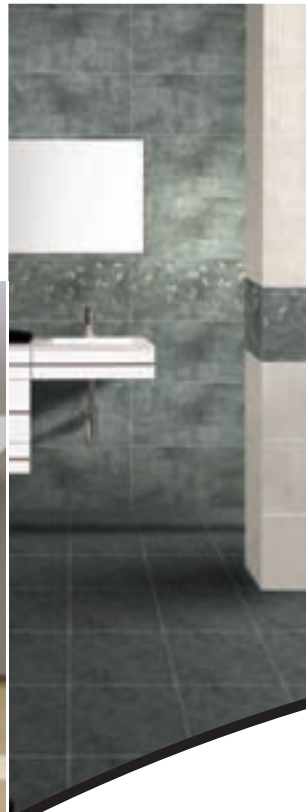


Asian Granito India Ltd.

Annual Report : **2009-2010**





Chairman's Message

Dear Shareowners,

On behalf of **Asian Parivar**, it gives great pleasure to share my dream with you. Asian Granito India Ltd- a dream to beautifying lifestyles. It was a modest beginning when we started our operation in 2001 with a unit named Asian Tiles Limited at Idar. Today when we look back with 5 well equipped plant, more than 18 depots, strength of more than 4000 Business Associates & 19 Asian Tiles World-Showrooms till date, it gives us a sense of satisfaction and joy that in this journey of beautifying lifestyles, we have surpassed many milestones and are poised to achieve many more. This has become possible only because of our trustworthy shareholders, committed employees, dealers, satisfied customers who showed faith in our dreams.

Ever since our inception, our benchmark in adherence to quality in whatever we do. This important attribute has helped us to reach where we are today. **We introducing new age technology digital printing on tiles namely Grestek nxt brand. We have also started new product namely Quartz in composite marble segment.**

It is our aim that in future also, the flame of innovation fuelled by excellent quality and advancement will burn more brightly and guide us to serve our customers more ardently.

With best wishes

Sincerely,

Kamlesh Patel
Chairman



CORPORATE INFORMATION

BOARD OF DIRECTORS

Kamleshbhai Patel	<i>Chairman cum Managing Director</i>
Hasmukhbhai Patel	<i>Managing Director</i>
Mukeshbhai Patel	<i>Director</i>
Rameshbhai Patel	<i>Director</i>
Maganlal Prajapati	<i>Director</i>
Maheshchander Julka	<i>Director</i>
Shankarlal Patel	<i>Director</i>
Ajendrakumar Patel	<i>Director</i>

COMPANY SECRETARY

Jigar H. Shah

AUDIT COMMITTEE

Maganlal Prajapati	<i>Chairman</i>
Maheshchander Julka	<i>Member</i>
Hasmukhbhai Patel	<i>Member</i>

REMUNERATION COMMITTEE

Maganlal Prajapati	<i>Chairman</i>
Maheshchander Julka	<i>Member</i>
Shankarlal Patel	<i>Member</i>

SHAREHOLDERS' GRIEVANCE COMMITTEE

Maganlal Prajapati	<i>Chairman</i>
Maheshchander Julka	<i>Member</i>
Hasmukhbhai Patel	<i>Member</i>

AUDITORS

A.L. Thakkar & Co.
Chartered Accountants
Ahmedabad.

BANKERS

State Bank of India
Commercial Branch,
Ahmedabad.

Bank of Baroda
Navrangpura Branch,
Ahmedabad.

REGISTERED & CORPORATE OFFICE

202, Devarc, Opp. Iskon Temple,
Sarkhej Gandhinagar Highway,
Ahmedabad - 380015.

WORKS

Ceramic Zone, Katwad Road,
At & Po. Dalpur, Taluka Prantij 383 120,
Dist. Sabarkantha.

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W), Mumbai- 400 078.

