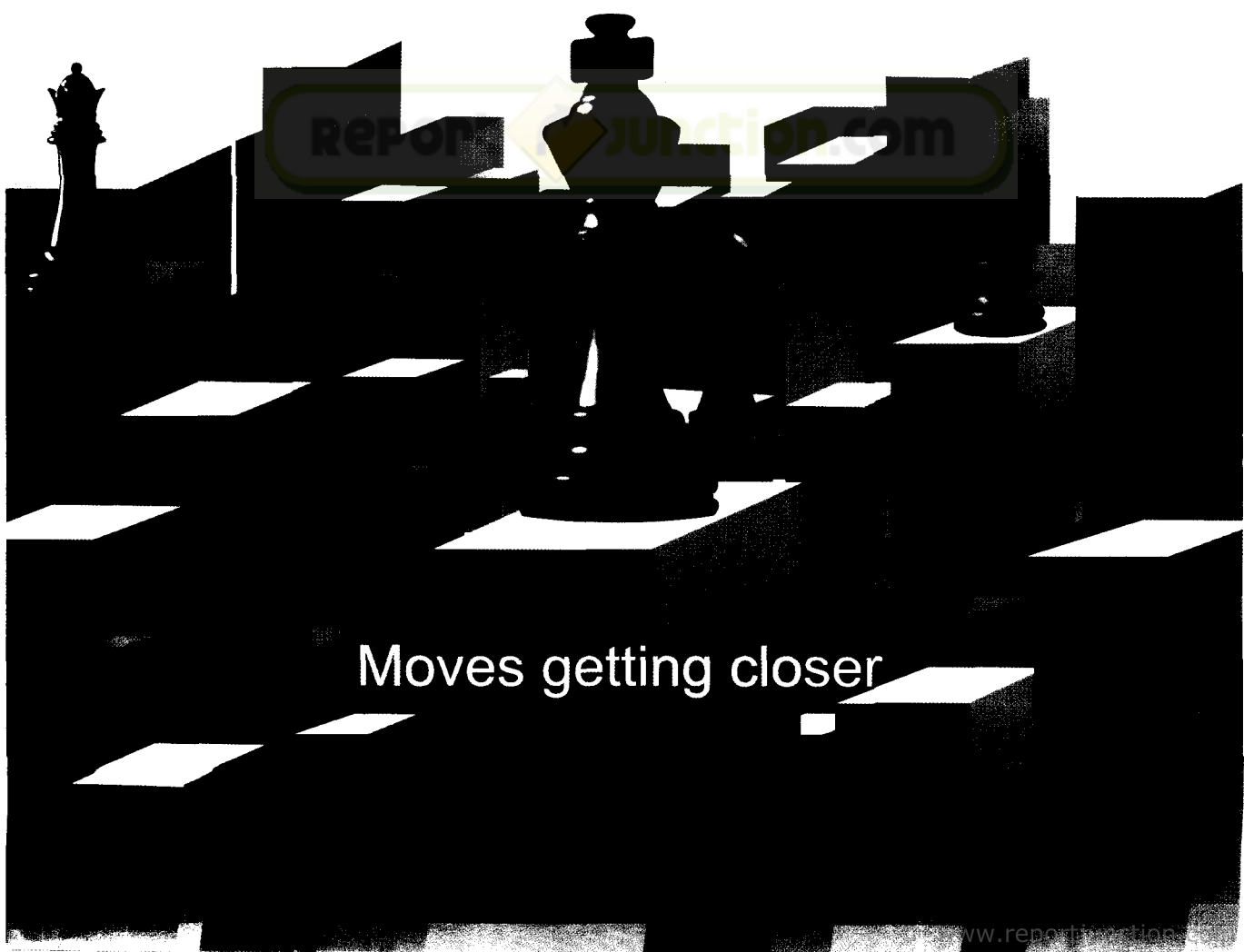


22nd Annual Report
2007-08

Restile[®]
The Original FULBODY Tiles



Moves getting closer



Report Junction.com

The Original Tiles

Restile - the pioneer in vitrified tiles, is the only FULBODY vitrified tile company in the country. Known for innovation & excellence, Restile now introduces India's latest tile finish - PearlRock, the first-of-its-kind surface in vitrified tiles,

Restile offers you a choice of three exciting finishes in vitrified tiles, **PEARLROCK** - A silky surface that has the qualities of a tough matt surface plus the smoothest of finishes!

