

lead the
change!

FORWARD-LOOKING STATEMENT

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of these results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Asian Granito India Limited has been among the fastest growing Indian tile companies with a ten-year CAGR in revenues of 30 per cent.

Growing its net worth from near-scratch to ₹280.45 crore at the end of 2013-14.

Through a singular focus on being the first, the best and the fastest.

This commitment has been reinforced by an enduring AGL philosophy expressed in just three words.

lead the
change!



Asian Granito India Limited is more than just a tiles company.

The Company is an interior aesthetics organisation.

Engaged in marketing tiles, engineered stone and natural marble.

Making it possible to service all kinds of interior flooring solution customers at one stop.

Providing interior flooring solutions across the value chain – from ₹20 per square feet to ₹300 a square feet.

ABOUT US

Asian Granito India Limited was established in 2000 by Mr. Kamlesh Patel and Mr. Mukesh Patel as a tile manufacturing company.

The Company is India's fastest growing ceramic, vitrified tile, marble and quartz manufacturer and among the 50 most profitable global ceramic tile companies. It also is a leading innovator using technological support from SACMI (Italy).

The market capitalisation of the Company stood at ₹225 crore as of August 30, 2014 with a promoter shareholding of 37.52 per cent amounting to ₹84 crore.

VISION

- To be a leader in the ceramic industry.
- To uphold quality at every stage and maintain consistency to win the trust of our valued customers worldwide.
- To remain as innovative global leader.

PRODUCTS

- Ceramic wall, ceramic floor and vitrified tiles
- Digital polished glazed vitrified tiles and digital wall tiles
- Marble and quartz

PRESENCE

The Company is headquartered in Ahmedabad, with manufacturing facilities spread across 320,000 square metres at Himmatnagar (Gujarat) and Idar (Gujarat)

The Company is based in Gujarat with 18 offices and 50 showrooms. AGL has emerged as among the largest ceramic tile manufacturing groups in India with a global presence in 47 countries.

The Company has a pan-India marketing and distribution network, employing over 2,800 dealers and sub-dealers reinforced by 16 depots and 50+ exclusive showrooms which helps in promoting its range of products to a wide range of consumers.

The Company's shares are listed and traded on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

PRIDE

- Asian Granito India Ltd. was acknowledged as a 'Power Brand Rising Star' in India by Plannman Marcom in 2012.
- The Company's brands were recognised as the most trusted brands in the floor and wall categories in 2011 by *Reader's Digest*.
- Asian Granito India Ltd. was acknowledged as a 'Indian Power Brand' in India by Plannman Marcom in 2013.

