

RESTILE[®]
THE ORIGINAL FULLBODY TILE

RESTILE CERAMICS LIMITED

27th ANNUAL REPORT 2012-13

SHAREHOLDERS' INFORMATION

BOARD OF DIRECTORS

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

Annual General Meeting Saturday, 10th August, 2013

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

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

Bankers **State Bank of India,**

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

Registered Office & Factory Location Malkapur Village, Hatnoora Mandal, Narsapur Taluk
Medak District-502 296 Andhra Pradesh

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

Listing **Bombay Stock Exchange Ltd,**

ISIN NO INE298E01022

Stock Code 515085

Registrars & Share Transfer Agents M/s. Cameo Corporate Services Ltd,
"Subramanian Building"1, Club House Road,
Chennai 600 002.

NOTICE TO MEMBERS

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

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

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

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

Special Business

5. Re-appointment of Shri Tribhuvan Simh Rathod as Managing Director

To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"Resolved that in super cession to the earlier resolution(s) and pursuant to the provisions of sections 198,269,309,310 schedule XIII and other applicable provisions if any of the Companies Act, 1956 (the Act), consent of the company be and is hereby accorded for re appointment of Shri Tribhuvan Simh Rathod as Managing Director of the company with effect from 1.4.2013 for a period of 2 years on the following Remuneration:

Salary	:	Rs. 2, 40,000/- per month.
Leave travel	:	Rs. 5,000/- per month.
Medical	:	Rs. 2,500/- per month.
Technical literature	:	Rs. 2,500/- per month.

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

In addition, the company will provide fully furnished accommodation and car with driver fully maintained by the company for official use.

The Remuneration committee has approved the above remuneration.

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

“RESOLVED FURTHER THAT in the event of there being no profits or if profits of the company are inadequate the Managing Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits as per part II of schedule XIII to the Act and he shall be entitled for Annual increments as per the Rules and policies of the company”

By Order of the Board of Directors

Sd/-

Nalinkant Amratlal Rathod
Chairman

Place: Chennai

Date: May 30, 2013

NOTES:

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

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

By Order of the Board of Directors

Sd/-

Nalinkant Amratlal Rathod
Chairman

Place: Chennai

Date: May 30, 2013

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

Item No.5

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

His earlier appointment as Managing Director was for a period of 3 years from April 2010 and considering his experience and expertise and based on the recommendation of Remuneration Committee, the Board of Directors, subject to approval of shareholders, reappointed Shri Tribhuvan Simh Rathod as Managing Director on the terms and conditions as mentioned in the resolution for a period 2 years effective April 1, 2013. As per the provisions of the Companies Act the reappointment and fixation of remuneration to Managing Director requires the approval of shareholders by way of special resolution. The board recommends the resolution for the approval of shareholders.

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

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

By Order of the Board of Directors

Sd/-

Nalinkant Amratlal Rathod
Chairman

Place: Chennai

Date: May 30, 2013

DIRECTOR'S REPORT

To the Members:

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

Financial Results:

Particulars	Rs. Lakhs	
	2012-13	2011-12
Gross Sales	405.45	2404.31
Other Income	20.94	90.04
EBITDA	(398.73)	(616.92)
Interest and Financial charges	105.04	106.44
Depreciation	574.03	573.96
Profit/(Loss) before taxes	(1077.80)	(1297.32)
Amortization	-	50.25
Profit / (Loss) before tax	(1077.80)	(1347.57)
Provision for taxes	-	-
Profit / (Loss) carried to Balance Sheet	(1077.80)	(1347.57)

Company Performance

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

Fixed Deposits:

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

Energy conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

Directors:

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

Directors' Responsibility Statement:

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

- a. that in the preparation of the accounts for the financial year ended 31st March 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review.
- c. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. that the Directors have prepared the accounts for the financial year ended 31st March 2013 on a 'going concern basis'.

Auditors and Audit Report

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

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

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

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

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

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

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

Information for Shareholders:

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

Corporate Governance:

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

Particulars of Employees and Industrial Relations:

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

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

Acknowledgements:

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

For and on behalf of the Board of Directors

Sd/-

Place : Chennai
Date : May 30, 2013

Nalinkant Amratlal Rathod
Chairman

ANNEXURE TO THE DIRECTORS REPORT

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

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

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

Fuel:

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

FORM A (As per Rule 2)

Form for Disclosure of Particulars with Respect to Conservation of Energy

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

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

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

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

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

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

Quality improvement:

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

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

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

C. Foreign Exchange Earnings and Outgo:	2012 - 13 (Rs in lakhs)	2011-12 (Rs in lakhs)
Foreign Exchange Earnings	Nil	70.97
Foreign Exchange out go	Nil	103.47

By Order of the Board of Directors

Sd/-

Nalinkant Amratlal Rathod
Chairman

Place : Chennai
Date : May 30, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments:-

Year 2012 - 13 showed improvement in market demand due to growth in realty sector and also boom in general construction activity in retail segments. There is improvement in economic conditions domestically and there is optimism that Infrastructure and construction sectors would grow at steady pace.

Restile Ceramics Ltd, pioneer in vitrified tiles and in the business of flooring tiles since 1986 holds excellent reputation in the Industry as high quality producer, employs the best practices and highest quality standards in the industry and works constantly on quality up-gradation. The company is known for introducing innovative product range in 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 installed capacity of 2,700,000 Sq.mtrs. per annum.

The company is continuously striving to source new materials to enable cost reduction as well as bring in improvement in quality aspects.

Management Discussion and Analysis of Operating Results and Financial Performance:-

Results of operations for the year ended March 31, 2013

The Company was operational for a period of 8 months only during the previous year

Sales:

Net Sales clocked for the year were Rs 363.19 Lacs as against Rs.2180.64 Lacs for the previous year and other income for the year stands at Rs 20.94 Lacs as against Rs. 90.04 Lacs for the previous year.

Production:

Production during the year was 54,826 Sq. mtrs, lower by 88% than the production during the previous year.

Expenditure:

There has been decrease in expenditure in the year 2012-13 compared to previous year. Out of Total Expenditure Cost of Materials consumed were Rs. 27.20 Lacs compared to Rs. 414.84

Lacs in the previous year. Purchase of traded goods account for Rs.Nil Lacs in the current year compared to Rs.45.68 in the previous year. Movement in Inventories account for Rs. 158.20 Lacs decrease in current year as against Rs.406.48 Lacs in previous Year. Employee Benefits, Depreciation, other Expenses and exceptional Items account for Rs.1171.49 Lacs as against Rs.2,644.81 Lacs in the previous year. There is also recognition of Rs.4.88 Lacs towards Bad and Doubtful debts written off.

Interest and Financial charges:

An amount of Rs.105.04 Lacs was incurred towards Interest and Financial Charges in the year 2012-13 against Rs.106.44 Lacs in the previous year.

Net Loss:

The Company recorded a net loss of Rs.1077.80 Lacs during the year on account of decrease in production and decrease in average selling prices.

Internal Control Systems and their adequacy:

Internal controls and its effectiveness are being reviewed through the internal audit process. The company has adequate internal controls and Management reviews periodically to the changed requirements. Moreover, Independent Internal Auditor conducts Periodical Audit and submits the Audit Report to the Audit Committee. Audit committee consisting of Independent Directors review the operations in terms of internal controls and their adequacy to the changing requirements.

Opportunities:

Restile has increased the manufacturing capacity by installing state of art and cost effective production equipment. The Construction and housing boom to provide bolstering demand for ceramic tiles and the untapped rural market supported by a strong growth witnessed by Indian agriculture provides for good potential for the domestic ceramic manufacturers.

Threats:

Since the vitrified market enjoys consistent growth and assured returns, companies in the organized and unorganized sector are expected to come up with the latest technology, which may result in pressure on the realizations. However the uniqueness of our product will help us in garnering the Project and industrial tiles sector which help in overcoming the competition.

Risks and Concerns:

The company specific risks remain by and large the same as enumerated last year. The Company is consuming LPG which is a petroleum product for firing the tiles. The prices of petroleum products depend upon international market and subject to 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.