GRANAMITE - The toughest surface of all vitrified tiles, hence it is very useful for floors where there's extreme abuse & heavy traffic.

MIRRORSTONE - A tile with a glossy finish that adds an unparalleled exquisiteness. Just like the beauty of marble, through & through.

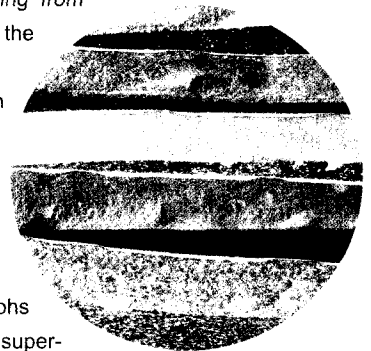
Restile's other offerings include

IMPACTA - Industrial purpose tile for heavy industrial flooring.

EXPRESSIONS - An all-new royal color range to suit the contemporary look.

Benefits of FULBODY Vitrified Tiles

Restile FULBODY Vitrified Tiles are homogenous bodies, with designs running from the surface right down to the bottom. The designs with suitable variations in each tile give a natural look to your floor, just like marble or granite. These tiles are incredibly tough right through, with an extremely hard surface measuring Mohs and processed for a super-smooth finish with a low porosity of 0.03%.



Restile FULBODY Vitrified Tiles are highly resistant to abrasion, stain and scratch which means that when you install your floor with them, your floor retains its natural and elegant look for a lifetime



CHAIRMAN'S SPEECH

Dear Shareholder,

I have great pleasure in sharing with you the improved performance in the year 2007-08. We achieved new record for turnover and earned net profit.

The economy, Indian as well as global, got adversely effected due to eruption of sub-prime crises in the US and Western Europe. Global Factors – the food and fuel inflation are also responsible for both the economic slow down and the raging inflation. All countries including India have practically shown their readiness to sacrifice growth for containing inflation. In spite of recent fall in the prices of petroleum and other commodities, inflationary trend is running high in India. Indian economy grew at 8% during the year 2007-08 and expected to grow at 7.5% – 8% during the current financial year.

With the investment rate expected to remain steady, the physical and social infrastructure sector is poised to grow consistently. Exploration, development and distribution during the current financial year, of natural gas resources found by public and private sector companies in India, helps achieve cost effective production by our company.

Boom in the housing sector supported by favorable government policies and fairly reasonable growth estimates of the Indian economy have significantly influenced the consolidation and growth of the Indian Ceramic Tile Industry, creating additional demand for higher end products.

Project for expansion of production facilities to 10,000 sq.mtrs/day is delayed by nine months due to few technical reasons and expected to be completed by October 2008.

I am confident that, on achieving both organic and in-organic growth options being pursued, our Company will firmly establish itself as one of the India's successful and admired vitrified tile company in the years to come.

I am sure that, our company will continue to display renewed vigor, sense of spirit to face challenges and excel in the years ahead.

I would like to express my gratitude to our Board of Directors for their unstinting support and guidance. I am also grateful to all our stakeholders – our customers, suppliers, bankers, employees and shareholders, who have reposed their trust in us and given us their constant support.