OUR BRAND-ENHANCING HOSPITALITY CLIENTS

THE LEELA PALACES, HOTELS AND RESORTS, ITC HOTELS AND BHARATI HOTELS

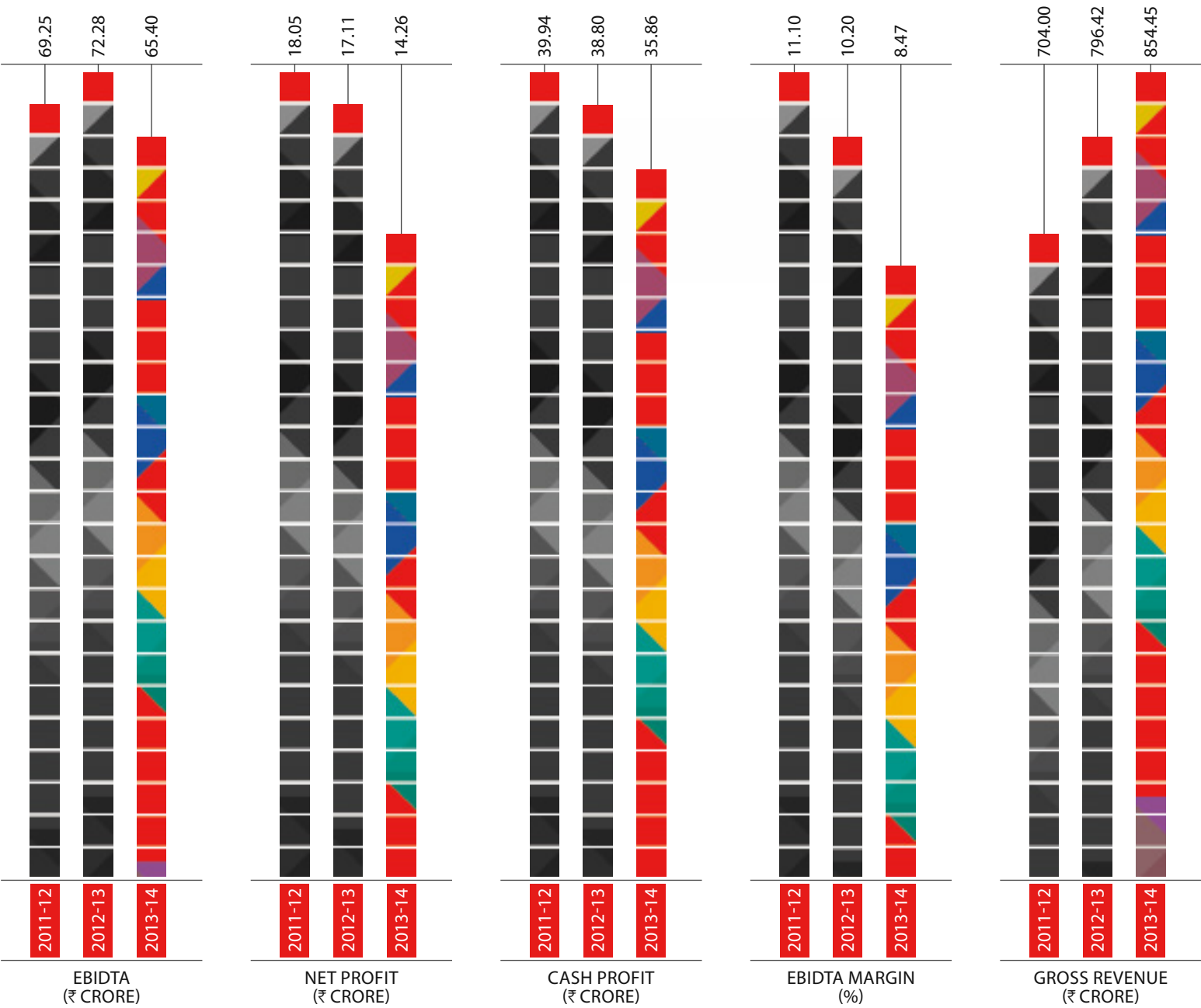
OUR BRAND-ENHANCING REAL ESTATE CLIENTS

ADANI GROUP, LODHA GROUP, GODREJ GROUP, TATA GROUP, ANSAL API, DLF MASTERS, UNITECH, SHOBHA DEVELOPERS, BRIGADE GROUP, SLS DEVELOPERS, ROHAN HOUSING, KLE SOCIETY, PRESTIGE GROUP, SRIRAM PROPERTIES, KEERTHI ESTATES, SKYLINE BUILDERS, MUTHOOT DEVELOPERS AND KENT CONSTRUCTION

OUR BRAND-ENHANCING EDUCATION CLIENTS

RAJASTHAN AGRICULTURAL RESEARCH INSTITUTE (JAIPUR), MANIPAL UNIVERSITY (JAIPUR), CENTRAL UNIVERSITY OF RAJASTHAN (JAIPUR), SDM INSTITUTE OF TECHNOLOGY (UJIRE), RAJA RAJESHWARI MEDICAL COLLEGE (BENGALURU)

2013-14 in retrospect



Milestones

2002

Produced ceramic floor tiles of size – 16"x16" – 2,500 square metres per day

2003

Ceramic floor tiles production capacity touches 6,000 square metres per day

2004

Established Asian Granito India Ltd. (AGL), Himmatnagar, for production of vitrified tiles of size – 24"x24" & 20"x20" - 4,000 square metres per day

2005

Expanded production at Himmatnagar plant to 6,000 square metres per day and introduced a new size of – 36"x36"

2006

- Further expansion of production at Himmatnagar plant to 18,000 square metres per day.
- Established Wind mill power project at Vanku in Kutch District.