Outlook:

In the present competitive market also the Company enjoys a brand image for its products. The Company also expects to stabilize its production and reach optimum capacity utilization during the year 2013-2014 by concentrating on Industrial tiles which has better realisation. 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.

Human Resources and Industrial Relations:

During the financial year 2012-13, the employee and employer relationship has been fairly cordial barring the lockout period. The company considers the quality human power as an important asset and it endeavors to recruit best possible talent and to groom it to meet its needs.

Cautionary Statement:

Statements in the management discussion and analysis describing the Company's objectives, projections, estimates, expectations may be considered to be 'forward looking statements' within the applicable securities laws and regulations. As "forward looking statements" are based on certain assumptions and expectations of future events over which the company exercise no control, the Company cannot guarantee their accuracy nor can it warrant the same will be realized by the Company. Actual results could differ materially from those expressed or implied. Significant factors which could make a significant difference to the Company's operations include domestic and international economic conditions affecting demand, supply, market prices, input component costs and availability, changes in government regulations and tax laws besides other factors such as litigation, over which the Company may not have any control.

Senior Management makes discussions with the Board relating to all material, financial and commercial transactions, if they have personal interest that may have a potential conflict with the interest of the company.

REPORT ON CORPORATE GOVERNANCE

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:

Philosophy on Corporate governance

Corporate Governance gives much emphasis on internal system encompassing policies, processes and people which serves the needs of Shareholders and stakeholders, by directing and controlling management activities with goods business objectivity, accountability and integrity. Sound Corporate Governance is mainly reliant on external marketplace commitment and legislation, healthy board culture which safeguards policies and processes. The Company attaches much importance to good Corporate Governance and the code of governance as formulated by the Stock Exchange/SEBI and other authorities.

It is the endeavor of the Board of Directors that the Company is governed so as to maximize the benefits of all Shareholders and stakeholders and others. The Company has been implementing the clauses of Corporate Governance as amended from time to time.

Board of Directors:

- a) As on 31st March 2013, the Company has Eight Directors with a Non-Executive chairman. Out of the Eight Directors, Seven are Non-Executive Directors with Six of them being independent Directors including 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.
- b) During the year under review, Four (4) meetings of the Board of Directors were held. The time gap between any two Board Meetings has not exceeded four months.
- c) The Names and Categories of the Directors on the Board, their attendance at Board Meetings held during the Financial Year 2012-2013 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, 2013 are given below:

Name	Category	Number of Board Meetings attended	Whether attended AGM held on 21.09.2012	No. of Directorships in other Companies	No. of committee Positions held in other Companies	
					Chairman	Member
Nalinkant Amratlal Rathod	Promoter Chairman & Non Executive Director	-	No	1	-	-
Tribhuvan Simh Rathod	Managing Director	4	Yes	1	-	-
K.Rajendra Prasad (APIDC-Nominee)	Nominee Director (APIDC)	0	No	3	-	-
N.S.Ramachandran	Independent Non Executive-Director	2	Yes	-	-	-
Seetaraman T.R	Independent Non Executive-Director	4	No	-	-	-
G Padmanabhan	Independent Non Executive Director	4	No	-	-	-
N S Mani	Independent Non Executive Director	4	Yes	2	-	-
N Gopala Krishnan	Independent Non Executive Director	2	Yes	-	-	-

- (i) Four (4) Board Meetings were held during the year 2012-2013 and the gap between 2 meetings did not exceed 4 months. The dates on which, the Board Meetings held were on 29th May 2012, 13th August 2012, 11th November 2012 and 10th February 2013.
- (ii) Apart from receiving the sitting fees, Independent 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 independent 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 of Directors for their consideration.

Committees of the Board:

The Committees constituted by the Board of Directors of the Company are as under:

a. Audit Committee

1. The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchange and oversees the accounting and financial reporting process of the company, the performance of the Internal Auditor, recommending the appointment and remuneration of the statutory auditors and the safeguards employed by them.
2. The Audit Committee comprises of Five members consisting of Independent Non-Executive Directors. All the members of the Committee have the relevant experience in the field of finance and accounting.
3. Chairman of the Audit Committee is an Independent Director and he was present for the Annual General Meeting held on 21.09.2012.
4. Audit Committee meetings are attended by invitation, by the Statutory Auditors, Internal Auditor, Managing Director and Finance head of the Company.
5. The Company Secretary acts as the Secretary to the Audit Committee.

Meeting of Audit Committee:

The Audit Committee met four times during the financial year 2012-2013. 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 – Chairman	4	2
Shri.G.Padmanabhan	4	4
Shri N Gopala Krishnan	4	2
Shri N S Mani	4	4

Role of the Audit Committee

The role of Audit Committee includes the following:

- 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 submitting the same to the Board for approval.
- 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. A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the committee apart from details of material individual transactions with the related parties.

Remuneration Committee:-

- The Remuneration Committee is constituted as per the requirements of the Listing Agreement and in terms of Schedule XIII of the Companies Act, 1956.
- The committee comprises of Shri. N S Ramachandran, Shri.T R Seetharaman, Shri. G Padmanabhan all non executive Independent Directors. Shri. N S Ramachandran is the Chairman of the Committee.
- During the year the meeting was held once on 10th February 2013 for the recommending the reappointment of Managing Director.
- The broad terms of reference of the remuneration committee are to approve/recommend to the Board the salary (including annual increments) perquisites and commission including pension rights and any compensation payment to be paid to the Company's Managing/Whole –Time Directors.

Remuneration policy:

The Company while deciding the remuneration package of the management takes into consideration the employment scenario, remuneration package of the industry, financial performance of the company and talents of the appointee. The Non Executive Independent directors are not paid any remuneration for attending Board/committee meetings other than sitting fees.

Remuneration of Directors:

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

Remuneration to Shri. Tribhuvan Simh Rathod, Managing Director	Rs.Lacs
Salary and Perquisites	30.00

The Company has no scheme for Stock option. There is no separate provision for payment of severance fees to the Managing Director.

Shareholders'/ Investors' Grievance committee:

The Shareholders'/Investors' Grievance Committee has the required powers to carry out the handling of shareholders'/investors' grievances. The Board has delegated the authority to approve transfer of shares to Shareholders'/ Investors' Grievance Committee.

- i. The Chairman of the Committee Shri. N S Ramachandran is an independent non-executive Director
- ii. The composition of the Committee consists of Non executive independent directors Shri.N.S.Ramachandran, Shri.T.R.Seetaraman, and Shri. G. Padmanabhan.
- iii. The Committee met 20 times during the year.

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 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.

Details of General Body Meetings:

Location, date and time of the Annual General Meetings held during the last 3 years are given below:

Year	Location	Date of AGM	Day	Time
2010	Registered Office of the Company at Malkapur Village, Hatnoora Mandal, Narsapur Taluq, Medak Dist, A.P	September 25, 2010	Saturday	11.30 A.M
2011	Registered Office of the Company at Malkapur Village, Hatnoora Mandal, Narsapur Taluq, Medak Dist, A.P	September 24, 2011	Saturday	11.30 A.M
2012	Registered Office of the Company at Malkapur Village, Hatnoora Mandal, Narsapur Taluq, Medak Dist, A.P	September 21, 2012	Friday	11.30 A.M

There were no resolutions in the last AGM that were put through postal ballot. There were no Special Resolution passed in the previous AGM.

Risk Assessment and Minimization Procedure:-

The Company has laid down procedures to inform Board of Directors about the Risk assessment and minimization procedures. These Procedures are reviewed by the Board of Directors periodically.

The Board of Directors of the Company is continuously briefed, by the Chairman and Managing Directors, with the developments and performance of the Company so as to enable them to monitor the same at regular intervals. Reports on risk assessment and minimization process and new initiatives proposed by the Company are also presented to them for suggestions and up gradation.

Disclosures**a. Related Party Transactions**

Details of materially significant related party transactions are listed in Note No.27.10 of Notes to the Financial Statements 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.

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 of Board Members and senior management executives is also annexed separately at the end of this report.

e. Whistle Blower Policy

The Company promotes a favorable environment for employees to have an open access to the Audit Committee, respective Functional Heads, Head- HRD, Managing Director as well as Non-Executive Chairman so as to ensure ethical and fair conduct of the business of the Company and that no personnel has been denied access to the Audit Committee.

