



annual report 2012-2013

lead the
change



Asian Granito:

Change to Learn,

Learn to Grow,

Grow to Lead,

Lead the Change...

Chairman Mr. Kamlesh Patel Explains The Company's Growth Strategy

DEAR SHAREHOLDERS,

Each year, it gives me enormous pleasure to share with you the achievements & milestones of Asian Granito India Limited which, with your continued & tremendous support has grown strength to strength. At Asian Granito India limited, we have always thrived to ensure that through each activity we undertake, we create more value for you and deliver satisfaction for the products and services for our customers. It has been a year with many rewarding moments, as well as some challenges. Though a year of transition, we made solid progress on many fronts, including building out strategic platforms.

The Company has always been ahead of times & leads the change by being the first & the only Indian Tile Company to open a mega showroom in tie-up in Johannesburg, South Africa. The Company has been awarded with National Energy conservation award in appreciation of the achievements in energy conservation in the ceramics sector for the year 2012 and for the series of mega launches of “Hi-Tech Tuffguard Digital”.

Last year was an extremely special year for us as we unveiled our new Corporate Logo. The new Logo mark and brand components are set to create a more contemporary image of the Company and corporate style in a consistent manner and a much more modern outlook that capture's the Company's Future Direction & Vision.

The attribute of constantly innovating and “Leading the Change” has made Asian Granito India Limited a conglomerate; diversified into multi dimensional business sectors with turnover of 796 Crore in 2012-13 and is one of the fastest growing ceramic companies in the space decor industry.

This legacy of leadership is a tribute to the success and stability of Asian Granito India Limited, and to the belief in the importance of our purpose held in common with us by our shareholders over so many decades. Personally, I am truly humbled to lead the incredibly talented and dedicated people who work for Asian Granito India Limited.

Chairman's Message

Indian Industry

Tiles Industry has brought a major improvement in life style across the world. Asian Granito aims to be the leading manufacturer of best quality tiles and pledges to provide its customers with latest designs, varieties and innovative products in line with the internationally changing trends. Through achievement of our aim we will enhance the wealth and well being of our stakeholders, employees and communities, whom we serve and in which we operate.

Ceramic tiles as a product segment have grown to a sizeable chunk today at 340 Millions Square meters production per annum. However, the potential seems to be great, particularly as the housing sector, retail, IT & BPO sectors have been witnessing an unprecedented boom in recent times. The ceramic tiles sector has a persistent growth of 12-15% over the last few years. Today, India figures in the top 5 countries in the world manufacturing ceramic tiles.

Capitalization on the Market

With continuous research and development our Company has come out with its new innovation of High Abrasive Resistance Tiles under a Brand name of "Hi- Tech Tuffguard Digital". The product has an advantage of strong distribution network at all the Company's showroom across the World.

Company holds a large range of Tiles which are available in many forms which vary by strength, color, intensity and designs. Currently, Company deals in segment of Vitrified tiles, Ceramic tiles, Wall tiles and Marble

Company's Vitrified Tiles contain a far superior properties compared to its other segment. Being a manufactured product, their quality can be controlled, whereas it is naturally occurring in marble and granite. Hence good quality is just a coincidence. Vitrified tiles possess much better mechanical strength, scratch resistance, resistance to acids, alkalis and chemicals, resistance to staining etc compared to marble or natural granite.

Financial Outlook

The result of the Company has been affected by the increasing competition and the depression in Indian Rupees against Dollars, Pounds and other Foreign Currency and the industry has been affected by the transition of Commercial, retail space, IT, Housing demand sectors of India. The revenue of the Company extended to 13.48%, while the Indian ceramic tile industry grew at around 8-9%.

The financial result of the Company has been affected due to the above factors. Overcoming to the above factors we have added our best effort to raise the financial position of the Company and to bring out the good result. The company financial result ended up with the growth in its turnover compare to last year turnover. Net Sales are Rs. 70748.84, up 13.42% over in the previous year. Net Profit after Tax is Rs 1710.86. (Rs. In Lacs)

Finally, I must express my profound gratitude to all of you, dear shareholders, for the steadfast confidence you have reposed in our Company and the Team Asian Granito through thick and thin and thank you for your patient hearing of my thoughts today.

