the Registered Office at Malkapur Village, Hatnoora Mandal, Narsapur Taluq, Medak Dist, A.P at 11.30 A.M, on September 25, 2010 and at any adjournment thereof.

Signature of the Shareholder(s): _____

Notes:

1. Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip/Proxy form as the case may be to the meeting and handover at the entrance duly signed.
2. Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

RESTILE CERAMICS LIMITED

Regd. Office: Malkapur Village, Narsapur Taluk
Hatnoora Mandal, Medak District, Andhra Pradesh

PROXY FORM

- h. I/We _____ being a Member/Members of RESTILE CERAMICS LIMITED hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company at the Registered Office at Malkapur Village, Hatnoora Mandal, Narsapur Taluq, Medak Dist, A.P at 11.30 A M on September 25, 2010 and at any adjournment thereof.

Registered Folio / DPID No. :

No. of Shares:

AS WITNESS my hand/our hands this _____ day of _____ 2010

Affix 1 Rupee
Revenue Stamp

Signature(s)

Note: The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

BOOK - POST

PRINTED MATTER

If undelivered, please return to :

Restile[®]

The Original FULBODY Tiles

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

Please note that the Share and Depository Transfer Agents for the Company are :

Sathguru Management Consultants Pvt. Ltd.,

Plot No. 15, Hindi Nagar, Panjagutta,
Hyderabad - 500 034.

All Correspondence may be addressed to them