



Restile[®]
The Original FULBODY Tiles

**TWENTY THIRD ANNUAL GENERAL MEETING
2008 - 2009**

BOARD OF DIRECTORS

Shri Nalinkant Amratlal Rathod	-	Chairman
Shri Tribhvan Simh Rathod	-	Managing Director(From 1st April 2009)
Shri K.Rajendra Prasad	-	Director - Nominee APIDC
Shri. Seetharaman TR	-	Director
Shri. Ramachandran N.S	-	Director
Shri G.Padmanabhan	-	Director (From 11th July 2009)

REGISTERED OFFICE & FACTORY LOCATION

Malkapur Village
Hatnoora Mandal
Narsapur Taluk
Medak District-502 296

ADMINISTRATIVE OFFICE

301&302, Aditya Trade Centre
Aditya Enclave Road
Ameerpet
Hyderabad - 500 038
Andhra Pradesh

AUDITORS M/s Lalit Prasad & Co

Chartered Accountants
Flat no .402,Golden Green Apts
Punjagutta, Erramnzil Colony,
Hyderabad.

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 TO THE SHAREHOLDERS

Notice is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the Members of the Company will be held on Tuesday, the 29th day of September, 2009 at 11.00 A.M. at the Regd. Office of the Company at Malkapur Village, Hatnoora Mandal, Narsapur Taluq, Medak Dist, A.P to transact the following businesses:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009, the Profit and Loss Account for the year ended 31st March, 2009, together with the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in the place of Shri Nalinkant Amratlal Rathod who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution :

WHEREAS a special notice has been received pursuant to Section 225(1) of the Companies Act, 1956 from shareholders for the appointment of M/s Krishnaswamy & Rajan, Chartered Accountants in place of retiring Auditors, namely M/s Lalit Prasad & Co., Chartered Accountants.

NOW THEREFORE IT IS RESOLVED that M/s S Krishnaswamy & Rajan, Chartered Accountants, Chennai be and is hereby appointed as the Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration as may be decided by the Board of the Directors of the Company."

SPECIAL BUSINESS :

4 To appoint Mr. G.Padmanabhan as Director

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

"RESOLVED THAT Mr. G.Padmanabhan, 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 Mr. Tribhuvan Simh Rathod as Director

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

"RESOLVED THAT Mr. Tribhuvan Simh Rathod, who was appointed as an Additional Director of the Company in the Board Meeting held on 31st January 2009 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 ratify the appointment of Mr Tribhuvan Simh Rathod who was appointed as Managing Director of the Company by the Board of Directors with effect from 01st April 2009

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

"RESOLVED THAT supersession to the earlier resolution passed by the Board of Directors in their meeting held on 7th March 2009 for appointment of Shri. Tribhuvan Simh Rathod as Managing Director of the Company 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 consent of the Company be and is hereby accorded to ratify the appointment of Sri Tribhuvan Simh Rathod as a Managing Director of the Company with effect from 01.04.2009 for a period of 1 year on the following Remuneration, terms and conditions :

1. Position : Managing Director
2. Effective from : 1st April 2009
3. Tenure : 1 year
4. Remuneration :
 - Basic Salary Rs 1,43,000/- per month
 - Leave Travel Rs 5,000/- per month

- Medical Rs 1250/- per month
- Technical Literature Rs 1500/- per month

Managing Director will be covered under the Employees Provident Fund Scheme as per the rules applicable to other employees of the Company. Payment of gratuity shall be as per provisions of the Act.

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

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

"RESOLVED FURTHER THAT in the event of 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
NALINKANT AMRATLAL RATHOD

Place : Hyderabad

Date : 26.07.2009

CHAIRMAN

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

23rd September 2009 to 29th September 2009 (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 2009-10 has been paid to Stock Exchange.

ANNEXURE TO THE NOTICE - EXPLANATORY STATEMENT
(Pursuant to Section 173(2) of Companies Act, 1956)
Item No 3 :

The retiring auditors, namely M/s Lalit Prasad & Co., Chartered Accountants have expressed their unwillingness to re appointed and that a special notice in terms of Section 190 of the Companies Act, 1956 read with section 225 of the Act has also been received from shareholders of the Company for the appointment of new Auditors in place of the retiring auditors M/s Lalit Prasad & Co., Chartered Accountants. The Company has forthwith communicated to the retiring auditors of the special notice and that the retiring auditors have made no representation against the said special notice. A written certificate has been obtained from M/s Krishnaswamy & Rajan, Chartered Accountants to the effect that in case of their appointment as Auditors of the Company, the appointment will be in accordance with the limits prescribed under section 224(1B) of the Act.

Your Directors recommended the resolution for approval.

None of the Directors is concerned or interested in this resolution.

Item No 4 :

Shri G Padmnabhan was appointed as an additional director by the Board with effect from 11th July 2009.

In terms of Section 260 of the Act and Article 101 of the Company's Articles of Association, Shri G Padmnabhan hold office as Directors 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 candidatures of Shri G Padmnabhan for the office of Director.