2007

Came out with public issue and launched AGL TILES WORLD (Company display center) in 14 cities namely Ahmedabad, Bangalore, Chennai, Coimbatore, Gandhinagar, Himmatnagar, Jaipur, Kochi, Mumbai, New Delhi, Pune, Kolkata, Chandigarh and Surat

2008

Launched exclusive collection of wall tiles and introduced India's largest and finest size: 300x900mm with a production capacity of 10,000 square metres per day.

2009

Started production of an exclusive range of AGL marble stone (10x4 square feet slabs)

2010

- Expanded production capacity of wall tiles up to 20,000 square metres per day.
- Established new digital printing technology for ceramic wall tiles.
 - Launched new brand - Bonzer7

2011

- Started production of AGL quartz stone (10x4 square feet slabs)
- Launched digital glazed vitrified tiles
- Introduced 4-colour digital technology
- Increase in AGL TILES WORLD showrooms to 20 and 18 depots across India

2012

Introduced 6-colour digital tile printing technology

2013

- Expanded product range in the value-added category by introducing hi-tech tuffguard digital porcellanto in 600x600 square millimetres size
- Introduced digital glazed vitrified tiles in tuffguard range in 800x800 square millimetres and 605x605 square millimetres variants
- Increased the number of AGL TILES WORLD outlets to 50

Chairman's message



Let me begin by congratulating, one and all for the stable progress achieved during the financial year. The market remained fragile through most of 2013-14. Every industry across the globe endured a rough time, and we were no exception. Yet 16.67 per cent decline in our profit after tax, we reported a 7.29 per cent growth in our consolidated revenues.

Asian Granito India Ltd. (AGIL) has reported a revenue growth of 22.08 per cent over the corresponding period in 2012-13 and a 10.94 per cent increase in revenues over the immediate preceding quarter. I am happy to state that this improvement corresponded to a growth in our bottomline from ₹2.81

crore in the third quarter to ₹5.90 crore in the last quarter of 2013-14. This rebound has helped us maintain and sustain the positive momentum, with an aim of reporting even better figures in the near future.

We are a strong business, growing stronger and apart from communicating an improvement in our performance, the principal message that I wish to convey to all our stakeholders is that we at Asian Granito India Ltd. (AGIL) are increasingly geared to ensure greater responsiveness, and flexibility. Over the last couple of years, this direction remained unchanged. The Company has been recognised for its competitive spirit, for its analytical thinking, and for its ability to lead the change.

Our shareholders have been accustomed to higher averages; consequently we constantly strive to maintain the same trend. Shareholders are requested to look at the positive side, that even during the trough –2013-14, was clearly one of the years – the Company reported a cash profit of ₹35.86 crore, which is remarkable considering the weakness in consumer sentiment prevailing in the country.

It is my firm belief that the most genuinely strategic and forward-looking businesses treat commitment as a core component of business delivery, and this component at Asian Granito India Ltd. (AGIL) has been reignited. This has been manifested through a number of initiatives:

PRODUCTION MIX EVOLUTION

We are shifting the manufacture of low-value tiles to our outsourcing and joint venture partners in Morbi while selecting to allocate our captive capacities towards the manufacture of value-added tiles.

This progressive value-addition (larger format, thicker vitrified tiles, double-charged, nano finish and increase in digital machines from one to seven to a projected ten in 2014-15) is expected to reflect in rising average realisations, quicker offtake and increased profitability in the near future.

We are widening our product range from ₹20 per square foot to in excess of ₹300 per square feet. Recently, taking a step ahead in defining beauty and class, the company has recently introduced Carrara White

world's whitest unglazed vitrified tiles with 'L' value >90 in the market.

IMPROVED MARKET REACH

Apart from manufacture of value-added tiles; the Company will market these in a correspondingly uplifting environment.

The Company expects to generate at least ₹250 crore revenues by increasing the number of exclusive shops through which these tiles can be marketed, from 50 to 80 in 2014-15.

This retail format is expected to reap incremental rewards, three years from now.

