



Associated Stone Industries (Kotah) Ltd.

Staying Brilliant With The Basics

65th
Annual Report
2010 - 2011

BOARD OF DIRECTORS

DEEPAK JATIA, Chairman & Managing Director

TUSHYA JATIA, Executive Director

SANWARMULL SHROFF

PADAM KUMAR PODDAR

PRAMOD G. LATH

ANSHUL M. SONAWALA

ANITA JATIA (Alternate to Sanwarmull Shroff)

COMPANY SECRETARY

UTTAM SHETTY

MANAGEMENT EXECUTIVES

S.C.AGARWAL, President

PAVAN SONI, G.M (Finance & Accounts)

GEORGE MATHEW , G.M (Import &Export)

A.K.YADAV, G.M (Engineering)

S.M.MEENA G.M (Mines)

AUDITORS

M/s. B.L.AJMERA & CO.

Chartered Accountants,

M.I. Road, Jaipur -302001

BANKERS

HDFC Bank Limited

IDBI Bank Limited

REGISTERED OFFICE

ASI House,

Kudayala Industrial Area,

Ramganjmandi -326519

Dist. Kota , Rajasthan

HEAD OFFICE

Marathon Innova A wing 7th Floor,

Off Ganpatrao Kadam Marg,

Lower Parel, Mumbai - 400013

WORKS

Ramganjmandi -326519

Dist. Kota , Rajasthan

DIRECTORS' REPORT

To
The Members,
Associated Stone Industries (Kotah) Limited

The Directors have pleasure in presenting the 65th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011:

1. FINANCIAL RESULTS:

	(Rs. in lacs)	
	<u>2010-11</u>	<u>2009-10</u>
Sales	17036.29	15922.63
Profit before Interest and Depreciation	2808.33	1989.68
Less : Interest	400.81	272.95
Depreciation	524.22	405.80
Profit for the year	1883.30	1310.93
Prior Year Income / (Expenses)	8.45	0.77
Profit before Taxation	1891.75	1311.70
Provision for Taxation		
Current Tax	(656.90)	(394.70)
Deferred Tax	24.72	6.02
Income Tax for Earlier Years	(92.17)	(21.11)
Profit after tax	1167.40	901.91
Add: Balance brought forward from the previous Year	2531.01	1858.82
Profit Available for Appropriation	3698.41	2760.73
Appropriations		
Transfer to General Reserve	125.00	75.00
Interim Dividend	-	33.14
Proposed Dividend	132.57	99.43
Tax on Dividend	21.51	22.15
Balance carried forward to Balance Sheet	3419.33	2531.01
	<u>3698.41</u>	<u>2760.73</u>

2. DIVIDEND

Your Directors are pleased to recommend a dividend of Re. 1/- (equivalent to 20%) per equity share of the face value of Rs.5/-each.

3. PERFORMANCE

For the year under review the production of Kotah Stone was 1506.19 lacs sq.ft. as against 1395.95 lacs sq. ft. in the previous year and sales were 1472.43 lacs sq.ft. as against 1376.06 lacs sq.ft. in the previous year.

During the year 2010-11 the Company has registered a turnover of Rs.17036.29 lacs (Rs. 15922.63 Lacs) and Gross Profit of Rs.2808.33 Lacs (Rs. 1989.68 Lacs).

The profit during the year 2010-11 is Rs.1883.30 Lacs as compared to Rs. 1310.93 Lacs during last year 2009-2010.

4. WIND POWER PROJECT

The Company has so far installed 4.75 MW capacity wind power projects comprising of 1.125 MW capacity in Tiruppur District of Tamilnadu, 1.125 MW capacity in Gadag District of Karnataka and 2.50 MW capacity in Satara District of Maharashtra.

The wind power projects by themselves are not commercially viable since their operation depends on availability of winds which is a function of nature and many times erratic. During last three years, generation has been less than estimated. At the same time, wind power generation is one of the cleanest forms of power generation as it does not involve use of fossil fuels which leads to emission of large quantities of toxic gases into the atmosphere leading to climate change. In fact recognizing this immense advantage of wind and similar forms of power generation like solar power, power utilities are mandated to buy certain percentage of power needs from the agencies installing such plants by Central Electricity Regulatory Authority, Govt. of India. To make such projects economically viable for investors, carbon credit benefit is also extended under Kyoto Protocol of UNFCCC (United Nations Framework Conference on Climate Change).