CONTENTS

Notice	02
Directors' Report	04
Management Discussion and Analysis	08
Report on Corporate Governance	11
Auditors' Report	19
Balance Sheet	22
Profit and Loss Account	23
Schedules Forming Part of Accounts	24
Notes on Accounts	32
Balance Sheet Abstract	41
Cash Flow Statement	42



NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the Members of **ASIAN GRANITO INDIA LIMITED** will be held on 25th day of September, 2010 at AMA Hall, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015 at 11.00 a.m. to transact the following business:

Ordinary business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Audited Profit & Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri Kamleshbhai Patel, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Ajendrabhai Patel, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Shankarbhai Patel, who retires by rotation and being eligible offers himself for re-appointment.
6. 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 re-appointed 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 March 31, 2011."

Registered office & Corporate Office:

202, Dev Arc, Opp. Iskon Temple,
Sarkhej Gandhinagar Highway,
Ahmedabad 380015
Date : 29.07.2010

By Order of the Board of Directors

Jigar H. Shah
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 Saturday, 18th September, 2010 to 25th day of September, 2010 (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, 211, Sudarshan Complex, Near Mithakhali Under bridge, Navrangpura, Ahmedabad – 380 009.
4. The Dividend, as recommended by the Board of Directors of the Company for the year ended March 31, 2010, if declared at the Annual General Meeting, will be payable on or after September 25, 2010, to those Members whose names stand on the Register of Members.
 - (i) as Beneficial Owners as at the end of business hours on September 17, 2010 as per the list to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of Shares held in dematerialized form.



Asian Granito India Ltd.
Annual Report 2009-2010



- (ii) as Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company on or before September 17, 2010.
5. 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 etc. to their respective Depository Participant ("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.
 6. 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 who have not yet encashed their dividend warrant(s) for the financial year ended March 31, 2008 are requested to submit their claims to the Registrar and Transfer Agent of the Company without any delay.
 7. 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.
 8. 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.
 9. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least 7 days before the date of Meeting to enable the Company to keep the information ready at the Meeting.

Registered office & Corporate Office:
202, Dev Arc, Opp. Iskon Temple,
Sarkhej Gandhinagar Highway,
Ahmedabad 380015
Date : 29.07.2010

By Order of the Board of Directors

Jigar H. Shah
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 15th Annual Report and audited accounts of the Company for the year ended 31st March, 2010.

Financial Results :

The performance of the Company for the financial year ended 31st March, 2010 is summarized below:

(Rs. in Lacs)		
Particulars	2009-2010	2008-2009
Sales & Other Income	43470.65	35327.68
Increase/ (Decrease) in Stock	904.34	2180.86
Wind Power Plant Electricity Generation Income	87.85	98.16
Expenditure	39404.90	31970.07
Profit/(Loss) Before Interest & Depreciation	5057.94	5636.63
Less: Interest & Financial Expenses	955.53	1140.83
Less: Depreciation	1519.53	1093.41
Profit Before Tax	2582.88	3402.39
Less: Provision for current tax	420.80	641.00
Provision for deferred tax	258.18	252.71
Provision for fringe benefit tax	0.00	25.64
Less/ Add:(Excess)/short provision of I.T. w/back	0.00	(18.31)
Profit after tax	1903.90	2501.35
Add: Balance Brought Forward	9275.85	6096.17
Less: Earlier year depreciation w/off	0.00	221.25
Amount available for appropriation		
Balance carried to Balance Sheet	11179.75	8376.27
Add : On Amalgamation	0.00	899.58
Appropriation:	11179.75	9275.85
Proposed Dividend on Equity shares	210.61	0
Corporate Tax on Dividend on Equity Shares	35.79	0
Balance Carried To Balance Sheet	10933.35	9275.85

Dividend :

Your Directors recommend payment of Dividend at the rate of Re.1/- each per Equity Share for the year ended on March 31, 2010 on 2,10,61,291 equity shares of Rs.10/- each

Results of Operations:

During the year the Company has started new Division called Agro Tech Division. The sales & other Income of the Company increased to Rs.43470.65 Lacs as compared to Rs.35327.68 Lacs in last year, registering a growth of 18.73%. The Profit for the year amounted to Rs.1903.90 lacs as compared to Rs. 2501.35 lacs in last year.