Secretarial Audit

In keeping with the requirements of SEBI and Stock Exchange, a qualified Practicing Company Secretary carried out Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital.

The Secretarial Audit Report placed before the Board of Directors on a quarterly basis is also sent to the Stock Exchanges where the company's shares are listed confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares with NSDL and CDSL.

General Shareholder Information

Annual General Meeting	Date	Saturday, August 10, 2013
	Time	12.00 P.M.
	Venue	Registered Office of the Company at Malkapur Village, Hatnoora Mandal, Narsapur Taluq, Medak Dist, A.P.
Company's Financial Year		1 st April to 31 st March
Date of Book Closure		August 6 th to Aug 10 th 2013 (Inclusive of both days)
Listing on Stock Exchange		The Bombay Stock Exchange Ltd
ISIN No		INE298E01022
Stock Code		515085
Registrar and Share Transfer Agent		M/s. Cameo Corporate Services Ltd, "Subramanian Building"1, Club House Road, Chennai 600 002.

Dematerialization of Shares:

The company has executed Agreements with the Depositories i.e. NSDL and CDSL for admitting its Securities in Demat form and has been allotted ISIN-INE 298E01022.

Dematerialization of Shares is done through M/s. Cameo Corporate Services Ltd, and on an average the Dematerialization Process is completed within a period of 7 days from the Receipt of a valid Demat request along with all Documents. Around 99.38% of the paided capital has been Dematerialized as on 31st March 2013.

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity: Not applicable

Distribution of shareholding as on 31st March, 2013:

Holding of number of Shares or Debentures	Share/Debenture (Holders)		Shares/Debentures (Amount)	
	Number	%	Rs.	%
1 - 5000	23550	99.81	10493300	1.06
5001 - 10000	16	0.07	1047510	0.11
10001 - 20000	7	0.03	1121360	0.12
20001 - 30000	2	0.01	489390	0.05
30001 - 40000	2	0.01	703410	0.07
40001 - 50000	1	0.00	426010	0.04
50001 - 100000	1	0.00	700000	0.07
100001 - Above	16	0.07	967811410	98.48
Total	23595	100.00	982792390	100.00

a) 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 '12	7.40	5.74	October'12	4.03	2.80
May'12	7.24	5.43	November'12	3.24	2.75
June'12	5.51	4.00	December'12	3.67	2.80
July'12	4.01	3.65	January'13	5.13	3.85
August'12	3.81	3.48	February'13	4.70	4.25
September'12	3.84	3.17	March'13	4.24	4.04

SHAREHOLDING PATTERN AS ON 31ST MARCH 2013

Sl no	Category	No. Of shares	% of shareholding
1	Promoters	71115908	72.36
2	Mutual funds and UTI	119300	0.12
3	Banks, Financial Institution, Insurance companies	40	0.00
4	Private Corporate Bodies	1006080	1.02
5	Indian Public	6033604	6.14
6	NRIs/OCBs	20004307	20.36
	Total	98279239	100.00

Details of Shares of the Company held by the Directors as on March 31, 2013 are as below:

Name	Designation	No. of Shares
Nalinkant Amratlal Rathod	Non Executive Chairman	8126383
Tribhuvan Simh Rathod	Managing Director	Nil
N S Ramachandran	Non Executive Director	Nil
G Padmanabhan	Non Executive Director	Nil
T R Seetharaman	Non Executive Director	Nil
N Subramanian	Non Executive Director	Nil
N Gopala Krishnan	Non Executive Director	Nil
K Rajendra Prasad	Nominee Director	Nil

Nomination Facility for Shareholding

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the company as permitted under section 109A of the Companies Act, 1956 are requested to submit to the company the prescribed form 2B for this purpose.

Company's Policy on prevention of Insider Trading

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the company had framed a Code of Conduct for prevention of Insider trading. The code is applicable to all such employees of the company who are expected to have access to the unpublished price sensitive information relating to the company and the same is being implemented as a self regulatory mechanism.

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange):

Name of the Director	Qualification	Expertise in specific functional areas	Age	List of Companies in which outside Directorships held as on 31.03.2013	Chairman/Member of the Committees of the Board of other Companies in which he is a Director as on 31 st March, 2013
Shri. N.S.Mani	B.Sc.	He is an Industrialist and has specialization in polymer processing. He has vast experience in the Field of Manufacturing	71	1) TransMedica (India) limited 2)SUJATHA BIO TECH LIMITED	Nil
Shri. N Gopalakrishnan	M.Tech	He was earlier associated with ITC Kolkata. He worked with Spectrum Power Ltd. as works Director and member of Tobacco Board. He also worked with Rollsroyce. He has vast experience and expertise in Manufacturing and Maintenance.	73	Nil	Nil

Disclosures

There are no relationships between the Directors seeking Re-appointment and other directors inter-se as stipulated in Clause 49 (iv)(G)(ia) of the Listing agreement.

The Company has complied with all mandatory requirements as detailed above and also adopted the non-mandatory requirements as detailed below:

Compliance with Non-Mandatory Requirements:

1. The Board: A separate Office is not maintained for the Non-Executive Chairman of the Company. The Composition of the Board of Directors, Committees of the Board are in line with the provisions of the Listing Agreement, the Companies Act, 1956 and other applicable laws.
2. Remuneration Committee:- The Board has setup a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Managing Director.
3. Shareholders' Rights: The Financial performance of the Company on quarterly basis including a summary of significant events are published in English and local Telugu Newspaper. Hence, these information's are not sent to each household of shareholders individually.
4. Audit Qualifications: The Company endeavors to adopt best practices to ensure regime of unqualified financial statements.
5. Mechanism for evaluating non-executive Board Members: Non-Executive Directors performance are evaluated by Chairman under authority from Board.
6. Whistle Blower Policy: The Company has adopted the Whistle Blower Policy.

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: works@restile.com by quoting their DP Id or Folio Number.

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

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, 2013

Sd/-

Date : May 30, 2013
Place : Chennai

Nalinkant Amratlal Rathod
Chairman

CERTIFICATE BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY:

We, Tribhuvan Simh Rathod, Managing Director and V.V. Chennulu, Chief Financial Officer of the company, here by certify that:

- a. We have reviewed the Financial Statements for the year 2012-13 prepared and to the best of our knowledge and belief;
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations except as indicated elsewhere;
- b. to the best of our knowledge and belief, no transactions have been entered into by the company which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors, audit committee, deficiencies in the design or operation of internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and Audit Committee;
 - i) Significant changes in internal control during the year
 - ii) Significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and involvement therein if any, of the Management or employee having a significant role in the company's internal control system over Financial reporting. However, there was no such instance.

Place : Chennai
Date : May 30, 2013

Sd/-
Tribhuvan Simh Rathod
Managing Director

Sd/-
V.V. Chennulu
Chief Financial Officer

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE**To the Members of****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, 2013 as stipulated in clause 49 of the listing agreement of the said company with a stock exchange 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 Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and was 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. In our opinion, 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 agreement.
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

Sd/-

M.S. Murali
Partner
Membership No.26453

Date : May 30, 2013

Place : Chennai

Independent Auditor's Report**To the Members of
RESTILE CERAMICS LIMITED:****Report on the Financial Statements**

We have audited the accompanying financial statements of RESTILE CERAMICS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The company's building and plant and equipment are carried in the Balance Sheet at Rs.967.18 lakhs and Rs.5951.24 lakhs respectively. Management has not recognized impairment in value of building (Rs.522.17 lakhs) and in value of plant and equipment (Rs.119.87 lakhs) in the Statement of Profit and Loss as required by Accounting Standard 28 – Impairment of Assets referred to in subsection (3C) of Section 211 of the Act.. The company's records indicate that had management stated the value of building and plant and machinery after considering the impairment loss mentioned above, the net loss would have increased by Rs.642.04 lakhs and share holders fund would have reduced by Rs.642.04 lakhs.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in the Basis for qualified opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of Statement of Profit and Loss , of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note 27.7 of the notes to the Financial Statements regarding the financial statements having been prepared on going concern basis although the company has suffered recurring losses.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) *expect for the matter described in the Basis of Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act.*
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For M.S.Krishnaswami & Rajan
Chartered Accountants
Firm Regn. No. 01554S