Company has applied for such Carbon Credit benefit for 4.75 MW bundled Power Project (1.125 MW in Tamilnadu, 1.125 MW in Karnataka and 2.50 MW in Maharashtra). The proposal has been granted "Host Country Approval" by the Ministry of Environment & Forests, Government of India. The Proposal has been submitted to the Executive Board of UNFCCC at Bonn, Germany for their registration after recommendation by the validators.

The Company has appointed an international consultant M/s SGS India Pvt. Ltd., to validate the project and submit their recommendations to the UN Executive Board at Bonn. The registration of the project by UNFCCC is expected in the first half of 2011-12.

5. HEALTH, SAFETY & ENVIRONMENT

In the Mining Industry health, safety & environment challenges are enormous. The Company continuously seeks to address the challenges through adoption of new technology, modernization of mining process, new ways of operating to minimize the negative environmental impacts and conserving the natural resources through efficient use.

The Company believes that maintaining a clean environment is a need of the hour and is an obligatory duty of the corporate sector. Environment does get effected post mining operations and the Company takes adequate action to restore the damages and regenerate a clean environment at workplace in mines.

The Company continues to maintain high standards of safety at workplace through strong supervision and improving the conditions where required. Regular health camps have been organized at the worksite to diagnose any serious ailment amongst workers.

Company continues to work as per its Eco-friendly Mining Plan adhering to its Environment Policy. Plantation of the trees in mine area continues as a yearly feature of its policy.

6. CORPORATE GOVERNANCE

The Company has complied with mandatory provisions of Corporate Governance as prescribed under the Listing Agreement.

A separate report on Corporate Governance is produced as a part of the Annual Report along with Auditors' Certificate on its compliance.

7. DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of Companies Act, 1956, your Directors subscribe to the "Directors Responsibility Statement" and confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

8. DIRECTORS

Shri. Padam Kumar Poddar retires by rotation in accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company but being eligible, offers himself for reappointment.

9. AUDITORS

M/s. B.L. Ajmera & Co., Chartered Accountants, retire as auditors of the Company at the ensuing Annual General Meeting and are eligible for reappointment.

10. STATUTORY INFORMATION

The information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

The Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is in Annexure.

The Company has been accepting deposits within the meaning of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. The Fixed Deposits as on 31st March, 2011 was Rs 257.81 Lacs.

11. ACKNOWLEDGEMENT

Your Directors would acknowledge and place on record their sincere appreciation to all stakeholders clients, Financial Institutions, Banks, Central and State Governments, the Company's valued investors and all other business partners for their continued co-operation and excellent support received during the year.

Your Directors recognize and appreciate the efforts and hard work of all the employees of the Company and their continued contribution to its progress.

On behalf of the Board of Directors

Mumbai
30th May, 2011

Deepak Jatia
Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULE, 1988.

CONSERVATION OF ENERGY

The aforesaid information is not applicable to the Company. The Company has taken effective measures to replace D.G. Power generation by the Grid Power where available. It has improved not only the environment but also reduced the cost of production.

TECHNOLOGY ABSORPTION / RESEARCH & DEVELOPMENT

Research and Development always remained a central issue for the Company's growth and prosperity. Exhaustive tests and studies have been organized in various Govt. of India's Laboratories to probe possibilities of recycling quarry wastes accumulated in large quantity over the years.

Imported Technology: None. It is all in-house development.

FOREIGN EXCHANGE EARNING AND OUTGO.

The relevant figures pertaining to Foreign Exchange Earning and Outgo are given in notes on accounts annexed to and forming part of Balance Sheet.

On behalf of the Board of Directors

Mumbai
30th May, 2011

Deepak Jatia
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the Company's financial statements and related notes appearing elsewhere. The discussion is not necessarily indicative of the results that the Company will achieve in future period. Important developments that could affect the Company's operations include downtrend in construction/ infrastructure industry, significant changes in political and economic environment in India, Govt. policies, litigations, fuel cost, labour relations and interest costs.

OVERVIEW & INDUSTRY OUTLOOK

The demand for Kotah Stone in the country and even in the global market has shown an upward trend throughout the year and is expected to be so over the years to come. Company believes that value added products should be introduced in the market which will fetch a better price.