Your Directors are hopeful to achieve still 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 complied with the provisions of section 58A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 with regard to the deposits accepted from the public.

Particulars of Conservation of Energy etc.:

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.24,00,000/- p.a. or Rs.2,00,000/- 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, Shri Kamleshbhai Patel, Shri Ajendrabhai Patel and Shri Shankarlal Patel Directors of the Company, retire from the Board by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of Companies Act, 1956 your 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.

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.

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 re-appointment 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 co-operation received from the Company's valued customers, members, various department of Central & 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:

202, Dev Arc, Opp. Iskon Temple,
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Ahmedabad 380015
Date : 29.07.2010

For and on behalf of the Board of Directors

Kamleshbhai Patel
Chairman & Managing Director

Hasmukhbhai Patel
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 upgradation of plant and machinery.

2) Total energy consumption and energy consumption per unit of production
FORM 'A'

A. POWER AND FUEL CONSUMPTION	Financial Year	
	2009-10	2008-09
I) Electricity		
a) Purchased Unit (in H.P./ K.W.H.)	420.46	367.30
Total Amount (Rs. in Lacs)*	2640.45	2161.87
Rate per unit (Amount/Units) Rs.	6.28	5.89
b) Own Generation		
(i) Through D.G. Set/ Liquid Fuel/Gas Generator		
Units (In H.P./K.W.H.)	4.53	10.88
Total Amount (Rs. in Lacs)	73.71	177.46
Rate per unit (Amount/Units) Rs.	16.26	16.31
(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.)/Coal/Kerosene		
Quantity in Ltres/ LKgs.	1.87	4.50
Total Amount (Rs. in Lacs)**	73.71	177.46
Cost Per Unit (Total Amount/Quantity)	39.32	39.43
2. L.P.G./Natural Gas		
Quantity in Ltres/ LKgs.	198.03	208.72
Total Amount (Rs. in Lacs)	3078.70	4501.97
Cost Per Unit (Total Amount/Quantity)	15.55	21.57
3. Other (specify)		
Quantity in Ltres/ LKgs.	307.53	158.77
Total Amount (Rs. in Lacs)	1320.22	787.61
Cost Per Unit (Total Amount/Quantity)	4.29	4.96

ANNEXURE TO THE DIRECTORS REPORT

B. CONSUMPTION PER UNIT OF PRODUCTION	Financial Year	
	2009-10	2008-09
1. Electricity (Units per Sq. Mtr.)	6.28	5.89
Electricity (Rupees per Sq. Mtrs.)	24.24	24.88
2. L.D.O./ Coal/ Kerosene (Units per Sq. Mtr. Production)	3.90	4.35
L.D.O./ Coal/ Kerosene (Rupees per Sq. Mtr. Production)	63.44	70.97
3. L.P.G./ Natural Gas (Qty. Per Sq. Mtr. Production)	15.55	21.57
L.P.G./ Natural Gas (Rupees Per Sq. Mtr. Production)	28.80	51.81
4. Other	Nil	Nil

* It excludes electricity consumed of Rs.12.14 lacs in agrotech division (i.e. Not for production activities)

** It excludes diesel consumed of Rs.2.72 Lacs in agrotech division (i.e. Not for production activities)

2) TECHNOLOGY ABSORPTION:

a) **Research and Development:** The Company has a continuous on going 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:**

New Design and larger format Tiles have enabled the Company to be more competitive in the market. Benefits from quality improvements give the Company better realization as more of the products goes to first grade. 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 send its personnel to China for training of latest technology plant.