Sd/-

M.S.Murali-Partner
Membership No. : 26453

Place: Chennai

Date: May 30, 2013

Annexure referred to in paragraph 1 of our Report of even date to the members of RESTILE CERAMICS LIMITED on the financial statements of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, 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 *other than stores and spares* have been physically verified during the year by the management .
 - (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 said physical verification at the end of the year have been dealt with by adopting the stocks as verified.
3. The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Act. Consequently, the provisions of Clauses iii(b), iii(c) and iii(d) of the order are not applicable to the Company.
4. The company had taken a interest free, unsecured loan of Rs.6 Lakhs from a company listed in the register maintained under Sec.301 which was also repaid. The other terms and conditions of the said loan are not prejudicial to the interests of the Company.
5. 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 inventory and fixed assets, payments for expenses and for sale of goods and services. On the basis of our examination of the books and records of the company, we have neither come across nor have been informed, of any continuing failure to correct major weaknesses in the aforesaid internal control system.
6. In our opinion and to the best of our knowledge and belief the contracts or arrangements referred to in section 301 of the Act which need to be entered in the register maintained under the said section have been so entered. The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
7. The company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and provisions of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 apply.

8. Internal audit has been carried out by an independent Chartered Accountant. *We are informed, that the Internal Audit function is in the process of being strengthened to, include operations audit as well.*
9. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
10. (i) According to the records of the company undisputed statutory dues towards investor education and protection fund, wealth tax, customs duty, and other material statutory dues as applicable have generally been deposited with the appropriate authorities .

Delays were, however, noticed in depositing undisputed provident fund, employees' state insurance, income tax, sales tax, service tax, excise duty and cess with the appropriate authorities during the year. The arrears of such dues outstanding as at March 31, 2013 for a period of more than six months from the date they became payable are – employees' state insurance Rs.5.11 lakhs sales tax Rs.27.00 lakhs, tax collected/deducted at source Rs.3.69 lakhs ; property tax Rs.2.49 lakhs (paid in April'2013) and professional tax Rs.1.43 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 are as under:

Name of the Statute	Nature of the dues	Forum where Dispute is Pending	Year to which the demand relates	Amount of Tax Demanded (Rs. Lakhs)
Sales Tax	APCST	Deputy Commissioner (CT) Appeals, Punjagutta Division, Hyderabad, Andhra Pradesh.	2008-09	116.61
Sales Tax	APCST	Deputy Commissioner (CT) Appeals, Punjagutta Division, Hyderabad, Andhra Pradesh	2009-10	59.78
Sales Tax	APVAT	Before High court Andhra Pradesh	2009-10	20.74

11. The company has accumulated losses as at March 31, 2013 and has incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
12. Based on our audit procedures, we are of the opinion that the company has not defaulted in repayment of dues to any financial institution, bank or debenture holders during the year.

13. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The provisions of any special statute applicable to a chit fund, nidhi or mutual benefit fund / societies are not applicable to the company.
15. The company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause (xiv) of the order are not applicable to the company.
16. No guarantees have been given during the year by the company, for loans taken by others from banks or financial institutions.
17. Based on audit procedures, we report that the company has not raised any term loans during the year.
18. 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.
19. Based on our audit procedures, we report that the company has not made any preferential allotment of shares during the year to any party.
20. The company has not issued any debentures during the year and hence the question of creating a charge in respect thereof does not arise. *The creation of charge in respect of Deep Discount Bonds issued in an earlier year and outstanding is in progress.*
21. The company has not raised any money by public issues during the year.
22. Based on the audit procedures performed, we report that no fraud of material significance on or by the company has been noticed or reported during the year, nor we have been informed of such an occurrence by the management.

For M.S.Krishnaswami & Rajan
Chartered Accountants
Firm Regn. No. 01554S

Sd/-

M.S.Murali-Partner
Membership No.: 26453

Place: Chennai
Date: May 30,2013

Balance Sheet as at 31 March, 2013

Particulars	Note	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	9,827.92	9,827.92
(b) Reserves and surplus	2	(5,784.89)	(4,707.09)
		<u>4,043.03</u>	<u>5,120.83</u>
Non-current liabilities			
(a) Long-term borrowings	3	1,730.83	1,730.83
(b) Deferred tax liabilities (net)	4	-	-
(c) Other long-term liabilities	5	99.79	100.03
(d) Long-term provisions	6	32.31	57.42
		<u>1,862.93</u>	<u>1,888.28</u>
Current liabilities			
(a) Short-term borrowings	7	530.36	524.52
(b) Trade payables	8	1,379.37	1,041.93
(c) Other current liabilities	9	522.88	475.33
(d) Short-term provisions	10	34.96	26.97
		<u>2,467.57</u>	<u>2,068.75</u>
TOTAL		<u>8,373.53</u>	<u>9,077.86</u>
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	7,047.61	7,621.65
(ii) Capital work-in-progress		196.14	196.13
		<u>7,243.75</u>	<u>7,817.78</u>
(b) Long-term Investments	12	-	-
(c) Long-term loans and advances	13	106.60	124.77
		<u>7,350.35</u>	<u>7,942.55</u>
Current assets			
(a) Inventories	14	746.14	913.43
(b) Trade receivables	15	95.63	140.66
(c) Cash and cash equivalents	16	10.52	19.96
(d) Short-term loans and advances	17	165.80	57.64
(e) Other current assets	18	5.09	3.62
		<u>1,023.18</u>	<u>1,135.31</u>
TOTAL		<u>8,373.53</u>	<u>9,077.86</u>

Statement on Significant Accounting Policies and Notes to the Financial Statements are an integral part of the Financial Statements

As per our Report attached

For and on behalf of the Board

For M.S. KRISHNASWAMI & RAJAN

Chartered Accountants
Firm Registration No.01554S

Sd/-

M S MURALI

Partner

Membership No.26453

Place : Chennai

Date : May 30,2013

Sd/-

TRIBHUVAN SIMH RATHOD,
Managing Director

Sd/-

SEETHARAMAN T R
Director

Sd/-

V.V.CHENNULU
Chief Financial Officer

Statement of Profit and Loss for the year ended 31 March, 2013

Particulars	Note	For the year ended 31 March, 2013 Rs. In Lakhs	For the year ended 31 March, 2012 Rs. In Lakhs
INCOME			
CONTINUING OPERATIONS			
Revenue from operations - Sale of Vitrified Ceramic Tiles		405.45	2,404.31
Less: Excise duty		42.26	223.67
Revenue from operations		363.19	2,180.64
Other income	19	20.94	90.04
Total revenue (1+2)		384.13	2,270.68
EXPENSES			
(a) Cost of materials consumed	20	27.20	414.84
(b) Purchases of stock-in-trade	21	-	45.68
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	158.20	406.48
(d) Employee benefits expense	23	271.11	550.41
(e) Finance costs	24	105.04	106.44
(f) Depreciation and amortisation expense	25	574.03	573.95
(g) Other expenses	26	295.62	1,463.35
Total expenses		1,431.20	3,561.15
Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(1,047.07)	(1,290.47)
Exceptional items		30.73	57.10
Profit / (Loss) before extraordinary items and tax (5 + 6)		(1,077.80)	(1,347.57)
Extraordinary items		-	-
Profit / (Loss) before tax (7 + 8)		(1,077.80)	(1,347.57)
Tax expense:			
(a) Current tax expense - Prior year		-	-
(b) Deferred tax		-	-
Profit / (Loss) from continuing operations (9 + 10)		(1,077.80)	(1,347.57)
DISCONTINUING OPERATIONS			
Profit / (Loss) from discontinuing operations (before and after tax)		-	-
TOTAL OPERATIONS			
Profit / (Loss) for the year (11 + 12)		(1,077.80)	(1,347.57)
Earnings per share (of Rs.10/- each) before and after Extraordinary item			
- Basic and Diluted from Continuing and Total operations.	27.11	(1.10)	(1.37)

Statement on Significant Accounting Policies and Notes to the Financial Statements are an integral part of the Financial Statements