With Seasons Greetings,

Sincerely,

NALINKANT AMRATLAL RATHOD
CHAIRMAN & MANAGING DIRECTOR

BOARD OF DIRECTORS

Shri Nalinkant Amratlal Rathod	-	Chairman & Managing Director
Shri K.Rajendra Prasad	-	Director - Nominee APIDC
Shri G.V. Ramana Murthy	-	Jt. Managing Director & C.E.O. (Upto 30 th June, 2008)
Dr. P.V. Lakshmipaty	-	Director (Upto 30 th August, 2008)
Shri V.Padmakar	-	Director (Upto 30 th August, 2008)
Shri G. Padmanabhan	-	Director (Upto 30 th August, 2008)
Shri Raj Mitta	-	Director (Upto 30 th August, 2008)
Shri. Sundaresan Hariharan	-	Director (From 30 th August, 2008)
Shri. Seetharaman TR	-	Director (From 30 th August, 2008)
Shri. Ramachandran N.S	-	Director (From 30 th August, 2008)
Shri. Raghavan R.S	-	Director (From 30 th August, 2008)

REGISTERED OFFICE AND FACTORY

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

ADMINISTRATIVE OFFICE

301&302, Aditya Trade Centre
 Aditya Enclave Road
 Ameerpet
 Hyderabad – 500 038

Report Junction.com

AUDITORS

M/s.Lalith Prasad & Co.
 Chartered Accountants
 Flat No. 402, Golden Green Apts
 Punjagutta
 Erramanzil Colony
 Hyderabad – 500 082

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

22nd Annual Report 2007-2008

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the TWENTY SECOND ANNUAL GENERAL MEETING of the Members of the Company will be held on Tuesday, the 30th day of September, 2008 at 11.30 A.M. at the Regd. Office of the Company at Malkapur Village, Hatnoora Mandal, Medak District-502 296, Andhra Pradesh to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2008, the Profit and Loss Account for the year ended 31st March, 2008, together with the Reports of the Directors and the Auditors thereon.
2. To appoint Auditors and fix their remuneration and in this regards to consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. Lalith Prasad & Co., Chartered Accountants be and hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as will be filled by the Board of Directors."

SPECIAL BUSINESS:

3. To appoint a Director in the place of Mr. Sundaresan Hariharan who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th August 2008 under Section 260 of the Companies Act, 1956, (the Act) and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and is respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under the provisions of Section 257 of the Act.
To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Sundaresan Hariharan, 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."

4. To appoint a Director in the place of Mr. Ramachandran N.S. who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th August 2008 under Section 260 of the Companies Act, 1956, (the Act) and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and is respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under the provisions of Section 257 of the Act.
To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Ramachandran N.S., 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."

5. To appoint a Director in the place of Mr. Raghavan R.S. who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th August 2008 under Section 260 of the Companies Act, 1956, (the Act) and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and is respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under the provisions of Section 257 of the Act.
To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Raghavan R.S., 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 a Director in the place of Mr. Seetharaman TR who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th August 2008 under Section 260 of the Companies Act, 1956, (the Act) and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and is respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under the provisions of Section 257 of the Act.
To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Seetharaman TR, 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 appoint a Director in the place of Mr. Seetharaman TR who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th August 2008 under Section 260 of the Companies Act, 1956, (the Act) and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and is respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under the provisions of Section 257 of the Act.
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"RESOLVED THAT Mr. Seetharaman TR, 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."

8. To appoint a Director in the place of Mr. Seetharaman TR who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th August 2008 under Section 260 of the Companies Act, 1956, (the Act) and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and is respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under the provisions of Section 257 of the Act.
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9. To appoint a Director in the place of Mr. Seetharaman TR who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th August 2008 under Section 260 of the Companies Act, 1956, (the Act) and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and is respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under the provisions of Section 257 of the Act.
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10. To appoint a Director in the place of Mr. Seetharaman TR who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th August 2008 under Section 260 of the Companies Act, 1956, (the Act) and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for appointment and is respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under the provisions of Section 257 of the Act.
To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Seetharaman TR, 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."

