



Asian Granito India Ltd.

Annual Report  
2010-2011



An ISO 14001:2004 & 9001:2008  
Certified Company



## Chairman's Message

### Dear Shareowners,

The financial year under review was a relevant time to build our business and graduate to the next level. Our revenues grew more than 26%, indicating cost pressures (energy, raw materials and interest rates). Rather than merely focus on cost containment, we reinforced the need to enhance value instead, through increased revenues from high-end products and particularly products with digital printing. Substantial increase in the turnover of outsourced/ traded goods (domestic) in Polished Vitrified Tiles and Wall Tiles, wider distribution network (increased dealer/ sub dealer network and showrooms) and increased revenues from the Marble Sector during the F.Y.2010-11.

During the year, the company has made expansion in the existing Marble Plant and has also started manufacturing of Packing Boxes as a backward integration project to reduce the packing cost and enhance the quality of packing boxes. Our benchmark is adherence to quality in whatever we do. This important attribute has helped us to reach where we are today. We are successfully doing new-age technology digital printing on tiles, namely Grestek Next brand, and initiated production of 'Quartz' in the composite marble segment.

Today we have 5 well-equipped plants, more than 16 depots, a strength of more than 4000 Business Associates & 20 Asian Tiles World-Showrooms till date, it gives us a sense of satisfaction and immense pleasure of achieving the results. This has become possible only because of our trustworthy shareholders, committed employees, dealers, and satisfied customers who have shown faith in our dreams.

Our long-term strategy includes continuous strengthening of the Asian brand, increased proportion of value-added products in our own manufacturing, organic and inorganic growth by adding manufacturing capabilities. This interplay of strategies is expected to translate into enhanced value for all those who own shares in our Company.

With best wishes

Sincerely,

Kamlesh Patel  
Chairman

### Our Brands :



GRESTEK

GRESTEK **Nxt**  
Digital Wall & Vitrified Collection

power *Grace*  
TILE & STONE BONDING SOLUTIONS





**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

<b>Kamleshbhai Patel</b>	<i>Chairman cum Managing Director</i>
<b>Mukeshbhai Patel</b>	<i>Managing Director</i>
<b>Sureshbhai Patel</b>	<i>Director</i>
<b>Bhaveshbhai Patel</b>	<i>Director</i>
<b>Kanubhai Patel</b>	<i>Director</i>
<b>Bhogibhai Patel</b>	<i>Director</i>
<b>Maganlal Prajapati</b>	<i>Director</i>
<b>Maheshchander Julka</b>	<i>Director</i>
<b>Shankarlal Patel</b>	<i>Director</i>
<b>Ajendrakumar Patel</b>	<i>Director</i>
<b>Amrutbhai Patel</b>	<i>Director</i>
<b>Premjibhai Chaudhari</b>	<i>Director</i>

**COMPANY SECRETARY**

Renuka A. Upadhayay

**AUDIT COMMITTEE**

<b>Maganlal Prajapati</b>	<i>Chairman</i>
<b>Maheshchander Julka</b>	<i>Member</i>
<b>Kamleshbhai Patel</b>	<i>Member</i>

**REMUNERATION COMMITTEE**

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

**SHAREHOLDERS' GRIEVANCE COMMITTEE**

<b>Maganlal Prajapati</b>	<i>Chairman</i>
<b>Maheshchander Julka</b>	<i>Member</i>
<b>Kamleshbhai Patel</b>	<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.

HDFC Bank  
Navrangpura Branch,  
Ahmedabad.

IDBI Bank  
Ellisbridge 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.

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**NOTICE**

**NOTICE** is hereby given that the 16th Annual General Meeting of the Members of **ASIAN GRANITO INDIA LIMITED** will be held on 29th day of September, 2011 at AMA Hall, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015 at 10.30 a.m. to transact the following business:

**Ordinary business:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 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 dividend on Equity Shares.
3. To appoint a Director in place of Shri Maganlal Prajapati, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Maheshchandra Julka, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Mukeshbhai 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, 2012."