As per our Report attached

For and on behalf of the Board

For M.S. KRISHNASWAMI & RAJAN

Chartered Accountants

Firm Registration No.01554S

Sd/-

M S MURALI

Partner

Membership No.26453

Place : Chennai

Date : May 30,2013

Sd/-

TRIBHUVAN SIMH RATHOD,

Managing Director

Sd/-

SEETHARAMAN T R

Director

Sd/-

V.V.CHENNULU

Chief Financial Officer

Cash Flow Statement for the year 2012-13

Particulars	As at		As at
	31st March,2013	31st March,2012	31st March,2012
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
A. Cash flow from operating activities			
Profit / (Loss) before tax		(1,077.80)	(1,347.57)
<i>Adjustments for:</i>			
Depreciation and amortisation	574.03		573.95
Amortisation of capital issue expenses and product development expenses	-		50.26
Finance costs	105.04		106.44
Unrealised exchange loss/(gain)	(0.95)		(0.02)
Interest (income)	(5.79)		(6.44)
Provision for doubtful trade and other receivables, loans and advances	4.88		41.21
Operating profit / (loss) before working capital changes		(400.59)	(582.17)
<i>Changes in working capital:</i>			
<i>Adjustments for (increase) / decrease in operating assets:</i>			
Inventories	167.29		489.88
Trade receivables	41.09		163.55
Short-term loans and advances	(108.16)		(13.09)
Long-term loans and advances	18.16		10.27
Other non-current assets	(1.48)		(3.62)
	<u>116.90</u>		<u>647.00</u>
<i>Adjustments for increase / (decrease) in operating liabilities:</i>			
Trade payables	337.44		97.65
Other current liabilities	47.58		1.38
Other long-term liabilities	(0.24)		(1.54)
Short-term provisions	7.99		13.49
Long-term provisions	(25.11)		(15.23)
	<u>367.66</u>	<u>484.56</u>	<u>95.75</u>
Cash generated from operations		83.97	160.58
Net income tax (paid)/refunds		-	(0.48)
Net cash flow from / (used in) operating activities (A)		83.97	160.10
B. Cash flow from investing activities			
Capital expenditure on fixed assets			(1.72)
Proceeds from sale of fixed assets			17.19
Interest received			
- Others		5.79	6.44
Net cash flow from / (used in) investing activities (B)		5.79	21.91

C. Cash flow from financing activities			
Repayment of long-term borrowings	-		(0.54)
Finance cost	(105.04)	(105.04)	(106.44)
Net cash flow from / (used in) financing activities (C)		(105.04)	(106.98)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(15.28)	75.03
Cash and cash equivalents at the beginning of the year *		504.56	579.59
Cash and cash equivalents at the end of the year *		519.84	504.56
		15.28	(75.03)

* Refer Note No.7 and Note No.16

The Cash Flow Statement reflects the combined Cash Flow pertaining to the total operations of the company.

Statement on Significant Accounting Policies and Notes to the Financial Statements are an integral part of the Financial Statements

As per our Report attached

For and on behalf of the Board

For M.S. KRISHNASWAMI & RAJAN

Sd/-

Sd/-

Chartered Accountants

TRIBHUVAN SIMH RATHOD,

SEETHARAMAN T R

Firm Registration No.01554S

Managing Director

Director

Sd/-

M S MURALI

Sd/-

Partner

V.V.CHENNULU

Membership No.26453

Chief Financial Officer

Place : Chennai

Date : May 30,2013

Note : 1 SHARE CAPITAL

Particulars	As at 31 March, 2013 Rs. in Lakhs	As at 31 March, 2012 Rs. in Lakhs
(a) Authorised 100,000,000 (2011:100,000,000) Equity shares of Rs.10 each with voting rights	10,000.00	10,000.00
(b) Issued 98,279,239 Equity shares of Rs.10 each with voting rights	9,827.92	9,827.92
(c) Subscribed and fully paid up 98,279,239 Equity shares of Rs.10 each with voting rights	9,827.92	9,827.92
Total	9,827.92	9,827.92

1.1 Reconciliation of the number of Equity Shares and amount outstanding at the beginning and at the end of the reporting period.

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	No of Equity Shares	Rs.in lakhs	No of Equity Shares	Rs.in lakhs
Balance at the Beginning	98,279,239	9,827.92	98,279,239	9,827.92
Balance at the end	98,279,239	9,827.92	98,279,239	9,827.92

1.2 Shareholders holding more than 5% of the Total Share Capital.

Name of the Shareholder	No of Equity Shares of Rs.10 each held	
	2013	2012
1. Mr Nalinkant Amratlal Rathod	8,126,383	8,126,383
2. Solomed Pte Ltd	62,596,302	62,596,302
3. Capital Carriers Ltd	11,689,671	11,689,671

1.3 The Equity Shareholders are entitled to receive dividends as and when declared, a right to vote in proportion to holding etc and their rights, preferences and restrictions are governed by terms of their issue and the provisions of the Companies Act, 1956.

Notes to the Financial Statements

Note 2 RESERVES AND SURPLUS

Particulars	As at 31 March, 2013 Rs in lakhs	As at 31 March, 2012 Rs in lakhs
(a) Capital Reserve		
Opening balance	33.37	33.37
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	33.37	33.37
(b) Central Subsidy from Government of India		
Opening balance	12.75	12.75
Add: Additions during the year	-	-
Less: Utilised during the year	-	-
Closing balance	12.75	12.75
(c) Capital Reduction Reserve		
Opening balance	754.44	754.44
Add: Additions / transfers during the year	-	-
Less: Utilisations / transfers during the year	-	-
Closing balance	754.44	754.44
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(5,507.65)	(4,160.08)
Add: Profit / (Loss) for the year	(1,077.80)	(1,347.57)
Closing balance	(6,585.45)	(5,507.65)
Total	(5,784.89)	(4,707.09)

2.1 Capital Reserve represents amounts transferred upon cessation of liability under One time Settlement in earlier years.

2.2 Capital Reduction Reserve arose out of reduction in Equity Share Capital effected in Financial Year 2002-03 in terms of the order of the Board for Industrial and Financial Reconstruction (BIFR) dated December 18, 2002.

Note 3 : LONG-TERM BORROWINGS

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Secured		
(i) Deep Discount Bonds	1,730.83	1,730.83
Total	1,730.83	1,730.83

3.1: 537,527 Deep Discount Bonds of Rs.1000/- each were issued to Atreya Finance Pvt Ltd on March 30, 2009 at a discounted price of Rs.322. The said Bonds mature on March 31,2019 but both the parties have options to redeem/ encash the same at an earlier date at predetermined discount rate or at a price to be agreed upon at the time of conversion after due written notice to the other party. Subsequent to the year ended 31.03.2012, the terms of these bonds have been renegotiated with the incremental price payable from March 31,2013 instead of April 1,2010 as initially agreed upon. Since the bonds are redeemable at the issue price upto March 31,2015 no discount is recognised in the financial statements up to that date.

3.2 : The Deep Discount Bonds are to be secured by all movable and immovable assets of the Company other than current assets hypothecated to working capital bankers and 3rd floor premises in Varun Towers, Begumpet. The Charge is under creation

Note 4 : DEFERRED TAX LIABILITIES(NET)

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Composition of net deferred tax liability		
<u>Deferred tax liabilities</u>		
- Depreciation	652.26	581.97
	652.26	581.97
<u>Deferred tax assets</u>		
- Unabsorbed depreciation	652.26	581.97
	652.26	581.97
	-	-

4.1 In the light of the Company having a 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"

Notes to the Financial Statements

Note 5 : OTHER LONG-TERM LIABILITIES

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
(a) Trade Payables		
(i) Micro,small and Medium Enterprises (Refer Note. 27.13)	-	-
(ii) Others	-	-
(b) Others:		
(a) Trade / security deposits received from dealers	99.79	100.03
Total	99.79	100.03

Note 6 : LONG-TERM PROVISIONS

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Provision for employee benefits:		
(i) Provision for compensated absences	4.05	16.64
(ii) Provision for gratuity	28.26	40.78
Total	32.31	57.42

6.1 DETAILS OF PROVISIONS

Sl No.	Particulars	Opening	Addition/(Deletion)	Closing
(i)	Gratuity	40.78	(12.52)	28.26
(ii)	Compenstated Absences	16.64	(12.59)	4.05

Note 7 SHORT-TERM BORROWINGS

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Loans repayable on demand		
-From banks		
Secured	512.01	521.90
Unsecured	2.35	2.62
	514.36	524.52
Interest free loan from related party		
- From Managing Director		
unsecured	16.00	-
Total	530.36	524.52

7.1 DETAILS OF SECURITY FOR THE SECURED SHORT-TERM BORROWINGS:

Particulars	Nature of security	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Loans repayable on demand from banks:			
Cash Credit -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.	512.01	521.90
Total - from banks		512.01	521.90

7.2 Unsecured borrowing from bank represents temporary overdraft facility.

7.3 The above Loans are repayable on demand and carry interest of Prime Lending Rate(PLR) plus a rate of interest applicable to the company based on norms, which varies, depending upon "credit rating" by the lender and external agency.