With Regards,

Kamlesh Patel
(Chairman & Managing Director)



NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Members of **ASIAN GRANITO INDIA LIMITED** will be held on **Monday, 19th day of August, 2013 at AMA Hall, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 at 4.30 p.m.** to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the audited balance sheet as at 31st March, 2013 and the audited Profit and Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
- (2) To appoint a Director in place of Shri Bhaveshbhai Patel, who retires by rotation and being eligible offers himself for re - appointment
- (3) To appoint a Director in place of Shri Kanubhai Patel, who retires by rotation and being eligible offers himself for re - appointment
- (4) To appoint a Director in place of Shri Bhogibhai Patel, who retires by rotation and being eligible offers himself for re - appointment
- (5) To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass the following resolution:

RESOLVED THAT pursuant to the provision of Section 224 and other applicable provisions, if any, of the Companies act, 1956, M/s. A. L. Thakkar & Co., Chartered Accountants, be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the Conclusion of the next Annual General Meeting on such remuneration (including terms of payment) as may be determined by the Board of Directors, based on recommendation of the Audit Committee, in connection with the audit of accounts of the Company for the year ending on 31st March 2014.

Registered Office & Corporate Office:

202, Dev Arc, Opp. Iskon Temple,
Sarkhej Gandhinagar Highway,
Ahmedabad 380015
Date : 8th July, 2013

By Order of the Board of Directors

RENUKA A. UPADHYAY
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY (IES) TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DULY FILLED STAMPED, SIGNED AND SHOULD BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, PARTNERSHIP FIRMS ETC. MUST BE SUPPORTED BY APPROPRIATE RESOLUTION/AUTHORITY AS APPLICABLE, ISSUED ON BEHALF OF THE APPOINTING ORGANISATION.
2. Members should bring the duly filled attendance slip sent herewith for attending the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 12th August, 2013 to Monday, 19th August, 2013 (both days inclusive). Members are requested to intimate, indicating their Folio Number, the changes, if any, in their registered address, either to the Company or to the Registrar and Share Transfer Agent, viz, Link Intime India Pvt. Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai- 400 078.
4. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of name/address among others to their respective Depository Participants ('DP') only and to the Company or its Registrar and Share Transfer Agent. Any such changes effected by the DP will automatically reflect in the Company's subsequent records.
5. Pursuant to the provision of Section 205C of the Companies Act, 1956 the amount of dividend remaining unclaimed for a period of seven years from the date it became due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government and, thereafter no payments shall be made by the



Company or by IEPF in respect of such amounts. Therefore, members those who have not yet encashed their dividend warrant(s) for the financial year ended 31st March 2008, 2010, 2011 and 2012 are requested to submit their claims to the Registrar and Transfer Agent of the Company without any delay.

6. As an austerity measure copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
7. As required under Clause 49(IV) (G) of the Listing Agreement of the Stock Exchanges, the relevant details of the persons seeking appointment/reappointment as directors are furnished in the Corporate Governance Section of this Annual Report.
8. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least seven days before the date of meeting to enable the Company to keep the information ready at the meeting.

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Date : 8th July, 2013

By Order of the Board of Directors

RENUKA A. UPADHYAY
Company Secretary

**DIRECTORS' REPORT**

To,

The Members,

Your Directors are pleased to present the 18th Annual Report and Audited Accounts of the Company for the year ended on 31st March, 2013.

FINANCIAL RESULTS:

The summarised financial results of the Company have been given below:

(Rs. in lacs)

Particulars	Current year (2012-2013)	Previous year (2011-2012)
Sales and other income	70984.16	62548.50
Increased / Decreased in Stock	2606.03	2488.54
Wind Power Plant Electricity Generation Income	95.32	83.26
Expenditure	66463.01	58324.61
Profit/(Loss) Before Interest and Depreciation	7222.50	6795.69
Less: Interest & Financial Expenses	2521.00	2034.97
Less: Depreciation	2163.18	2059.30
Profit Before Tax	2538.32	2701.42
Less: Provision for current tax	870.00	885.00
Provision for deferred tax	(42.54)	11.03
Profit after tax	1710.86	1805.39
Add: Balance Brought Forward	14257.81	12697.20
Amount available for appropriation		
Balance carried to Balance Sheet	15968.67	14502.59
Appropriation:	15968.67	14502.59
Proposed Dividend on Equity Shares (Dividend on Equity share)	10.60	210.61
Corporate Tax on Dividend on Equity Shares (Tax on dividend)	1.73	34.17
Balance Carried To Balance Sheet	15956.34	14257.81