**SPECIAL BUSINESS :**

7. **To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:**  
**"RESOLVED THAT** Shri Amrutbhai Ishwarbhai Patel, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 11th May, 2011 and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company liable to retire by rotation."
8. **To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:**  
**"RESOLVED THAT** Shri Premjibhai Ramjibhai Chaudhary, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 11th May, 2011 and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company liable to retire by rotation."
9. **To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:**  
**"RESOLVED THAT** Shri Sureshbhai Jivabhai Patel, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 11th May, 2011 and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."
10. **To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:**  
**"RESOLVED THAT** Shri Bhaveshbhai Vinodbhai Patel, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 11th May, 2011 and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."
11. **To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:**  
**"RESOLVED THAT** Shri Kanubhai Bhikhabhai Patel, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 11th May, 2011 and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."
12. **To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:**  
**"RESOLVED THAT** Shri Bhogibhai Bhikhabhai patel, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 11th May, 2011 and who ceases to hold office under Section 260 of the



Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

**13. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED THAT to the pursuant to the provisions of section 198, 269, 309, 310, and 311 read with Schedule XIII and all other applicable provisions if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for time being in force) and subject to the approval of members and such other approvals as may be necessary, the remuneration to **Shri Kamlesh B. Patel**, Chairman-cum Managing Director of the Company be and is hereby increased and shall be paid with effect from 1st June 2011 in as below:

**(A) SALARY :** Rs.200000– 1000000 subject to overall ceiling of 10%of net profit.

The Chairman cum- Managing Director shall also be entitled to:

- (i) Free use of the Company's Car with Driver for the Business of the Company.
- (ii) Free telephone at the residence
- (iii) Reimbursement of all actual expenses including entertainment and traveling incurred in course of Company's business.

(b) Company's contribution to Provident fund and the pension fund as per the Company's rules provided the Company's contribution to the provident fund and pension fund will not be included in the Computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity shall be paid as per Company's rule and will not be included in the computation of the ceiling on perquisites."

"RESOLVED FURTHER THAT where in any financial year closing on and after April 1, 2011 the Company has no profits or its profits are inadequate, remuneration may, be paid as specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, as minimum remuneration as amended for the time being in force be paid to **Shri Kamleshbhai B Patel**, Chairman-cum Managing Director."

"RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation(s) by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances, etc. within such prescribed limit of ceiling in order to give effect to such modification(s), relaxation(s) or variation(s) without any further reference to the Company in General Meeting."

**14. To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310, and 311 read with Schedule XIII and all other applicable provisions if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for time being in force) and subject to the approval of members and such other approvals as may be necessary, to change the designation of **Mukeshbhai J. Patel** from Whole Time Director to Managing Director and to increase the remuneration payable to **Shri Mukeshbhai J. Patel**, Managing Director of the Company with effect from 1st June 2011 on the terms and conditions as stated below :

**(A) SALARY :** Rs.160000– 737500 subject to overall ceiling of 10% of net profit.

The Managing Director shall also be entitled to:

- (i) Free use of the Company's Car with Driver for the Business of the Company.
- (ii) Free telephone at the residence
- (iii) Reimbursement of all actual expenses including entertainment and traveling incurred in course of Company's business.

(b) Company's contribution to Provident fund and the pension fund as per the Company's rules provided the Company's contribution to the provident fund and pension fund will not be included in the Computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity shall be paid as per Company's rule and will not be included in the computation of the ceiling on perquisites."

"RESOLVED FURTHER THAT where in any financial year closing on and after April 1, 2011 the Company has no profits or its profits are inadequate, remuneration may, be paid as specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, as minimum remuneration as amended for the time being in force be paid to **Shri Mukeshbhai J. Patel**, Managing Director."

"RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation(s) by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or



increase the remuneration including salary, commission, perquisites, allowances, etc. within such prescribed limit of ceiling in order to give effect to such modification(s), relaxation(s) or variation(s) without any further reference to the Company in General Meeting."

**15. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

"**RESOLVED THAT** to the pursuant to the provisions of section 198, 269, 309, 310, and 311 read with Schedule XIII and all other applicable provisions if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for time being in force) and subject to such approvals as may be necessary, the remuneration payable to **Shri Bhogibhai B. Patel**, Additional Director of the Company be and is hereby fixed with effect from 1st June 2011 on the terms and conditions as stated below :

**(A) SALARY :** Rs.100000 – 281250 subject to overall ceiling of 10% of net profit.

The Additional Director shall also be entitled to:

- (i) Free use of the Company's Car with Driver for the Business of the Company.
  - (ii) Free telephone at the residence
  - (iii) Reimbursement of all actual expenses including entertainment and traveling incurred in course of Company's business.
- (b) Company's contribution to Provident fund and the pension fund as per the Company's rules provided the Company's contribution to the provident fund and pension fund will not be included in the Computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity shall be paid as per Company's rule and will not be included in the computation of the ceiling on perquisites."