Note 8 : TRADE PAYABLES

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Trade payables		
(i) Micro, Small and Medium enterprises [Refer Note. 27.13]	-	-
(ii) Others	1,379.37	1,041.93
Total	1,379.37	1,041.93

Note 9 : OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
(a) Current maturities of finance lease obligations	-	0.21
(b) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	267.99	249.75
(c) Payables on purchase of fixed assets	9.16	18.33
(d) Advances from customers	54.24	41.76
(e) Dues to employees	177.09	145.74
(f) Others	14.40	19.54
Total	522.88	475.33

Notes to the Financial Statements

9.1. Financial Lease obligations to HDFC Bank Limited is secured by hypothecation of related vehicle acquired. Details of minimum Lease payments due are

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
(i) Not later than one year	-	0.21
(ii) Later than one year and not later than five years	-	-

Note 10 SHORT-TERM PROVISIONS

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
(a) Provision for employee benefits:		
(i) Provision for compensated absences	27.93	26.97
(ii) Provision for gratuity	7.03	-
Total	34.96	26.97

10.1 DETAILS OF PROVISIONS

Sl.No.	Particulars	Opening	Addition/(Deletion)	Closing
(i)	Gratuity	-	7.03	7.03
(ii)	Compensated Absences	26.97	0.96	27.93

Notes to the Financial Statements

Note 11 : FIXED ASSETS

Tangible assets	Gross block			Accumulated depreciation and impairment				Written Down Value	
	Balance as at 1 April, 2012 Rs. In Lakhs	Additions / Adjustments Rs. In Lakhs	Disposals Rs. In Lakhs	Balance as at 31 March, 2013 Rs. In Lakhs	Balance as at 1 April, 2012 Rs. In Lakhs	Depreciation / amortisation expense for the year Rs. In Lakhs	Eliminated on disposal of assets/ adjustments Rs. In Lakhs	Balance as 31 March, 2013 Rs. In Lakhs	Balance as 31 March, 2012 Rs. In Lakhs
1. (a) Land Freehold	65.11	-	-	65.11	-	-	-	65.11	65.11
2. (b) Buildings Own use	1,243.53	-	-	1,243.53	235.66	40.69	-	967.18	1,007.87
3. (c) Plant and Equipment Owned	10,004.31	-	-	10,004.31	3,534.51	518.55	-	5,951.24	6,469.80
4. (d) Furniture and Fixtures Owned	68.27	-	-	68.27	35.33	4.32	-	28.62	32.94
5. (e) Vehicles Owned	33.39	8.73	-	42.12	22.37	4.00	2.49	13.26	11.02
6. (f) Office equipment Taken under finance lease	8.73	(8.73)	-	-	2.49	-	(2.49)	-	6.24
7. (h) Others Owned	75.49	-	-	75.49	46.82	6.47	-	22.20	28.67
Total	11,503.23	-	-	11,503.23	3,881.58	574.03	-	7,047.61	7,621.65
Previous year	11,518.69	1.73	17.19	11,503.23	3,307.63	573.96	-	7,621.65	8,211.06

Note 12 : LONG -TERM INVESTMENTS

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Trade - Investment in Unquoted equity shares of subsidiary		
9,900 (As at 31 March, 2012: 9,900) shares of Rs.10 each fully paid up in	-	0.99
Restile Marketing Private Ltd		
Less: Provision for diminution in value of Investments	-	0.99
Total	-	-

12.1 Procedures relating to windingup of Restile Marketing Private Ltd under Sec.560 of the Companies Act, 1956 has been complied with. Accordingly consolidated financial statements and details under section 212 of the Act, are not furnished.

Note 13 : LONG-TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
(a) Security deposits (including Electricity Deposit) Unsecured, considered good	106.60	109.77
(b) Other loans and advances Unsecured, considered good		
AP VAT Appeal Deposit	-	15.00
Total	106.60	124.77

Note 14 : INVENTORIES

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
(a) Raw materials	64.86	74.87
(b) Work-in-progress	44.41	10.17
(c) Finished goods	476.50	668.02
(d) Stores and spares	160.37	160.37
Total	746.14	913.43

Note 15: TRADE RECEIVABLES

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	22.28	64.23
Doubtful	35.08	41.21
	57.36	105.44
Less: Provision for doubtful trade receivables	35.08	41.21
	22.28	64.23
Other Trade receivables		
Unsecured, considered good	73.35	76.43
Total	95.63	140.66

Note 16 : CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
(a) Cash on hand	0.90	0.08
(b) Balances with banks		
(i) In current accounts	1.77	4.24
(ii) In deposit accounts	7.85	15.64
Total	10.52	19.96

17.1 Balances with banks in deposit accounts comprises margin monies which have an original maturity of less than twelve months.

Note 17 : SHORT-TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
(a) Loans and advances to employees Unsecured, considered good	0.13	1.61
(b) Prepaid Expenses	0.20	-
(c) Balances with government authorities Unsecured, considered good		
(i) CENVAT credit receivable	127.02	0.95
(ii) Service Tax credit receivable	-	2.47
	127.35	3.43
(d) Refund of income tax recoverable	18.21	17.66
(e) Others Unsecured, considered good - Advance to suppliers	20.24	34.95
Total	165.80	57.64

Note 18 : OTHER CURRENT ASSETS

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Interest accrued on deposits	5.09	3.62
Total	5.09	3.62

Note 19 : OTHER INCOME

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
(a) Interest income	5.79	6.44
(b) Net gain on foreign currency transactions and translation	0.95	-
(c) Unclaimed balances written back	14.20	83.60
Total	20.94	90.04

19.1 : INTEREST INCOME COMPRISES

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Interest from banks on deposits	1.28	2.82
Other interest	4.51	3.62
Total - Interest income	5.79	6.44

Note 20 : COST OF RAW MATERIALS CONSUMED

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Opening stock	235.24	312.86
Add: Purchases	17.19	337.22
	252.43	650.08
Less: Closing stock	225.23	325.24
Cost of material consumed	27.20	414.84

20.1 COST OF RAWMATERIALS CONSUMED COMPRISE;

Sl.No.	Particulars	UOM	2013		2012	
			Quantity	Value Rs Lacs	Quantity	Value Rs Lacs
(i)	Ball Clay/Fledspar etc..	Tonnes	709.24	19.48	8,909.67	150.75
(ii)	Zirconium sillicate/colour	Tonnes	0.98	5.47	26.05	31.72
(iii)	Others	Tonnes		2.25		232.37
				27.20		414.84

20.2 Of the above consumption indigenous items constitute 100% (2012 : 100%)

Note 21 : PURCHASE OF TRADED GOODS

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Unglazed fully vitrified Ceramic Tiles	-	45.68
Total	-	45.68

Note 22 : CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Inventories at the end of the year:		
Finished goods	476.50	668.02
Work-in-progress	44.41	10.17
	<u>520.91</u>	<u>678.19</u>
Inventories at the beginning of the year:		
Finished goods	668.02	1,051.06
Work-in-progress	10.17	39.40
	<u>678.19</u>	<u>1,090.46</u>
Excise duty on Movement in Finished goods	(0.92)	5.79
Net (increase) / decrease	<u>158.20</u>	<u>406.48</u>

Note 23 : EMPLOYEE BENEFITS EXPENSE

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Salaries, Wages and Bonus	234.61	500.17
Contributions to provident and other funds	16.12	32.09
Gratuity	13.57	-
Staff welfare expenses	6.81	18.15
Total	<u>271.11</u>	<u>550.41</u>

23.1 Salaries, Wages and Bonus is net of recoupment of Expenses of Rs. 66.89 lakhs (2012 Rs. 139.54 Lakhs) from Bell Granito Ceramica Ltd (BGCL) under an arrangement for manufacture and sale of goods by BGCL under the company's brand.