3) FOREIGN EXCHANGE EARNINGS / OUTGO

Particulars	(Rs. in lacs)	
	2009-10	2008-09
Foreign Exchange Earned:		
Export of Goods on FOB Basis	607.78	88.49
Foreign Exchange Used:		
Foreign Traveling	32.09	12.60
Purchase of Capital Goods	1056.52	2035.57
Stores & Spares	650.09	814.72
Raw Materials	989.10	671.50
Marble Stone (Trading)	—	401.87
Vitrified Trading	27.94	—

Registered Office & Corporate Office:

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Ahmedabad 380015

Date : 29.07.2010

For and on behalf of the Board of Directors

Kamleshbhai Patel
Chairman & Managing Director

Hasmukhbhai Patel
Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS

A INDUSTRY OVERVIEW

Tile Industry

Tiles have been used as paving or cladding material since ancient times. Records evidence that tiles were used to decorate the interiors of pyramids, indicating that the production of tiles was prevalent, among the Egyptians, in 5000 B.C. prior to the industrial revolution, glazed ceramic tiles were seen as a rich man's product and were reserved for palaces and sacred buildings. The production of such tiles was not only labour intensive but also expensive. Technological advances in the tile manufacturing industry, however, have revolutionised the manner of production of ceramic tiles. Such technological advances have lowered the cost of and reduced the time involved in, the production of ceramic tiles in addition to making it less labour intensive. Factors such as these have resulted in tiles becoming a more affordable commodity.

At present, tiles are an integral part of housing / commercial projects and the rapid development in tile manufacturing technology has enabled the production of more durable, long-lasting tiles in a variety of designs and sizes.

Characteristics of tiles

A ceramic tile is a mixture of clay and other minerals, which are shaped and fired under high temperatures to form a hard body, called Bisque. Different regions of the world produce their own unique type of clay with different combinations of hardness, colour, texture, etc. The raw materials provide strength and stability to the Bisque and the clay provides density. Glass may be fused into the Bisque by using intense heat. This process is called Glazing. A tile may also be left unglazed.

The Monocottura technology was another important development in the field of tile manufacturing. Monocottura in Italian means single-fired. This process shapes, fires and glazes tiles in one step. Tile manufacturing which required the tiles to be baked in kilns for days to achieve the desired results could, as a consequence of the Monocottura technology, be produced in less than an hour. This has in turn resulted in a significant decrease in the cost of production of tiles. The Monocottura tiles also have better density and glaze as compared to tiles produced by other methods.

The Monocottura process is distinguished from the Bicottura process since the latter requires clay to be 'fired' twice. The clay is 'fired' first following the layer of ceramic is glazed consequent upon further 'firing'. Tiles produced in this manner may be 'fired' several times, and are generally less durable as compared to tiles produced through the Monocottura process.

Types of Tiles

The word 'Ceramic Tiles' is a generic word which includes:

- Ceramic Floor tiles
- Unpolished vitrified tiles
- Polished vitrified tiles
- Porcelain tiles
- Ceramic Wall tiles
- Rustic tiles
- Double Feeder / Multicharge tiles

Ceramic tiles may be classified as glazed ceramic tiles and unglazed ceramic tiles. Glazed ceramic tiles may be plain or decorated and are generally used as both wall tiles and floor tiles. Unglazed ceramic floor tiles are more suited to commercial and industrial settings.

Floor tiles are generally thicker, larger and more porous when compared to wall tiles. Floor tiles are generally of three kinds:

B OPPORTUNITIES AND THREATS:-

The replacement market is growing rapidly as new tiling solutions are creating several new options for existing facilities. A large replacement and maintenance market is expected to emerge as the market matures, the quality of work improves and the time taken to fix the tiles is reduced. Increasing brand awareness amongst the consumers is also benefiting the manufacturers in the organized sector.

Entry barriers for ceramic tile industry:

The major entry barriers for the ceramic tile industry are the high capital costs involved and strong brand image.

Setting up a tile manufacturing unit is a highly capital intensive activity, where controlling costs is crucial for a successful operation. Further with the improvement in technology, manufacturing tiles has become more automated. The manufacturers need to continuously upgrade their technology in order to stay competitive.