By Order of the Board
NALINKANTH A. RATHOD

CHAIRMAN & MANAGING DIRECTOR

Place: Hyderabad
Date: 30.08.08

NOTES:

The relative explanatory statements, pursuant to section 173 of the Companies Act, 1956, in respect of the business under item No. 3 to 6, above are annexed hereto.

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.

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.

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.

The Register of Members and Share Transfer Books of the Company will remain closed from 20.09.08 to 22.09.08 (inclusive of both days).

Members are requested to notify any change in their addresses to the Company's Share and Depository Transfer Agents.

Members holding shares in physical form are requested to convert their holdings into Demat. The Company's Id with 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.

ANNEXURE TO NOTICE

As required by Section 173(2) of the Companies Act, 1956 (hereinafter referred as "the Act") the following Explanatory Statements set out all material facts relating to the business mentioned under Item No.3 to 6 of the accompanying Notice dated 30.08.08

ITEM NO.3 TO 6: Mr. Sundaresan Hariharan, Mr. Ramachandran N.S., Mr. Raghavan R.S. and Mr. Seetharaman TR were appointed as additional directors by the Board with effect from 30.08.08. Mr. Ramachandran N.S., Mr. Sundaresan Hariharan and Mr. Seetharaman TR were also appointed as members of the Company's Audit Committee w.e.f. 30.08.08

In terms of Section 260 of the Act and Article 101 of the Company's Articles of Association, Mr. Sundaresan Hariharan, Mr. Ramachandran N.S., Mr. Raghavan R.S. and Mr. Seetharaman TR hold office as Directors only till the date of the forthcoming Annual General Meeting but are eligible for appointment. Notices have been received from members as required by Section 257 of the Act, signifying their intention to propose the candidatures of Mr. Sundaresan Hariharan, Mr. Ramachandran N.S., Mr. Raghavan R.S. and Mr. Seetharaman TR for the office of Director.

Mr. Sundaresan Hariharan, aged 38 years, is a qualified Cost Accountant and PGDM from IIM. He has around 14 years of experience in investment banking, forex treasury management, capital structuring and credit assessment, working with SCICI Ltd, Peregrine Fixed Income Ltd., Fleet Boston Financial and Common Wealth Bank of Australia. He is not a director in any other Company incorporated in India. He holds 6,61,134 equity shares of the Company in his name as on 31st March 2008.

Mr. Ramachandran N.S., aged 57 years, is a qualified Chartered Accountant and a Management Accountant of the Institute of Chartered Accountants of India. He has around 24 years of post qualification experience in Finance & Accounts functions, worked with Indian Oil Corporation, IBP, GEC of India Ltd., Hindustan Zinc Limited, and AP Gas Power Corporation Ltd.. He is not a director in any other Company incorporated in India. He does not hold any equity shares of the Company in his name as on 31st March 2008.

Mr. Raghavan R.S., aged 60 years, is a qualified Chartered Accountant and Company Secretary having around 36 years of rich experience in Finance & Accounts functions in large industrial houses namely Zuari Industries Limited, Steel Authority of India Limited and DCM Limited. Presently, he is not a director in any other Company incorporated in India. He does not hold any equity shares of the Company in his name as on 31st March 2008.

Mr. Seetharaman TR, aged 51 years, is a qualified Chartered Accountant having post qualification experience of 28 years in Finance & Accounts functions, worked with various multinational companies in India and Abroad. Presently, working as a partner of an Auditing Firm in Chennai. He is not a director in any other Company incorporated in India. He does not hold any equity shares of the Company in his name as on 31st March 2008.

None of the Directors other than Mr. Sundaresan Hariharan, Mr. Ramachandran N.S., Mr. Raghavan R.S. and Mr. Seetharaman TR are interested in their respective Resolutions.

