



BUILDING BLOCKS OF GROWTH

74TH ANNUAL REPORT

2019-20

ARTIZIA
QUARTZ MASTERPIECES



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QUARTZ MASTERPIECES

TABLE OF CONTENT

Corporate Overview

- Chairman's Message..... 2
- Who We Are 3
- Financial Snapshot..... 4
- Corporate Information 5

Management Report

- Management Discussion and Analysis..... 7
- Directors' Report..... 12
- Corporate Governance Report 31

Financial Statements

- Standalone - Independent Auditors' Report..... 46
- Standalone Financial Statements..... 52
- Consolidated - Independent Auditors' Report..... 92
- Consolidated Financial Statements..... 96

Chairman's Message

Dear Shareholders,

The global macroeconomic and financial landscape is undergoing unrivalled instability, with the advent of Novel Coronavirus as the biggest threat to economic growth since the financial crisis of 2008. While being excluded from lockdown, the mining & quarrying sector experienced some pressure in production.

It has been a challenging year for ASI Industries Limited due to economic and operational headwinds. Regular market activities were interrupted due to steps taken to mitigate the effects of a pandemic. The plant and office were shut down post lockdown announcement. After the lockdown was lifted most of the operations have resumed to earlier levels.

Your Company managed to overcome external challenges and deliver satisfactory performance in Fiscal 2020. During this fiscal year, consolidated revenue was impacted by countrywide lockdown due to Covid-19. However, EBITDA margin showed significant improvement and increased to 22% which is almost a 186-bps improvement over the last fiscal year. Revenue from stone stood at ₹ 16,267 lakhs, while wind power generated ₹ 84 lakhs in fiscal year 2020. Trading business reported revenues worth ₹ 4,401 lakhs as against ₹ 4,285 lakhs during last year. Consolidated profit for this fiscal year increased by 40% to ₹ 3,140 lakhs as against previous year's profit of ₹ 2,246 lakhs. Net Profit increased due to the share of profit from associate Company Stone Masters (India) Private Limited.



We are extremely glad to inform you that we have successfully completed Engineered Stone project at Jaipur and waiting for improvement in the global situation to start accepting orders. This project at Mahindra World City, Jaipur, Rajasthan has a capacity of 6.50 million sq. ft. on approximately 7 acres of land. There are around only 50 units globally, that use this patented technology from Bretonstone, Italy and the ASI unit is the third of its kind in India. The most popular application is indoor flooring and walls while the quartz-based product is primarily used as an alternative to laminate or granite in the kitchen countertops. It is also suitable for heavy commercial traffic flooring. It is the fastest growing market segment in the surface industry. We believe that this new asset will take the Company to the next level of growth.

To summarize, 2019-2020 has been a challenging year to your Company. Despite growing uncertainties underlying the global economy, the Company was able to deliver and succeed in all capacities.

As I Close, I would like to take this opportunity to thank all our employees, investors, customers, banks, vendors, and all other stakeholders for their constant support.

I look forward to your continued support and best wishes.

With best regards,

Deepak Jatia
Chairman and Managing Director

Who we are

ASI Industries Ltd is one of the leading stone mining Company in the world and the only listed player in its field in India. Ever since its' establishment in the pre-independence era in 1945, we have been successfully providing our customers with high quality Kota stone products. Our stone mining quarry, largest in the world, is spread across 10 square kms at Ramganjmandi, Rajasthan; the home of impeccable and finest quality Kota stone. Over 12 million square meters of immaculate Kota stone are produced every year in our quarries. Al Rawasi Rocks and Aggregates L.L.C operates as a subsidiary of ASI Industries Ltd. The Company has been a pioneer in the production and manufacturing of diversified range of superior quality limestone.

The Company is diversifying its business by investing into the Engineered Stone business using patented Italian technology. There are only around 50 units globally, that use this patented technology from Bretonstone, Italy and the ASI unit is the third of its kind to set up in India.

Through our ground breaking innovations such as the uniting cutting-edge technology progression and the state-of-art diamond tool units, we have frequently gained ground within the stone mining industry for over seven decades now and counting. With the adoption of advanced mining techniques, ASI has helped revolutionize the Indian stone industry and has set a benchmark which is unparalleled by anyone in the industry. Powered with the latest as well the best technologies and a dedicated, hardworking and skilled work force, we focus on delivering to our customers the finest and refined products which are at par with the global standards. With a relentless commitment towards quality and fineness, we strive to keep up with the changing technological trends and adapt accordingly. Through years of persistence and unwavering dedication, ASI has paved the way for building a global standard for the stone mining industry and will continue to march ahead with the same focus and avidity.