Note 24 FINANCE COSTS

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Interest expense on:		
(i) Working Capital	97.02	90.66
(ii) Others - Bank Charges	2.34	11.14
(iii) Others	5.68	4.64
Total	<u>105.04</u>	<u>106.44</u>

Note 25 : DEPRECIATION AND AMORTISATION EXPENSE

Tangible Assets	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
(a) Buildings Own use	40.69	40.69
(b) Plant and Equipment Owned	518.55	518.55
(c) Furniture and Fixtures Owned	4.32	4.32
(d) Vehicles Owned	4.00	3.17
Taken under finance lease	-	0.83
(e) Office equipment Owned	6.47	6.39
Total	574.03	573.95

Note 26 : OTHER EXPENSES

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
Consumption of stores and spare parts	8.73	56.49
Consumption of packing materials	4.78	42.31
Power and fuel	159.55	923.65
Rent	20.31	27.67
Repairs and maintenance - Buildings	4.49	4.58
Repairs and maintenance - Machinery	1.16	7.02
Repairs and maintenance - Others	5.67	14.49
Insurance	1.56	3.12
Rates and taxes	9.43	3.01
Communication	8.32	18.19
Travelling and conveyance	14.65	40.62
Freight and forwarding	3.86	77.62
Sales commission	2.27	26.79
Sales discount	3.14	0.54
Business promotion	11.22	46.67
Legal and professional	6.69	19.43
Payments to auditors	4.00	4.00
Bad trade and other receivables, loans and advances provided/written off	4.88	41.21
Net loss on foreign currency transactions and translation	-	4.76
Amortisation of issue expenses Product Development costs etc.,	-	50.25
Directors Sitting Fees	1.84	2.11
Vehicle expenses	4.86	22.31
Security Charges	5.24	13.66
Electricity charges	1.80	2.12
Miscellaneous expenses	7.17	10.73
Total	295.62	1,463.35

26.1 AMORTIZATION OF EXPENSES COMPRISE:

Sl No	Particulars	As at 31 March, 2013	As at 31 March, 2012
1.	Capital Issue Expenses	-	27.34
2.	Brand Building Expenses	-	22.91
	Total	-	50.25

26.2 : PAYMENTS TO THE AUDITORS COMPRISES

Particulars	As at 31 March, 2013 Rs. In Lakhs	As at 31 March, 2012 Rs. In Lakhs
As auditors - To statutory auditors	3.50	3.50
For Taxation matters - To Tax Auditor	0.50	0.50
Reimbursement of expenses - Service Tax	-	-
Total	4.00	4.00

26.3 Bad trade and other receivables provided/written off Rs.4.88 Lakhs is net of provision written back Rs.6.12 Lakhs.

Note 27	31.03.2013 Rs. In Lakhs	31.03.2012 Rs. In Lakhs
27.1 Imports (CIF)		
Consumables	-	102.21
27.2 Expenditure in foreign currency		
Travel	-	1.26
27.3 Earnings in foreign currency		
Export - FOB value		70.97
27.4 There were no remittances of dividend in foreign currencies to non-resident shareholders	-	-
27.5 Capital commitments (net of advances) not provided for	Nil	Nil
27.6 Contingent liabilities		
a) Guarantees	-	42.60
b) Claims (net) against the company not acknowledged as debts - Sales tax	197.13	116.53
c) 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. The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved		
27.7 Going concern Assumption		
<p>The Company has incurred recurring losses and is engaged in intermittent operations during the year. However, the financial statements have been prepared on a going concern on the basis of management plans to restructure operation to ensure viability of future operations in ensuing year. This would be in a manner as would enable the company to settle its obligations as and when they fall due.</p>		

27.8

a) Defined benefit plans - As per Actuarial valuation on March 31, 2013 **Gratuity**

Compensated-Leave absences

	2013	2012	2011	2010	2013	2012	2011	2010	2013	2012	2011	2010
A Expense recognised in the statement of Profit and Loss Account												
for the year ended March 31, 2013												
1 Current service cost	4.28	9.25	13.79	10.38	3.03	17.09	11.73	9.52				
2 Interest cost	2.87	4.93	3.86	2.93	1.22	0.89	0.61	2.06				
3 past service cost(Vested benefits)	-	-	1.94	-	-	-	-	-				
4 Net actuarial (gain) / loss recognised during the year	3.36	(28.24)	(6.28)	(1.45)	(10.36)	(8.46)	(8.85)	(28.79)				
Past service cost												
5 Total expense	10.51	(14.06)	13.32	11.87	(6.11)	9.52	3.49	(17.22)				
B Actual return on plan assets												
1 Expected return on plan assets			-	-	-	-	-	-				
2 Actuarial gain/(loss) on plan assets	(3.36)	-	-	(1.45)	(10.36)	-	-	(28.79)				
3 Actual return on plan assets			-		-	-	-	-				
C Net Asset/ (Liability) recognised in the Balance Sheet												
1 Present value of the obligation	35.29	40.77	61.67	48.35	(5.01)	(16.64)	11.10	7.62				
2 Fair value of plan assets	-	-	-	-	-	-	-	-				
3 Funded status [surplus/ (deficit)]	-	-	-	-	-	-	-	-				
4 Net Asset/ (Liability) recognised in the Balance Sheet(35.29)	(40.77)	(40.77)	(61.67)	(48.35)	(5.01)	(16.64)	(11.10)	(7.62)				
D Change in Present value of the Obligation during the year												
1 Present value of obligation as at beginning of the year	40.77	61.67	48.35	41.65	16.64	11.10	7.62	30.10				
2 Current service cost	4.28	9.25	13.79	10.38	3.03	17.09	11.73	9.52				
3 Interest cost	2.87	4.93	3.86	2.93	1.22	0.89	0.61	2.06				
4 Benefits paid	(15.99)	(6.84)	-	(5.16)	(5.52)	(3.98)	(5.26)	-				
5.Past service cost(vested benefits)	-	-	1.94	-	-	-	-	-				
6 Actuarial (gain) / loss on obligation	3.36	(28.24)	(6.28)	(1.45)	(10.36)	(8.46)	(8.85)	(28.79)				
7 Present value of obligation as at end of the year	35.29	40.77	61.67	48.35	5.01	16.64	11.10	7.62				
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	(15.99)	-	-	5.16	5.52	-	-	5.26				

4 Benefits paid	(15.99)	-	-	(5.16)	(5.52)	-	-	(5.26)
5 Actuarial gain / (loss) on plan assets	-	-	-	3.76	-	-	-	(28.79)
6 Fair value of plan assets as at end of the year	-	-	-	-	-	-	-	-

F Experience adjustments in

1 Plan liabilities - loss / (gain)				1.29				0.28
2 Plan assets - (loss) / gain				(2.74)				(29.08)
3. Experience gain/(loss) on obligation	3.36	(17.65)	(6.28)	-	10.36	-	(8.85)	-

G Major categories of plan assets as a percentage of total plan

	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
	2013	2012	2011	2010	2013	2012	2010
Discount rate	8.00%	8.75%	8.00%	8.00%	8.00%	8.75%	8.00%
Salary escalation	3.00%	6.00%	8.00%	8.00%	3.00%	6.00%	8.00%

H Actuarial Assumptions

Discount rate
Salary escalation

a) 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 Note 24 Salaries and wages includes short term compensated absences Rs. Nil lakhs (2012: Rs.13.49 Lakhs) Contribution to provident, and other funds includes Provident fund and family pension Rs.11.61lakhs (2011: Rs.23.78 lakhs), and contribution to employee state insurance plan Rs.4.51 lakhs (2011: Rs.8.31 lakhs).