Company has taken advanced precautionary measures in cost cutting, quality improvement and strengthening the supervision to achieve targeted production.

Company has been actively considering the use of quarry waste for manufacturing of cement and other products and the Company has taken necessary initiatives in this regard.

REVIEW:

Financial results for the year ended 31st March, 2011, segment wise are as under:-

(Rs. In Lacs)

Particulars	Stone	Wind Power	Trading	Total	
	2010-11	2010-11	2010-11	2010-11	2009-10
REVENUE					
Sales	11154.00	124.95	5757.34	17036.29	15922.63
Other Income	208.90	2.84	-	211.74	125.29
RESULTS					
Profit before Interest & Tax	2149.97	(21.41)	155.55	2284.11	1583.88
Less: Interest Expenses (Net)	(279.25)	(121.56)	-	(400.81)	(272.95)
Add/(Less):					
Prior Year Income/(Expenses)				8.45	0.77
Profit/Loss Before Tax				1891.75	1311.70
Provision for Taxation				(724.35)	(409.79)
Net Profit/ (Loss)				1167.40	901.91

OPPORTUNITIES AND THREATS

There appears to be no immediate threat to the Industry. Overall market for Kotah Stone appears to be stable. However, continuous increase in the wage structure, Fuel price and other additives has to be counteracted through improved technology, improved productivity and optimum assets utilisation.

ENVIRONMENT

The Company strives to have a better tomorrow with a cleaner & greener environment. Company has been monitoring and abiding by all the guidelines and restrictions outlined in the Environment Clearance by Ministry of Environment & Forests and strives for compliance to enviro-friendly mining techniques.

PERFORMANCE AND REVIEW OF OPERATIONS

Advanced mine planning has helped us to achieve production of 1506.19 lac Sq. ft as against 1395.95 Sq.Ft last year. Strong measures have been introduced for reduction in the waste generation, attaining higher productivity and improving mineral recovery. All these measures collectively helped the company in reduction of cost of production.

RISK AND CONCERNS

The Company does not foresee any risk in near future. However, changes in Government policies and economic slow down, environmental restrictions and other restrictions imposed on construction activities may affect the turn over and profitability of the Company.

OUR EDGE

Company continues to maintain a record of high level and consistent relationship with its customers by offering them new products, superior quality and timely execution of supply order. Company being in the organised sector of Kotah Stone mining processing, the customers within the country and abroad always prefer this Company for their requirements.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and transactions are authorised, recorded and reported correctly. The Internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets.

DEVELOPMENT IN HUMAN RESOURCE / INDUSTRIAL RELATIONS

As in the past, Company has been creating a healthy work environment with the co-operation of one and all attached with the Company directly or indirectly. Mutual understanding, maintaining harmonious and cordial Industrial Relationship is of utmost priority of the Company.

Company has maintained very harmonious and cordial industrial relations throughout the year. This has helped in the improvement of productivity and optimum utilization of company's resources including human resources.

CORPORATE SOCIAL RESPONSIBILITIES

Company continues to discharge its responsibility to the society surrounding mining activities by providing basic facilities like drinking water, medical facilities and primary education. Financial support for medical treatment and scholarship for meritorious children continues to encourage higher education amongst children of its employee. Company provides financial support for in various religious activities organized by different groups.

CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company has been practicing the principle of good Corporate Governance since inception.

The Company's philosophy on Corporate Governance envisages the attainment of high level transparency, accountability, and equity, in all facets of its operations, including the shareholders, employees, the government and lenders.

Corporate governance at ASI is an ongoing process and the Company continuously strives to improve upon its practices in line with changing demand of the business environment.

The Company believes that all its operations and actions should be devoted for enhancing corporate performance and maximising shareholders value, over a period of time.

2. BOARD OF DIRECTORS

Composition and category

The composition of the Board is in conformity with the clause 49 of the Listing Agreement which stipulate that at least 50% of the Board should consist of Independent Directors, if the Chairman is an Executive Director.