Financial Snapshot on Consolidated Basis

(₹ In Lacs)

Particulars (₹ lakhs)	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Income Statement										
Total Revenue	17,365	17,088	17,686	13,347	21,255	20,217	31,587	32,034	27,218	25,096
YoY Growth%		-1.6%	3.5%	-24.5%	59.2%	-4.9%	56.2%	1.4%	-15.0%	-7.8%
EBITDA	2,941	2,638	3,459	2,923	3,957	4,301	5,754	5,272	5,539	5,563
YoY Growth%		-10.3%	31.1%	-15.5%	35.4%	8.7%	33.8%	-8.4%	5.1%	0.4%
EBITDA Margin%	17%	15.4%	19.6%	21.9%	18.6%	21.3%	18.2%	16.5%	20.4%	22.2%
PAT	1,167	943	1,301	1,007	1,445	776	2,218	1,926	2,246	3,140
YoY Growth%		-19.2%	38.0%	-22.6%	43.5%	-46.3%	185.8%	-13.1%	16.6%	39.8%
PAT Margin%	7%	5.5%	7.4%	7.5%	6.8%	3.8%	7.0%	6.0%	8.3%	12.5%
Balance Sheet										
Non-Current Assets	17,715	18,198	18,013	17,303	22,490	27,539	26,507	28,986	34,979	51,594
Current Assets	9,089	9,506	10,266	6,982	16,257	15,173	19,212	18,197	18,957	18,726
Total Assets	26,804	27,704	28,279	24,285	38,746	42,712	45,720	47,183	53,936	70,319
Shareholders Fund	14,983	15,769	16,877	17,632	18,746	19,182	21,360	23,610	25,581	33,059
Non-current Liabilities	3,741	3,145	2,499	1,968	4,605	13,132	11,558	10,960	13,925	14,881
Current Liabilities	8,080	8,790	8,903	4,685	15,395	10,398	12,802	12,613	14,431	22,379
Total Liabilities	11,821	11,935	11,402	6,653	20,001	23,530	24,360	23,573	28,356	37,260
Total Equity and Liabilities	26,804	27,704	28,279	24,285	38,746	42,712	45,720	47,183	53,936	70,319
Ratios										
Debt Equity Ratio (x)	0.4x	0.3x	0.3x	0.2x	0.5x	0.8x	0.7x	0.7x	0.8x	0.9x
Return on Equity (%)	7.8%	6.0%	7.7%	5.7%	7.7%	4.0%	10.4%	8.2%	8.8%	9.5%
Total Debt	5,942	5,440	5,259	3,776	9,482	15,926	14,676	16,294	20,432	28,183



Corporate Information

BOARD OF DIRECTORS

Mr. Deepak Jatia
Chairman & Managing Director

Mrs. Anita Jatia
Executive Director

Mr. Tushya Jatia
Executive Director

Mr. Gaurang Gandhi
Independent Director

Mr. Anshul M. Sonawala
Independent Director

Mr. Sanjay Seksaria
Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Manoj Jain

MANAGEMENT EXECUTIVES

Mr. S.R. Soni
Chief Executive Officer

Mr. Pavan Soni
Chief Financial Officer

AUDITORS

M/s. S.C.Bandi & Co.
Chartered Accountants
Mumbai – 400021

BANKERS

ICICI Bank Ltd
HDFC Bank Ltd
IDBI Bank Ltd
Yes Bank Ltd
IndusInd Bank Ltd

LISTED ON

Bombay Stock Exchange Limited
Security ID: ASIIL
Security code: 502015

REGISTRAR AND SHARE TRANSFER AGENTS

M/s Link Intime India Private Limited, C-101, 247 Park
L.B.S. Marg, Vikhroli (West), Mumbai- 400 083,
Tel: 022 - 49186270, Fax: 022 - 49186060,
Email: rnt.helpdesk@linkintime.co.in