"**RESOLVED FURTHER THAT** where in any financial year closing on and after April 1, 2011 the Company has no profits or its profits are inadequate, remuneration may, be paid as specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, as minimum remuneration as amended for the time being in force be paid to **Shri Bhogibhai B. Patel**, Additional Director."

"**RESOLVED FURTHER THAT** in the event of any statutory amendment(s) or modification(s) or relaxation(s) by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances, etc. within such prescribed limit of ceiling in order to give effect to such modification(s), relaxation(s) or variation(s) without any further reference to the Company in General Meeting."

**16. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

"**RESOLVED THAT** to the pursuant to the provisions of section 198, 269, 309, 310, 311 and 316 read with Schedule XIII and all other applicable provisions if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for time being in force) and subject to such approvals as may be necessary, the remuneration payable to **Shri Bhaveshbhai V. Patel**, Additional Director of the Company be and is hereby fixed with effect from 1st June 2011 on the terms and conditions as stated below :

**(A) SALARY :** Rs.150000– 675000 subjects to overall ceiling of 10% of net profit.

The Additional Director shall also be entitled to:

- (i) Free use of the Company's Car with Driver for the Business of the Company.
  - (ii) Free telephone at the residence
  - (iii) Reimbursement of all actual expenses including entertainment and traveling incurred in course of Company's business.
- (b) Company's contribution to Provident fund and the pension fund as per the Company's rules provided the Company's contribution to the provident fund and pension fund will not be included in the Computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity shall be paid as per Company's rule and will not be included in the computation of the ceiling on perquisites."

"**RESOLVED FURTHER THAT** where in any financial year closing on and after April 1, 2011 the Company has no profits or its profits are inadequate, remuneration may, be paid as specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, as minimum remuneration as amended for the time being in force be paid to **Shri Bhaveshbhai V. Patel**, Additional Director."

"**RESOLVED FURTHER THAT** in the event of any statutory amendment(s) or modification(s) or relaxation(s) by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or



increase the remuneration including salary, commission, perquisites, allowances, etc. within such prescribed limit of ceiling in order to give effect to such modification(s), relaxation(s) or variation(s) without any further reference to the Company in General Meeting.”

**17. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

“RESOLVED THAT to the pursuant to the provisions of section 198, 269, 309, 310, 311 and 316 read with Schedule XIII and all other applicable provisions if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for time being in force) and subject to such approvals as may be necessary, the remuneration payable to **Shri Sureshbhai J Patel**, Additional Director of the Company be and is hereby Fixed with effect from 1st June 2011 on the terms and conditions as stated below :

**(A) SALARY :** Rs.160000– 737500 subject to overall ceiling of 10% of net profit.

The Additional Director shall also be entitled to:

- (i) Free use of the Company’s Car with Driver for the Business of the Company.
- (ii) Free telephone at the residence
- (iii) Reimbursement of all actual expenses including entertainment and traveling incurred in course of Company’s business.

(b) Company’s contribution to Provident fund and the pension fund as per the Company’s rules provided the Company’s contribution to the provident fund and pension fund will not be included in the Computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity shall be paid as per Company’s rule and will not be included in the computation of the ceiling on perquisites.”

“RESOLVED FURTHER THAT where in any financial year closing on and after April 1, 2011 the Company has no profits or its profits are inadequate, remuneration may, be paid as specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, as minimum remuneration as amended for the time being in force be paid to **Shri Sureshbhai J Patel**, Additional Director.”

“RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation(s) by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances, etc. within such prescribed limit of ceiling in order to give effect to such modification(s), relaxation(s) or variation(s) without any further reference to the Company in General Meeting.”

**18. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

“RESOLVED THAT to the pursuant to the provisions of section 198, 269, 309, 310, 311 and 316 read with Schedule XIII and all other applicable provisions if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for time being in force) and subject to such approvals as may be necessary, the remuneration payable to **Shri Kanubhai B. Patel**, Additional Director of the Company be and is hereby Fixed with effect from 1st June 2011 on the terms and conditions as stated below :

**(A) SALARY :** Rs.125000 – 281250 subject to overall ceiling of 10% of net profit.

The Additional Director shall also be entitled to:

- (i) Free use of the Company’s Car with Driver for the Business of the Company.
- (ii) Free telephone at the residence
- (iii) Reimbursement of all actual expenses including entertainment and traveling incurred in course of Company’s business.

(b) Company’s contribution to Provident fund and the pension fund as per the Company’s rules provided the Company’s contribution to the provident fund and pension fund will not be included in the Computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity shall be paid as per Company’s rule and will not be included in the computation of the ceiling on perquisites.”