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

Notes to the Financial Statements

31.03.2013 31.03.2012

Rs. In Lakhs Rs. In Lakhs

27.09 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'

27.10 Related party disclosure

a) Associate Companies

1. Sologuard Medical Devices (P) Limited
2. Atreya Finance Pvt Ltd
3. Bell Granito Ceramica Limited

b) Key Management Personnel

1. Mr. Nalinkant Amratlal Rathod
2. Mr. Tribhuvan Simh Rathod

c) Material Transactions with related parties

(i) Associate Companies

I Bell Granito Ceramica Ltd

a) Purchase of Finished Goods	0.01	45.68
b) Sale of spares	Nil	20.01
c) Sale of consumables	Nil	102.03
d) Advance / Current account - Net increase/(decrease)	488.49	231.58

II Sologuard Medical devices Pvt Ltd

Advance	6.00	-
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(ii) Key management Personnel

(a) Salary to Mr. Tribhuvan Simh Rathod	30.00	30.69
(b) Unsecured Loan given by Mr Tribhuvan Simh Rathod	16.00	-
(c) Sitting fees to Mr Nalinkant Rathod	-	0.24

(d) Amount due by the company

a) Associate Companies

(i) Atreya finance Pvt Ltd - Deep Discount Bond outstanding	1730.83	1730.83
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(ii) Bell Granito ceramica Ltd Advance / Current account	1166.10	677.61
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b) Key Management Personnel

Mr Tribhuvan Rathod	35.37	10.73
Mr Nalinkant Amratlal Rathod	-	0.24

27.11 Earnings per share

Profit after taxation as per Profit and Loss account	(1,077.80)	(1347.57)
Weighted average number of equity shares outstanding	98279239	98279239
Par value of equity share Rs.	10	10
Basic and Diluted earnings per share	(1.10)	(1.37)

Notes to the Financial Statements

	31.03.2013	31.03.2012
	Rs. In Lakhs	Rs. In Lakhs
27.12	The circularisation of balances of customers /suppliers is in progress	
27.13	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 Act have not been furnished.	
27.14	Previous year's figures have been regrouped / reclassified/amended wherever necessary to correspond with the current year's classification.	

Statement on Significant Accounting Policies and Notes to the Financial Statements are an integral part of the Financial Statements

As per our Report attached

For M.S. KRISHNASWAMI & RAJAN

Chartered Accountants
Firm Registration No.01554S

Sd/-

M S MURALI

Partner
Membership No.26453
Place : Chennai
Date : May 30,2013

For and on behalf of the Board

Sd/-

TRIBHUVAN SIMH RATHOD,
Managing Director

Sd/-

SEETHARAMAN T R
Director

Sd/-

V.V.CHENNULU
Chief Financial Officer

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting and preparation of financial statements

- 1.1 The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.
- 1.2 All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current - noncurrent classification of assets and liabilities.

2. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

3. Tangible Fixed assets and depreciation

Cost of all assets, where the cost exceeds Rs. 10,000 and the estimated useful life is two years or more, is capitalized. Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. Cost of fixed assets is net of eligible credits under Cenvat / Vat Scheme. Expenditure directly related and incidental to construction are capitalized up to the date of attainment of commercial production. Interest and other related costs, including amortized cost of borrowings attributable only to qualifying assets are capitalized as part of the cost of the respective assets. Expenses incurred on major refurbishment extending the life of Plant and Machinery has been capitalized to the respective Asset. Capital work-in-progress is carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Assets are depreciated on straight line basis, over their estimated useful lives or lives derived from the rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is lower and in the manner described in Schedule XIV to the Companies Act, 1956.

Assets subject to impairment, on the asset's revised carrying amount, over its remaining useful life.

4. Investments

Non-current investments are stated at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investment, if any.

5. Inventories

Inventories are valued at lower of cost and net realisable value; cost being ascertained on the following basis:

Stores, spares, consumable tools, and raw materials: on weighted average cost basis.

Work-in-progress, finished goods: under absorption costing method with the cost of incomplete

Work at the end of the year, being estimated.

Cost includes taxes and duties and is net of eligible credits under Cenvat / Vat Schemes.

Obsolete / slow moving inventories are adequately provided for.

6. Foreign currency transactions and derivatives

Foreign currency transactions are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at closing rate. Exchange differences arising on settlement or translation of monetary items are recognized as income or expense in the Statement of Profit and Loss .

7. Amortization of deferred expenditure

Expenditure incurred on raising capital and other preliminary expenses are amortised over a period of five years. All identifiable amounts spent on Brand Building resulting in long term benefits are amortized over the period the benefit is expected to enure.

8. Revenue recognition

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the despatch of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

9. Research and Development Costs

Expenditure on research is charged to revenue as incurred. Product development costs, including on new variants of existing products are recognised as Intangible assets and amortised.

10. Employee benefits

- (a) Short term employee benefit obligations are estimated and provided for.
- (b) Post employment benefits and other long term employee benefits

Defined contribution plans:

Company's contribution to provident fund, employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to revenue.

Defined benefit plans and compensated absences:

Company's liability towards gratuity, other retirement benefits and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in revenue.

11. Deferred tax

- (a) Deferred tax is recognized on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods.
- (b) Deferred tax assets on unabsorbed depreciation and carry forward of losses are recognized only to the extent there is a virtual certainty of its realization.

12. Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

Statement on Significant Accounting Policies and Notes to the Financial Statements are an integral part of the Financial Statements

As per our Report attached

For M.S. KRISHNASWAMI & RAJAN

Chartered Accountants

Firm Registration No.01554S

Sd/-

M S MURALI

Partner

Membership No.26453

Place : Chennai

Date : May 30,2013

For and on behalf of the Board

Sd/-

TRIBHUVAN SIMH RATHOD,

Managing Director

Sd/-

SEETHARAMAN T R

Director

Sd/-

V.V.CHENNULU

Chief Financial Officer

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 SEVENTH ANNUAL GENERAL MEETING of the Company at the Registered Office at Malkapur Village, Hatnoora Mandal, Narsapur Taluq, Medak Dist, A.P on Saturday the 10th day of August 2013 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

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 SEVENTH ANNUAL GENERAL MEETING of the Company at the Registered Office at Malkapur Village, Hatnoora Mandal, Narsapur Taluq, Medak Dist, A.P on Saturday the 10th day of August 2013 and at any adjournment thereof.

Registered Folio / DPID No. :

No. of Shares:

AS WITNESS my hand/our hands this _____ day of _____ 2013

Signature(s)

Revenue Stamp Rs.1

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.

Dear Shareholder,

Sub: Green Initiative in Corporate Governance

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliance by companies through electronics made. In accordance with the recent circular No.17/2011 dated 21.04.2011 and circular No 18/2011 dated 29.04.2011 issued by the Ministry, Companies can now send various notices and documents including annual report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders. It is a welcome move for the society at large as this will reduce paper consumption to great extent and allow share holders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of Restile Ceramics Limited to contribute to the corporate Social Responsibility initiative of the Company.

We therefore invite all our shareholders to contribute to the cause by filling up the form given below and send it back to our registry, Cameo Corporate Services Ltd.

Let's be part of this 'Green Initiative'

Please note that as a member of the company you will be entitled to receive all such communication in physical form, upon request.

E COMMUNICATION REGISTRATION FORM

(In items of circular no.17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs)

Folio No. /Dp ID & Client ID :

Name of 1st Registered Holder :

Name of joint Holder(s) :

Registered Address :

E mail ID (to be registered) :

I/we share holder(s) of Restile Ceramics Limited agree to receive Communication from the Company in electronic mode. Please Register my above e-mail id for sending communication through e- mail.

Date:.....

Signature.....

Note:

Shareholder(s) are requested to keep the company informed as and when there is any change in the e-mail address.

BOOK-POST

PRINTED MATTER

Registrars & Share Transfer Agents

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

All Correspondence may be addressed to them

If undelivered Please return to:

RESTILE[®]

THE ORIGINAL FULLBODY TILE

RESTILE CERAMICS LTD

1-10-177, VARUN TOWERS, 5TH FLOOR,
OPP.HYDERABAD PUBLIC SCHOOL,
BEGUMPET, HYDERABAD – 500 016