By Order of the Board
NALINKATH A. RATHOD

CHAIRMAN & MANAGING DIRECTOR

Place: Hyderabad
Date: 30.08.08

DIRECTORS' REPORT

Your Directors present their Twenty Second Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2008

FINANCIAL RESULTS

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

Particulars	(Rs. in Lakhs)	
	2007-2008	2006-2007
Gross Sales	3385.23	2413.90
Other Income	26.84	26.61
EBITDA	532.00	(56.81)
Interest and Financial Charges	113.66	94.77
Depreciation	273.64	235.82
Profit/ (Loss) Before Taxes, Amortization	144.70	(273.78)
Amortization	105.62	82.69
Profit / (Loss) before Tax	39.08	(356.47)
Provision for Taxes	8.99	3.46
Profit / (Loss) carried to Balance Sheet	30.09	(359.93)

OPERATIONS:

During the year under review, your Company has achieved a turnover of Rs.3385.23 Lakhs and EBITDA of Rs. 532.00 lakhs as against Rs.(56.81 lakhs) in 2006-07.

Net Profit of Rs.30.09 lakhs for the year is after amortization of Rs.105.62 lakhs expenditure relating to capital issue, brand building and New Product development costs.

Your Company has earned a Net Profit of Rs.30.09 lakhs during the year 2007-08 on account of 40% growth in gross turnover and improvement in overall operational efficiency.

CAPITAL PROJECTS

Your Company has taken up a project of expansion of capacity during 2007-08 from the present 14 lakhs Sq.mtrs. to 35 lakhs Sq.mtrs with an investment in Buildings & Plant and Machinery of Rs.53 crores, partly to be financed through Rights Issue of Rs. 41.89 crores. The project is expected to be completed by October 2008.

FUTURE OUTLOOK

On completion of the capital project for capacity expansion during 2008-09, your Company is

poised for a quantum leap in its operations. 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

During the year under review, an amount of Rs.114.65 lakhs has been incurred for development of new products. Considering, the future economic benefits for the Company, this expenditure is being amortized over a period of five years. 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

Mr. N.S.Ramachandran, Mr. Raghavan R.S., Mr. T.R.Seetharaman and Mr. Hariharan Sundaresan were appointed as additional directors on the Board of the Company with effect from 30th August 2008.

The following Directors have stepped down from the Board with effect from 30th August, 2008:

Director's Name

Mr.V.Padmakar
 Mr.G.Padmanabhan
 Dr.P.V.Lakshmipathy
 Mr.Raj Mitta

The Board records its appreciation of the contribution made by the above Directors during their tenure with the Company.

22nd Annual Report 2007-2008

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation of the operating management confirm that:

- i. The annual accounts presented to the members have been prepared on a going concern basis
- ii. That in the preparation of the annual accounts, the applicable accounting standards have been followed with no material departure there from;
- iii. In order to provide a true and fair view of the affairs of the Company as at March 31, 2008 and of the Net profit of the Company for the year ended on that date reasonable and prudent judgements and estimates have been selected and consistently applied.
- iv. 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;

AUDITORS

M/s. Lalith Prasad and Co., Chartered Accountants, Hyderabad, Statutory Auditors of the Company, hold office until the conclusion of this Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956 and are eligible for reappointment.

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 in this Annual Report and a Report on Management Discussion and Analysis prepared and annexed to the Director's Report.

PARTICULARS OF EMPLOYEES AND INDUSTRIAL RELATIONS

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

The industrial relations with its 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 (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 financial institutions, bankers, suppliers, dealers, C & F Agents, customers, employees and various State and Central Government Agencies. The Directors also take this opportunity to thank the shareholders for their continued confidence reposed in the Management of the Company.

On behalf of the Board

NALINKANT A. RATHOD

CHAIRMAN & MANAGING DIRECTOR

Hyderabad
30.08.08

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 works to develop new products and the following new products were developed during the year:

1. ACCU Series
2. PATH Series
3. CHIPS Series
4. Introduction of New PLAIN Colours
5. New colours in Granite Series

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.