REGISTERED OFFICE

Marathon Innova, 'A' Wing, 7th Floor,
Off: Ganpatrao Kadam Marg,
Lower Parel, Mumbai – 400013

WORKS

Mining :	Kudayla Industrial Area, Ramganjmandi Dist. Kota, Rajasthan
Wind Power:	1) Beladadi Village, Taluk & Dist. Gadag, Karnataka 2) Rameshwar Village, Taluk Khatau, Dist. Satara, Maharashtra
Engineered Stone	Mahindra World City , SEZ, Sanganer, Jaipur-302037



Management Discussion and Analysis

ECONOMIC OVERVIEW

After a lengthy trade war between the two economic superpowers the United States and China, the world is in turmoil and fear over Covid-19. Since January 2020, the planet is facing an unprecedented crisis with the extremely infectious COVID-19 hitting major economies of the world rapidly. According to June 2020 World Bank Global Economic Outlook, 90% of the countries in the world are expected to go into recession in the coming months. Real GDP in the US declined 4.8% in the first quarter of 2020, due to contraction in consumer spending and stoppage of output. Unemployment rate surged sharply globally.

Consumption across metals and mining was adversely impacted which was reflected in the decline in global commodity prices. Energy sector which was already dealing with price crisis before the outbreak has witnessed a decline in global crude oil prices and volatile prices of natural gas due to the drop in demand. Governments and central banks around the world have implemented various measures to boost the economy through liquidity support and regulatory changes.

In 2019, the Indian economy experienced a more than expected slowdown due to the weakness in the real sector and stress in the financial sector. India started fighting the Covid-19 pandemic with a nationwide lockdown on March 25, 2020 because of which India's economic activity came to virtual standstill.

India's economy expanded by just 5% in FY20, marking the slowest growth since FY13. This may be attributed to lower growth in Q4FY20 because of COVID-19's global spread since January 2020 and subsequent lock-down measures. According to provisional accounts (PA) data of central government finances for FY20, the fiscal deficit for FY20 PA stood at ₹ 9.4 lakh crore which is 4.6% of GDP, 0.8% points higher than the revised estimates. The increase in the fiscal deficit was mainly due to the lack of revenue collection during the period 2019-20.

Growth of real Gross Value Added (GVA) at basic prices was at 3.9% in FY20, as compared to 6.0% in FY19. Real GVA growth has declined in almost all sectors except Agriculture & Allied; Mining & quarrying; and Public administration, defence, and other services in FY20. Direct investment into the country increased while portfolio investment experienced some pressure during FY20. According to the Department for Promotion of Industry and Internal Trade (DPIIT), sectors which attracted maximum foreign inflows during FY20 include services (\$7.85 billion), computer software and hardware (\$7.67 billion), telecommunications (\$4.44 billion), trading (\$4.57 billion), automobile (\$2.82 billion), construction (\$2 billion), and chemicals (\$1 billion). The ratio of overseas financial assets to India's GDP rose to 26.5% in March 2020, while the ratio of total claims of non-residents to GDP increased to 40.5% in March 2020.

Measures taken by Reserve Bank of India (RBI) to ease domestic financial conditions would help ease tension slightly. However, changes in credit quality will eventually depend on the pace of economic growth, resilience to demand in particular industries, and normalization of the work-capital cycle. The Government has introduced several policy proposals to help address the economic implications of the lockdown.

INDUSTRY OVERVIEW

Infrastructure sector is a key driver for the Indian economy. The sector is responsible for driving India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. Over the past decade, the government has made significant investments in infrastructure and technology that promise to further improve the natural stone industry around the country. To boost the construction of buildings in the country, the Government of India has agreed to establish a single window clearance facility for the speedy approval of building projects. In the 2019 Agility Emerging Markets Logistics Index India placed second.