Industrial Scenario and Future Outlook:

The construction industry in India, which is having major linkages with building materials segments, has been growing at 15% to 20% year on year, mainly on the strength of increased manufacturing activities, industrial growth, and heightened investments, especially by the government in

infrastructure and real estate. Tiles segment, being one of the building materials segment linked mainly to the construction landscape has been growing at 25% to 30% per annum.

While the demand for Tiles is driven by the developments and growth in construction, realty, housing and infrastructure sectors, it is expected that expanding construction activities in the largely untapped rural areas are also expected to provide a huge thrust to the construction building materials market. Besides, in view of rising disposable income, rapidly growing middle class and increased urbanization, etc, it is expected that India's per capita consumption of ceramic tiles will have a healthy growth in the periods ahead. While India growth story continues in spite of inflationary pressures, indications are that the long term scenario for the ceramic industry in general and the tiles segment in particular will remain healthy.

Results of Operations:

The sales and other income of the Company increased to Rs. 70,748.84 lacs as compared to Rs. 62,379.50 Lacs in last year, registering a growth of 13.41%. The Profit for the year amounted to Rs. 1,710.86 lacs as compared to Rs. 1,805.39 lacs in last year.

Your Directors are trying to achieve better results in time to come and to keep the position of market leader in the coming years.

Management's Discussion & Analysis Report:

A detailed review of the progress of the Company and the future outlook of the Company and its business as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate forming part of Annual Report.

Fixed Deposits:

The Company has not accepted any deposit from public falling under section 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975. All deposit lying with the Company has been duly paid during the year.

**Particulars of Conservation of Energy among others:**

The statement of particulars with respect to conservation of energy, technology absorption and Foreign Exchange earning and outgo 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 annexed herewith as Annexure – 'A' which forms part of this report.

Particulars of Employees:

Provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company, since none of the employees of the Company was in receipt of total remuneration of Rs. 60,00,000/- p.a. or Rs.5,00,000/- p.m. during the financial year under review.

Board of Directors:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Bhaveshbhai Patel, Mr. Kanubhai Patel and Mr. Bhogibhai Patel, Directors of the Company, retire by rotation and being eligible, offers them for reappointment at the ensuing Annual General Meeting.

Corporate Governance:

A separate section on Corporate Governance forming part of the Directors' Report and the Certificate from the Company's Auditors confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is included in the Annual Report.

Cost Auditors:

We are in process of appointment of M/s. N.D. Birla & Co., Cost Accountants, Ahmedabad, as the Cost Auditors of the Company for Financial Year 2013-14 for conducting Cost Audit under the provision of Section 223B of the Companies Act, 1956.

Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of Companies Act, 1956 you're Directors confirm that:-

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there is no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give 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 year;
- 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 Directors have prepared the annual accounts of the Company on the 'going concern' basis.

Auditors and Their Report:

M/s. A.L. Thakkar & Co., Chartered Accountants, Auditors, of the Company hold office upto the date of the ensuing Annual General Meeting. The Company has received Certificate under Section 224(1) (B) of the Companies Act, 1956 from them confirming that the appointment if made, at the ensuing Annual General Meeting, will be within the limits specified. Your Directors recommend their reappointment and fixing the remuneration of them.

Industrial Relations:

The industrial relations with employees remained cordial through out the year. Your Directors wish to place on record their appreciation of the devoted services rendered by the workers, staff and employees of the Company.

Acknowledgement

Your Directors would like to express their grateful appreciation for the assistance and cooperation received from the Company's valued customers, members, various department of Central and State Government, Local Authorities, and Banks during the year under review and looking to their continued support in the future to the Company's growth. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the executives, staff and workers of the Company.