G Padmnabhan, aged 62 years, is a qualified a Chartered Accountant and has a vast experience and expertise in the fields of Finance and Accounting He is not a director in any other Company incorporated in India. He holds Nil equity shares of the Company in his name as on 31st March 2009.

None of the Directors other than Shri G. Padmanabhan is interested in the respective Resolution.

Item No 5 :

Shri Tribhuvan Simh Rathod was appointed as an

additional director by the Board with effect from 31st January 2009.

In terms of Section 260 of the Act and Article 101 of the Company's Articles of Association, Shri Tribhuvan Simh Rathod holds office as Directors 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 candidatures of Shri Tribhuvan Simh Rathod for the office of Director.

Shri Tribhuvan Simh Rathod, aged 61 years, is a qualified Chartered Accountant and has a vast experience and expertise in the fields of Finance and Accounting He is also a director in Bell Granito Ceramica Ltd and Athreya Finance Pvt Ltd , companies incorporated in India. He does not hold equity shares of the Company in his name as on 31st March 2009.

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

Item No 6 :

Shri Tribhuvan Simh Rathod, Additional Director was appointed as an Managing Director of the Company in the Board Meeting held on 7th March 2009.

Shri Tribhuvan Simh Rathod, aged 61 years and has a vast experience and expertise in the fields of Finance and Accounting, . He is also a director in Bell Granito Ceramica Ltd and Athreya Finance Pvt Ltd , companies incorporated in India.

The board appointed Sri Tribhuvan Simh Rathod as Managing Director subject to approval of shareholders for a period of 1 year effective from 01.04.2009. As per the provisions of Section 198,269, 310,311 read with Schedule XIII approval of shareholders required for appointment and fixation of remuneration to the Managing Director. Hence the resolution is recommended.

None of the Directors other than Shri Tribhuvan simh Rathod and Shri Nalinkant Amratlal Rathod was interested in the respective Resolution.

By Order of the Board
NALINKANT AMRATLAL RATHOD

Place : Hyderabad
 Date : 26.07.2009

CHAIRMAN

DIRECTORS' REPORT

Your Directors present their 23rd Annual Report together with the audited accounts of the Company for the year ended 31st March 2009.

FINANCIAL RESULTS

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

PARTICULARS	(RS.IN LAKHS)	
	2008-09	2007-08
Gross Sales	3956.92	3298.35
Other Income	39.50	26.84
EBITDA	(458.10)	532.00
Interest and Financial charges	96.48	113.66
Depreciation	296.02	273.64
Profit/(Loss) before taxes	(850.60)	144.70
Amortization	119.28	105.62
Profit / (Loss) before tax	(969.88)	39.08
Provision for taxes	10.42	8.99
Profit / (Loss) carried to Balance Sheet	(980.30)	30.09

OPERATIONS

During the year under review, your Company has achieved a turnover of Rs.3956.92 Lacs and EBITDA of (Rs.458.10 Lacs) as against Rs.532.00 Lacs in 2007-08.

Due to severe adverse effect of the economic slow down an amount of (Rs.980.30 Lacs) loss was incurred during the year 2008-09 including an amount of Rs.119.28 Lacs amortized during the year on account of the expenditure relating to capital issue and cost of developing new products.

During the year the Company has commenced commercial production of Line-III project and capitalized an amount of Rs.5054.87 Lacs which will enable the Company to produce Tiles in a very cost effective way. In addition, as a major step towards cost reduction, Company has entered into a Contract Manufacturing Agreement with Bell Granito Ceramica Limited, where Natural Gas is used as fuel for manufacture of tiles.

The above two actions will provide reasonable economies of scale and efficient over head cost structure.

RIGHTS ISSUE

Your Company has raised an amount of Rs.4188.95 Lacs through Rights Issue of Equity Shares in the ratio of 26equity shares for every 35 equity shares held by the shareholder. The proceeds were used to part finance the Line-III project.

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 and contract manufacturing from Bell Granito. The Company also expects to stabilize its production and reach optimum capacity utilization during the year 2009-2010. 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 appointed as an Additional Director of the company with effect from 31st January 2009, who holds office till the date of Annual General Meeting. Shri Tribhuvan Simh Rathod was appointed as Managing Director of the Company in Board meeting held on 7th March 2009 whose appointment requires the ratification by members in this Annual General Meeting
- Shri Nalinkant Rathod has relinquished his position as a Managing Director due to Pre occupation and continuing to act as the Chairman of the Company.
- Shri G Padmanabhan was appointed as on Additional Director of the Company

with effect from 11th July 2009 and will holds office till the date of Annual General Meeting

- Shri R S Raghavan was appointed as an Executive Director with effect from 7th March 2009. Due to personal reasons he has resigned from the office of Executive Director as well as Director of the Company with effect from 11th July 2009.

The Board records its appreciation of the contribution made by Shri R S Raghavan during his tenure with the Company.

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Sri Nalinkant Amratlal Rathod, Director retire by rotation and being eligible offer themselves for re-appointment.