D. TECHNOLOGY UPGRADATION : Company is under the process of installing 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 a new product range. R&D facilities and quality control equipments are being upgraded.

FORM A:

Form for disclosure of particulars with respect to conservation of Energy:

	2007-08	2006-07
ELECTRICITY		
a) Purchase Units (KWH)	6196601	41,22,787
Total Amount (Rs. In Lakhs)	24166742	1,50,31,912
Average Rate per Unit (Rs/Kwh)	3.90	3.65
b) Own Generation		
1) Through Diesel Generator Units (Kwh)	143689	7,35,595
Units per liter of Diesel Oil (Kwh)	3	3.00
Average Cost per Unit (Rs/Kwh)	11.00	11.27
2) LPG		
Quantity (Tonnes)	1962.00	1,779.00
Total Cost (Rs)	79740544	5,16,99,619
Average Rate (Rs/Tonne)	40642	29061

22nd Annual Report 2007-2008
CONSUMPTION PER UNIT OF PRODUCTION

	2007-08	2006-07
Electricity (Kwh)	9.7	9.1
LPG (Tonnes)	0.00302	0.00319

FORM B
RESEARCH AND DEVELOPMENT 2007-08

During the year 2007-08 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 to reduce the losses and improve the working system.
3. Product Development by way of continuous efforts new designs & patterns were developed.
 - a) Developed large format 90x90 Un-polish version tile in various designs & patterns.
 - b) Introduced new ACCU Series, PATH Series, CHIPS Series, New PLAIN colors and new colors in GRANITE Series.
 - c) Developed various types of marble effect tiles.

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 and to reduce cost of production.

On behalf of the Board
NALINKANT A. RATHOD

CHAIRMAN & MANAGING DIRECTOR

Hyderabad
 30.08.08

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Ceramic Tile Industry globally is growing currently at 6% per annum, the Global Ceramic Tile Industry size is closed to 6900 million sq.mtrs. China dominates with 33.5% of world production, followed by Spain at 9.7%, Italy 9%, Brazil 8.6% and India at 4.9%. The largest exporters are Italy, China and Spain in that order, while the USA, Germany and France are major importers.

India is witnessing higher growth and moving towards a free market economy. Population growth, increase in per capita income, boom in real estate sector, higher annual growth in GDP & industry and improvement in FDI into India are the main factors leading to higher growth of ceramic tile industry in India. India figures in top 5 countries in the world manufacturing ceramic tiles.

In India, the organized sector with national players has 30 units controlling 44% of the market and the regional players in the unorganized sector including exports cater to the 56% of the market.

RESTILE CERAMICS LTD, being a pioneer in vitrified tile and in the business of flooring tiles since 1986 holds excellent reputation in the industry. 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 in right earnest. The competition is fierce affecting the quality standards 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 being ramped up to 35,00,000 sq. mtrs per annum at Hyderabad, Andhra Pradesh.

DISCUSSION ON FINANCIAL/OPERATIONAL PERFORMANCE

The production during the year was 6,48,505 sq. mtrs. and the sales were 6,31,097 sq. mtrs. The capacity utilization and sales quantity were higher during the year.

Net Sales: Net sales for the year 2007-08 were Rs.3181.49 lakhs as compared to Rs.2034.84 lakhs in the previous year. The increase of 56.35% was due to higher production and higher volume of sales.

Other Income: The other income for the year stands at Rs.26.84 lakhs.

Increase in stocks: The closing stock in trade as on 31.03.2008 has increased by only Rs.71.79 lakhs from the previous year in comparison with the increase of Rs. 284.24 lakhs as on 31.03.2007 on account of higher sales.

Total Expenditure: Increase in the expenditure in the year 2007-08 was due to revised product mix, new product development and higher production.

Manufacturing Expenses : Manufacturing expenses were Rs.1832.26 lakhs in the year 2007-08 compared to Rs. 1559.14 lakhs during the previous year. The increase has been on account of richer product mix and higher production quantities.