CUSTOMISED STRATEGIES

In an ever-changing market that is becoming increasingly complex, marketing strategies need to become more customised.

At Asian Granito India Ltd., we strategically focused on the Bonzer7 brand launched in 2010 for gaining a greater market share, expand production and enhance reach (separate independent brand from the house of Asian Granito India Ltd.).

This initiative was given shape by two separate marketing teams

focusing completely on their defined areas and also via the involvement of segregated dealer networks.

Bonzer7 revenues grew from 49 per cent of the Company's overall revenues in 2012-13 to 7.29 per cent during the year under review and expect to increase this to an estimated 11.18 per cent by 2015-16.

GLOBAL FOOTPRINT

Asian Granito India Ltd. (AGIL) has selected to prudently widen its international footprint over the years. Resultantly, the Company has increased the number of countries addressed from 20 to 47, possibly the largest number of countries exported to by any Indian tile company.

The Company has also commissioned an international retail outlet in Johannesburg, possibly one the first such instances ever undertaken by an Indian tile brand, which we hope to replicate in Italy and China.

INCREASED PRODUCTION CAPACITY

With Bronzer7 and AGL brands having the potential to shoulder a larger production throughput, we recognise that there are two ways of increasing production –

The Company expects to generate at least ₹250 crore revenues by increasing the number of exclusive shops through which these tiles can be marketed, from 50 to 80 in 2014-15.

the conventional asset-intensive approach of investing in one's own manufacturing capacity, or the relatively asset-light approach of investing in joint ventures and alliance partnerships whereby we engage with partners who invest in their capacities in exchange for assured product buyback.

Among the initiatives that are expected to evolve the Company to that point comprise the procurement of 75 per cent output of a plant that enjoys access to low cost natural gas, which will translate into a lower procurement cost for the Company. Besides, we are providing this alliance partner the technology to manufacture the value-added double-charged tile, generating 30 per cent higher revenues over the prevailing average. Such win-win partnerships are expected to strengthen the Company's profitability.

EXPLORE NEW HORIZONS

We recognise that over time, the Company needs to broad-base its product mix. This can be initiated by a significant shift from dependence on tiles to alternative interior products like polished engineered stone as well as an extension from resin-bonded marble to cement-based marble (which could enhance the utilisation of our engineered stone facility).

EVOLVING SECTORAL ENVIRONMENT

There are three main reasons why one should be fairly optimistic of the Company's prospects at this juncture of our existence.

ONE, we expect India's tile sector to grow considerably during the current financial year, if not higher. This seems to be made possible by the new dynamic leadership at the centre in our country. The real estate sector is sure to see another rise and this is sure to catalyse the offtake of tiles and interior aesthetic material.

TWO, the introduction of GST in India, the general consensus of exports, could add 150-200 bps to the country's GDP growth rate, benefiting tile manufacturers like us.

The organised segment of our sector is likely to outperform its erstwhile average for another reason – the introduction of GST is likely to bring a number of unorganised tile producers into the country's tax net for the very first time, increasing their production costs and narrowing their pricing advantage vis-a-vis tax-paid branded tile products.

THREE, over the last couple of years, the centre of gravity within the global tiles sector has shifted towards India for some pertinent reasons:

- Lowest cost of manufacture.

- Variety in range: Entry-level to value-added sophisticated tiles.

Globally established design capability and overall competitiveness in digital wall tiles.

- Gujarat manufacturers have established a global cost leadership in the area of wall tile manufacture; the international gas cost is pegged around \$0.75 per cubic metre compared to a competitive Indian gas cost of \$0.50 per cubic metre; while large global manufacturers sit on nearly eight months of finished stocks, Indian operations are generally leaner with about 45 days of finished product inventory.

I would hereby like to impress upon our shareholders that with the external environment continuing to remain encouraging, Asian Granito India Ltd. (AGIL) has invested in various initiatives that should translate into higher-than-industry growth leading to projected revenues of ₹1,000 crore in 2014-15, enhancing value in the hands of those who own shares in our Company.

With warm regards,

Kamlesh Patel

Chairman-cum-Managing Director