The Company's Board as on date consists of Four Non-Executive and Two Executive Directors. The details are as under:-

Name of Director	Category of Directorship	Number of Directorships held in other Companies (#)	Number of outside Committees	
			Chairman	Member
Shri. Deepak Jatia Chairman & Managing Director	Promoter/Executive	1	-	-
Shri. S.M. Shroff	Independent/ Non Executive	3	-	-
Shri. Padam Kumar Poddar	Independent/ Non-Executive	-	-	-
Shri. Pramod G Lath	Independent/ Non-Executive	3	-	-
Shri Tushya Jatia	Promoter/ Executive	-	-	-
Shri Anshul M. Sonawala	Independent/ Non-Executive	1	-	-
Smt. Anita Jatia	Alternate Director to Shri.S.M. Shroff	-	-	-

(#) excludes Directorships in Indian Private Limited Companies.

Attendance of each Director at the Board Meetings and the last Annual General Meeting

During the financial year ended 31st March, 2011, Six Board Meetings were held on 15th May 2010, 6th July 2010, 27th July, 2010, 6th September 2010, 16th October 2010 & 28th January 2011. The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) are as under:

Name of the Director	No. of Board Meeting attended	Attendance at last AGM held on 27th August, 2010
Shri. Deepak Jatia	6	Present
Shri. Padam Kumar Poddar	6	-
Shri. S.M. Shroff	-	-
Shri. Pramod G. Lath	6	Present
Shri. Tushya Jatia	6	Present
Shri Anshul M Sonawala	5	-
Smt. Anita Jatia (Alternate to Shri. S.M. Shroff)	6	-

3. AUDIT COMMITTEE

The Board constituted an Audit Committee of Directors comprising Members well versed in finance & accounts / legal matters and general business practices. During the Financial Year ended 31st March 2011, four Audit Committee Meetings were held on 15th May 2010, 27th July, 2010, 16th October 2010 & 28th January 2011.

The composition of the Audit Committee and attendance at each meeting is as under:-

Name of the Director	Category	No. of Meetings Attended
Shri Pramod G. Lath	Chairman	4
Shri. Padam Kumar Poddar	Member	4
Shri Anshul M Sonawala	Member	4

Broad terms of reference

The terms of reference of this Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee include the following:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
 - i) Any changes in accounting policies and practices.
 - ii) Major accounting entries based on exercise of judgement by management.
 - iii) Qualifications in draft audit report.
 - iv) Significant adjustments arising out of audit.
 - v) The going concern assumption.
 - vi) Compliance with stock exchange and legal requirements concerning financial statements.
 - vii) Compliance with accounting standards.
 - viii) Any related party transaction i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- d. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.

- e. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- f. Discussions with external auditors before the audit commences on nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- g. Reviewing the Company's financial and risk management policies.
- h. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

4. REMUNERATION COMMITTEE

A) Composition

The Remuneration Committee of the Board of Directors comprises of three Independent, Non-Executive Directors and presently consisting of Shri. Padam Kumar Poddar as Chairman, Shri Pramod G Lath and Shri Anshul M Sonawala, as Members of the Committee.

B) Terms of Reference

The Remuneration Committee has been constituted to recommend / review remuneration of the Managing Director and Executive/ Whole time Directors.

C) Remuneration Policy and Remuneration of Director

The Remuneration to Managing Director and Executive Director is paid as approved by the Board of Directors on the recommendations of the Remuneration Committee. The remuneration so paid is subject to the approval of Shareholders and such authorities as may be required.

The Details of Remuneration paid / payable to the Whole Time Directors for the Financial Year 2010-11 are as under:

(Rs. In Lacs)

Name of the Director	Salary	Perquisites & Allowance	Total	Stock Option Granted (Nos)
Shri. Deepak Jatia Chairman & Managing Director	30.00	3.60	33.60	Nil
Shri. Tushya Jatia Executive Director	3.60	0.43	4.03	Nil

The Company has no pecuniary relations or transactions with its Non-Executive Directors other than payment of sitting fees to them for attending Board Meetings.

5. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance Committee of the Company comprises of three Directors. They are Shri. Anshul M Sonawala (Chairman), Shri. Pramod G . Lath and Shri. Deepak Jatia .The Company Secretary Shri. Uttam Shetty is the Compliance Officer of the Company.

During the Financial Year ended 31st March 2011, Committee Meetings were held on 27th July, 2010, 16th October, 2010, 28th January, 2011 & 14th March 2011.

The Shareholders'/Investors' Grievance Committee deals with matters related to issue of duplicate share certificates, transmission of shares, review of dematerialised / rematerialised shares, redressal of queries/ complaints received from shareholders, expeditious redressal of investors grievance matter received from SEBI, Stock Exchange and ROC and all other matter related to shares of the company.