Registered Office & Corporate Office:

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Date: 8th July, 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

KAMLESHBHAI B. PATEL
Chairman & Managing Director



ANNEXURE TO THE DIRECTORS REPORT

Particulars pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Directors' Report) Rules, 1988:

1. CONSERVATION OF ENERGY:

1) Energy Conservation measures taken

The Company has formed a strong technical department headed by senior personnel to continuously monitor energy consumption and plan and execute energy conservation schemes. Effective measures are being taken for overall technological up gradation of plant and machinery.

2) Total energy consumption and energy consumption per unit of production:

FORM 'A'

		Financial Year	
A. POWER AND FUEL CONSUMPTION		2012-13	2011-12
I) Electricity			
a) Purchased Unit (in H.P. / K.W.H.)		399.96	459.84
Total Amount (Rs. in Lacs)*		3065.19	2975.59
Rate per unit (Amount/Units) (Rs.)		7.66	6.47
b) Own Generation			
(i) Through D.G. Set			
Units (In H.P. / K.W.H.)		2.10	2.01
Total Amount (Rs. in Lacs)		38.44	36.88
Rate per unit (Amount/Units) Rs.		18.30	18.35
(ii) Through Other (specify)			
Units (In H.P. / K.W.H.)		Nil	Nil
Total Amount (Rs. in Lacs)		Nil	Nil
Rate per unit (Amount/Units) (Rs.)		Nil	Nil
II) Fuel Consumption			
1. Light Diesel Oil (L.D.O.)			
Quantity in Liters		0.79	1.67
Total Amount (Rs. in Lacs)**		38.44	74.95
Cost Per Unit (Total Amount/Quantity)		48.58	44.90
2. L.P.G. / Natural Gas			
Quantity in SCM		220.93	231.14
Total Amount (Rs. in Lacs)		6903.01	5637.43
Cost Per Unit (Total Amount/Quantity)		31.25	24.39
3. Gas Generator, Coal among others			
Quantity in LKgs.		452.58	496.18
Total Amount (Rs. in Lacs)		2283.97	2352.06
Cost Per Unit (Total Amount/Quantity)		5.05	4.74

**ANNEXURE TO THE DIRECTORS REPORT**

		Financial Year	
B. CONSUMPTION PER UNIT OF PRODUCTION		2012-13	2011-12
1. Electricity (Units per Sq. Mtrs. Production)		3.18	3.51
Electricity (Rupees per Sq. Mtr. Production)		24.40	22.71
2. Diesel / L.D.O. (Units per Sq. Mtr. Production)		3.22	3.55
Diesel / L.D.O. (Rupees per Sq. Mtr. Production)		58.88	56.49
3. L.P.G./ Natural Gas(Qty. Per Sq. Mtr. Production)		1.86	1.85
L.P.G./ Natural Gas(Rupees Per Sq. Mtr. Production)		58.06	45.08
4. Other		Nil	Nil

* It Excludes electricity consumed of Rs. 16.76 lacs in Agro Tech Division (i.e. not for production activities)

2) TECHNOLOGY ABSORPTION:

a) Research and Development:

The Company is fully equipped and further updating with the latest technology for producing its quality products. Company's has continuous ongoing R & D Program which during the period under review introduced larger format and various designs of tiles. In addition to development of new products, the R & D Department also instituted a comprehensive quality control of all units to ensure that all the Company's products meet or exceed international standards.

b) Benefits derived as a result of the above R & D:

The Company is continuously updating itself to standardize and install required machinery when manufacturing. Improved quality also gives the Company a better image in the market therefore improving the marketability of its products.

c) Technology Absorption and Innovation:

The Company has been putting emphasis to train its technical personnel by way of providing training to them for the latest technology available. It has resulted in a better quality of product, which has been brought to the International Standard, besides improving the productivity and reducing the wastages. The Company has sent its Plant Operators to China for getting themselves trained for better manufacturing process.