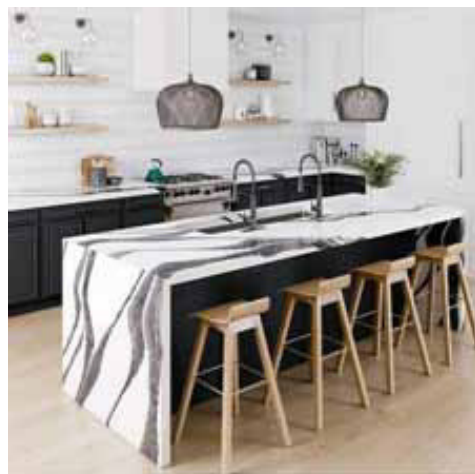
In FY20 the eight core industries' combined growth stood at 0.6%. By 2022 India is projected to become the world's third-largest construction market. India aims to spend US\$ 1,400 billion on infrastructure in 2019-23 to have a sustainable development of the country. According to the Department for Promotion of Industry and Internal Trade (DPIIT), between April 2000 and March 2020, the building and infrastructure sectors earned FDI inflows of US\$ 25.66 billion and US\$ 16.84 billion, respectively.

India is one of the leading countries in the natural stone industry. In India stone quarries are mainly located in the states of in Rajasthan, Madhya Pradesh, Andhra Pradesh and few locations in Gujarat, Orissa, Karnataka, Tamil Nadu, Andaman and Nicobar, although they can also be found in many other places. The stone is obtained from underground by a process of digging, blasting or cutting. This process is known as quarrying and the pit or open excavation from which the stone is obtained is called a Quarry.

Within India's top mineral producing regions, the mining industry is a major contributor to the Net State Value Added (NSVA). However, declining demand due to national lockdowns, reduced usage and supply chain problems have forced miners to either work at substantially lower capacity utilization or temporarily shut down operations which led to fall in revenues from mining sector for the governments. Except for Rajasthan, all major mineral producing states allowed mining operations during the lockdown period until 15-Apr-2020. After 15-Apr- 2020, the states including Rajasthan allowed mining operations with certain conditions.

ENGINEERED STONE/NEW PROJECT OVERVIEW

An engineered stone is also known as agglomerated stone consisting of resin binder, quartz, quartzite, pigments and additives. It is a composite material manufactured using quartz as the major raw material and has a striking resemblance in appearance to natural stone but more uniformity in colour and patterns as compared to natural stone.



It is widely available on the surface of earth, occurs in natural form of silicate mineral with composed silicon oxide commonly known as quartz. This quartz is converted into engineered stone in the form of slab or blocks for end use applications. An engineered stone can be delivered in various shape, texture and colours according to its required application and needs.

Engineered stones are highly resistant to heat and are highly durable thus widely being used in fireplace. Apart from being harder and more durable as compared to natural stone, Engineered Stone is not easy to scratch or chip and is stain resistant & non-porous. These attributes make it a maintenance free product.

Engineered stone can withstand a higher pH balance and is not affected by acidic materials like natural stone is. Since it is non-porous, it restricts the growth of mould, mildew etc on tops and other surfaces in wet areas and is widely used mainly in

locations such as commercial buildings, food service areas, kitchen countertops, island counters, basin counters etc.

Rapid growth in the development of attractive and aesthetic infrastructure is the key driver for increasing the use of engineering stone across the globe. It is resistant to bacterial growth and therefore help to maintain the hygienic environment, which is a key driver of the global engineered stone market.

Asia Pacific is a leading region in terms of consumption. The engineered stone market is expected to expand at a significant pace in countries such as China, India, Japan, Malaysia, Thailand etc. Rising urbanization, growing construction activities, and changing economic status are some of the key factors that boosting the region's market. Repair and renovation activities in Germany, France and the United Kingdom are likely to boost demand for engineering stone. Countries in Rest of Europe are also expected to provide the engineered stone manufacturers with remunerative opportunities due to growing construction activities. The United States is a leading consumer of engineered stone in North America.

The global Engineered Stone market is projected to rise at a CAGR of approximately 8.3% over the next five years, reaching USD 21,000 million in 2024, from USD 13,000 million in 2019.

ASI has set up a fully automated production line to manufacture engineered stone using patented Italian technology. The plant is located at Mahindra World City, Jaipur, Rajasthan having a capacity of 6.50 million Sq. Ft on approximately 7 acres of land. The Company has collaborated with Bretonstone for supply of plant and machinery with patented technology. There are only around 50 units globally, that use this patented technology from Bretonstone, Italy and the ASI unit is the third of its kind to set up in India. The Company is expecting this segment to contribute ~₹1,660 million to the top line and up to ~₹181 million to the profit in FY2021. This segment's Revenues is expected to grow at 20% CAGR and PAT to grow at an approximate 25% CAGR over the next 5 years.