Share Transfer Committee (sub Committee to Shareholders / Investors Grievance Committee) met 7 times during the financial year 2010-2011 to facilitate speedy disposal of transfer of shares & other related matters.

There were no pending/unattended complaints as on March 31, 2011.

6. GENERAL BODY MEETINGS

Location and time, where last three Annual General Meetings were held are as under:

I. Annual General Meeting

AGM	Date	Location of the Meeting	Time
62nd AGM	26th September, 2008	Registered Office of the Company at Bazar No. 1, Ramganjmandi Dist. Kota, Rajasthan	9.00 a.m.
63rd AGM	25th September, 2009	Registered Office of the Company at Bazar No. 1, Ramganjmandi Dist. Kota, Rajasthan	9.00 a.m.
64th AGM	27th August, 2010	Registered Office of the Company at Bazar No. 1, Ramganjmandi Dist. Kota, Rajasthan	9.00 a.m.

Special Resolutions passed during the last 3 AGMs.

64th AGM	No Special Resolution was passed at the Annual General Meeting held on 27th August, 2010.
63rd AGM	No Special Resolution was passed at the Annual General Meeting held on 25th September, 2009.
62nd AGM	At the Annual General Meeting held on 26th September 2008, Special Resolution was passed for appointing Mr. Tushya Jatia as Executive Director of the Company in accordance with Section 269 and all other applicable provisions of the Companies Act, 1956.

II. Extra-ordinary General Meeting

Year	Date	Location of the Meeting	Time
2010	15th January, 2010	Registered Office of the Company at Bazar No. 1, Ramganjmandi Dist. Kota, Rajasthan	9.00 a.m.

Special Resolutions passed at the EOGM.

15.01.2010	One Special Resolution was passed at the EOGM held on 15th January, 2010 for alteration of article 6 of Articles of Association of the Company for incorporating the changes in the Authorised Capital of the Company, consequent upon change in Clause V of the Memorandum of Association.
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Postal Ballot:

No Special Resolutions have been put through by postal ballot by the Company during the financial year 2010-2011.

7. DISCLOSURES

- The Company had related party transactions which did not have potential conflict with the interest of the Company at large.
- The Company has complied with the requirement of the regulatory authorities on capital markets and no penalty has been imposed or stricture passed during last three years.
- No personnel have been denied access to the Audit Committee.
- The Company has complied with the mandatory requirements of Corporate Governance Clause of Listing Agreement. Non mandatory requirements have been complied with in so far as they relate to appointment of Remuneration Committee.

8. MEANS OF COMMUNICATION

- The Company does not send its quarterly/half-yearly financial results to each shareholder. The quarterly/half-yearly financial results are published in newspapers. The quarterly results as well as the

proceedings of the Annual General Meeting are submitted to the Bombay Stock Exchange Limited after the conclusion of the respective meeting.

- The quarterly, half-yearly and full year results are published in Business Standard (English daily) news paper (having all India editions) and in Seema Sandesh (Hindi daily) news paper circulated in Rajasthan State, where registered office of the Company is situated.
- The quarterly, half-yearly and full year results are displayed on Company's Website : asistone.com
- Management Discussion and Analysis forms part of the Annual Report.
- The Company has created dedicated email ID for Investors complaints viz: investors@asistone.com.

9. GENERAL SHAREHOLDER INFORMATION

Registered Office :

ASI House, Kudayala Industrial Area ,
Ramganjmandi 326519, Dist. Kota (Rajasthan)
Tel : 07459 – 220116 Fax: 07459-220143

Annual General Meeting:

Date and Time: 10th August 2011 at 9.00 a.m.
Venue : At the Registered Office of the Company.

Financial Calendar

The Company follows April – March as its financial year. The Financial results for every quarter are declared in the month following the quarter except for the quarter January – March, for which the audited financial results are declared in May as permitted under the Listing Agreement.

Date of Book Closure :
3rd August 2011 to 10th August, 2011
(Both days inclusive)

Dividend payment :

The Board of Directors at their meeting held on 30th May 2011, have recommended a dividend of Re. 1/- per equity share of Rs. 5/- each for the financial year ended 31.03.2011, for approval of shareholders of the Company