3) FOREIGN EXCHANGE EARNINGS / OUTGO

		(Rs. in lacs)	
Particulars		2012-13	2011-12
Foreign Exchange Earned:			
Export of Goods on FOB Basis		2337.47	1417.60
Foreign Exchange Used:			
Foreign Traveling		20.94	15.66
Exhibition Expenses		1.24	8.34
Purchase of Capital Goods		529.23	913.43
Stores and Spares		717.65	847.53
Raw Materials		1080.58	709.33
Finished Goods		2487.54	3123.85
Other Design Materials		29.16	11.91
Sales Commission		42.82	35.30
Other		0.00	0.49

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Date: 8th July, 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

KAMLESHBHAI B. PATEL
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS***Industry Structure and Development******Indian Market***

The Indian tile industry, despite an overall slowdown of the economy continues to grow at a healthy 15% per annum. Ceramics tiles as a product segment has grown to a sizable chunk today at approximately 600 millions square meters production per annum. Investments in the last 5 years have aggregated over Rs. 5000 Crores. The overall size of the Indian ceramic tile industry is approximately Rs 18,000 Crores (FY12). However, the potential seems to be great, particularly as the housing sector, retail, IT, & BPO sectors have been witnessing an unprecedented boom in recent times. The main product segments are the Wall tile, Floor tile, Vitrified tile and Industrial tile segments. The market shares (in value terms) are 20%, 23% 50%, and 7% respectively for Wall, Floor, Vitrified, and Industrial tiles.

The Indian tile industry is divided into organized and unorganized sector. The organized sector comprises of approximately 14 players. The current size of the organized sector is about Rs 7,200 Crores. The unorganized sector accounts for nearly 60% of the total industry bearing testimony of the growth potential of this sector.

International Market

The Indian Industry has developed an international market although at the lower end. In volume it constitutes less than half a percent of the global market. (Presently India does not figure in the list of major exporting countries). But this reality could change as Indian Companies are reaching to the international market with its new technologies and continuous research and development, due to which the product is achieving the attention of international dealers, with these efforts the exports are raising at an accelerating growth annually. The top-end of the global export market is presently dominated by China (36.8%) and Italy (15.1%).

HI-TECH TUFFGUARD DIGITAL

Company has introduced an advanced range of tiles powered with scratch-shield technology under the brand name of Hi-Tech Tuffguard Digital Tiles. This series of tiles are incredibly strong and robust with an extremely hard surface and are processed for an attractive appearance with low porosity. This high-end technology gives tiles an astonishing endurance, and makes them highly resistant to abrasion, stain, tarnish, scratches and rough handling. Hi-Tech Tuffguard Digital tiles let the floor retain its natural and elegant look that last for a long time.

Segment – wise / Production wise performance

Asian Granito is having an ultra modern plant in the ceramic zone of Idar and Himmatnagar, spread over an area of 32,000 Sq. mtr., and production capacity of four plants is 81,000 Sq. mtr., per day (installed capacity including outsourcing).

Future Outlook

Considering the threats, opportunities and the strengths of your company, the key task at hand will be to make the most of the category growth across all price segments and maintain margins to the best possible degree without affecting volume growth. The Company is making strong efforts for the market shares and has also achieved a good brand name. But still there is long way to go and company is trying its level best to achieve its targets and have a profitable growth in the coming years.

As Ceramic Industries is one of the vast Industry, there is no end till the demand goes on and on. With the growth of real estate and infrastructure industry, the Company's product will have demand and will capture the bigger market share.

Risks and Concern

- | | |
|-------------------------------|--|
| Industry Risk | : A slowdown in demand could impact the Company's business prospects. |
| Competition Risk | : Growing competition can affect profitability. |
| Branding Risk | : Weak brand management can affect sales and profitability. |
| Geographic Concentration Risk | : Decrease in demand from a particular region might impact the Company's growth prospects. |
| Technology Obsolescence Risk | : Technology obsolescence may result in compromise of quality standards. |

Internal Audit Report

The Company has an adequate system of internal controls to safeguard and protect from loss, unauthorized use or disposition of its assets. All transactions are properly authorized, recorded and reported to the management. The Company is following all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. The Company has an internal audit department and has also appointed internal auditors, to review various areas of the operations of the Company. The audit reports are reviewed by the management and the Audit Committee of the Board periodically.