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 :

- The annual accounts presented to the members have been prepared on a going concern basis.
- That in the preparation of the annual accounts, the applicable accounting standards have been followed with no material departure there from;
- In order to provide a true and fair view of the affairs of the Company as at March 31, 2009 and of the Net profit of the Company for the year ended on that date reasonable and prudent judgments and estimates have been made and consistently applied.
- 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. Krishnaswamy & Rajan, Chartered Accountants, Chennai, are to be appointed as Statutory Auditors of the Company in place of M/s Lalit Prasad & Co., Chartered Accountants the retiring Auditors, who expressed their inability to continue as Auditors of the Company. 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 appointment.

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

By Order of the Board
NALINKANT AMRATLAL RATHOD

Place : Hyderabad
 Date : 26.07.2009

CHAIRMAN

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. 600x600 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.

	2008-09	2007-08
ELECTRICITY		
a) Purchase Units (KWH)	4441978	6196601
Total Amount (Rs.in Lakhs)	19330903	24166742
Average Rate per unit (Rs./Kwh)	4.35	3.65
b) Own Generation		
1) Through Diesel Generator Units (Kwh)	305623	143689
Units per Liter of Diesel Oil (Kwh)	3	3
Average cost per Unit (Rs/Kwh)	12	11.00
2) LPG		
Quantity (Tonnes)	1725	1962.00
Total cost (Rs.)	76014231	79740544
Average rate(Rs./Tonne)	44066	40642

CONSUMPTION PER UNIT (Sq.Mtr) OF PRODUCTION

	2008-09	2007-08
Electricity (Kwh)	8.50	9.7
LPG (Tonnes)	0.00184	0.00302

FORM B

RESEARCH AND DEVELOPMENT 2008-09

During the year 2008-09 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
NALINKANT AMRATLAL RATHOD

Place : Hyderabad

Date : 26.07.2009

CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Major part of the financial year 2008-09 was adversely hit by the sub-prime related economic slow down resulting in severe recessionary trends in the construction and infrastructure sectors, leading to drop in demand for tiles. Inventories are piling up and prices have comedown. Competition from Imports particularly from China affected domestic market. Many manufacturing units in the unorganized sector suspended their operations. In organized sector too the production levels have come down.

There are signs of improvement in economic conditions domestically and there is optimism that Infrastructure and construction sectors would revive shortly, considering Government's thrust in the Budget to make Huge Public Investments in Infrastructure sector. Steel and Cement industry is already on the path of recovery on the sales.

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 35,00,000 Sq.mtrs at Hyderabad, Andhra Pradesh.

In order to achieve cost competitiveness, Restile started outsourcing Tiles manufacturing by entering into a Contract Manufacturing arrangement with Bell Granito Ceramica Ltd., where the main fuel used is natural gas.

DISCUSSION IN FINANCIAL/OPERATIONAL PERFORMANCE

Production during the year was 8,87,476 Sq.mtrs., higher by 36.85% than the production during previous year on account of higher capacity utilization.

NET SALES : Net Sales clocked for the year were Rs.3668.21 Lacs, higher by 18.54% as compared to Rs.3094.61 Lacs in the previous year.

OTHER INCOME: The other income for the year stands at 39.50 Lacs.

INCREASE IN STOCKS : The closing stock in trade as on 31.3.2009 increased by Rs.495.42 Lacs in comparison with the previous year due to the effects of economic slow down during later part of the year.

TOTAL EXPENDITURE : Increase in expenditure in the year 2008-09 was on account of higher production and increase in the input costs.

MANUFACTURING EXPENSES : Manufacturing expenses were Rs.3124.62 Lacs during the year as compared to Rs.1832.26 Lacs in the year 2007-08. 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.620.74 Lacs 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.96.48 Lacs was incurred in the year 2008-09 against Rs.113.66 Lacs in the previous year. The decrease was on account of prudential utilization of the working capital facilities.

NET PROFIT : Company recorded a net loss of Rs.980.30 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 CEO. 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 continuing adverse 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 2008-09

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 endeavour 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 2009, the Board of the Company consists of both Executive and Non Executive Directors. It presently consists of Six Directors out of which One Director is Executive Chairman, One Managing Director, one Promoter and three Non Executive Independent Directors, One among them is a Nominee Director. The non-executive directors possessed 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, Eight 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 2008-09 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, 2009 are given below :

Name	Category	Number of Board Meetings attended	Whether attended AGM held on 29.09.2007	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	4	No	1	-	-
Tribhuvan Simh* Rathod	Managing Director	3	No	-	-	-
Raghavan R.S*	Executive Director	4	Yes	-	-	-
Shri K.Rajendra Prasad (APIDC-Nominee)	Independent Non-Executive (APIDC)	1	No	3	-	-
N.S.Ramachandran	Independent Non Executive-Director	4	No	-	-	-
Seetaraman T.R	Independent Non Executive-Director	3	Yes	-	-	-
G Padmanabhan*	Additional Director Independent	Nil	Nil	-	-	-