“RESOLVED FURTHER THAT where in any financial year closing on and after April 1, 2011 the Company has no profits or its profits are inadequate, remuneration may, be paid as specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, as minimum remuneration as amended for the time being in force be paid **Shri Kanubhai B. Patel**, Additional Director.”

“RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation(s) by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or



increase the remuneration including salary, commission, perquisites, allowances, etc. within such prescribed limit of ceiling in order to give effect to such modification(s), relaxation(s) or variation(s) without any further reference to the Company in General Meeting."

19. **To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:**  
"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions if any of the Companies Act, 1956 and also subject to the approval of members in general meeting, the consent of the Board of Directors of the Company be and is hereby accorded to Shri Jagdishkumar R. Patel a relative of Shri Bhaveshbhai V. Patel a Director of the Company to hold and continue to hold an office or place of profit under the Company as Marketing Manager with effect from 11th May, 2011 on monthly remuneration of Rs. 60,000/- and other benefits as per the rules of the Company provided that the aggregate remuneration payable to Shri Jagdishkumar R. Patel shall not exceed Rs. 2,50,000/- per month."
20. **To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:**  
"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions if any of the Companies Act, 1956 and also subject to the approval of members in general meeting, the consent of the Board of Directors of the Company be and is hereby accorded to Shri Vipulbhai V. Patel, a relative of Shri Bhaveshkumar V. Patel a Director of the Company to hold and continue to hold an office or place of profit under the Company as Production Manager with effect from 11th May, 2011 on monthly remuneration of Rs. 80,000/- and other benefits as per the rules of the Company provided that the aggregate remuneration payable to Shri Vipulbhai V. Patel shall not exceed Rs. 2,50,000/- per month."
21. **To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:**  
"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions if any of the Companies Act, 1956 and also subject to the approval of members in general meeting, the consent of the Board of Directors of the Company be and is hereby accorded to Shri Vinodbhai L. Patel, a relative of Shri Bhaveshbhai V. Patel a Director of the Company to hold and continue to hold an office or place of profit under the Company as Brand Coordinator with effect from 11th May, 2011 on monthly remuneration of Rs. 50,000/- and other benefits as per the rules of the Company provided that the aggregate remuneration payable to Shri Vinodbhai L. Patel shall not exceed Rs. 2,50,000/- per month."
22. **To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:**  
"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions if any of the Companies Act, 1956 and also subject to the approval of members in general meeting, the consent of the Board of Directors of the Company be and is hereby accorded to Shri Sureshbhai B. Patel, a relative of Shri Kanubhai B. Patel. a Director of the Company to hold and continue to hold an office or place of profit under the Company as Production Manager with effect from 11th May, 2011 on monthly remuneration of Rs. 80,000/- and other benefits as per the rules of the Company provided that the aggregate remuneration payable to Shri Sureshbhai B. Patel shall not exceed Rs. 2,50,000/- per month."
23. **To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:**  
"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions if any of the Companies Act, 1956 and also subject to the approval of members in general meeting, the consent of the Board of Directors of the Company be and is hereby accorded to Shri Rameshbhai B. Patel, a relative of Shri Bhogibhai B. Patel a Director of the Company to hold and continue to hold an office or place of profit under the Company as Manager with effect from 11th May, 2011 on monthly remuneration of Rs. 95,000/- and other benefits as per the rules of the Company provided that the aggregate remuneration payable to Shri Rameshbhai B. Patel shall not exceed Rs. 2,50,000/- per month."
24. **To consider and if thought fit to pass with or without modification(s) the following resolution as a Special resolution:**  
"RESOLVED THAT pursuant to the provisions of section 294AA and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the Company hereby accords consent to the appointment of AL Reyami Walls & Floors LLC as the Sole Selling Agent of the Company for the sale and distribution of Company's all the products manufactured or supplied or modified by the Company, its affiliates or licensed manufactures, from time to time in United Arban Emirates and its territory which comprise of the Emirates of Dubai, Al Khaima, Ajman, Umm Al Fujairah for a period of 5 years with effect from date of agreement subject to the approval of the Central Government and approval of shareholders in ensuing Annual General Meeting and as per the draft agreement placed before the meeting."  
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to agree to such modifications, if any, as the Central Government may require which are acceptable to the Board of Directors and the Sole Selling Agent."
25. **To consider and if thought fit to pass with or without modification(s) the following resolution as a Special resolution:**  
"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment(s) thereto or any statutory modification(s) or re-enactment thereof for the time





being in force), Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 ("SEBI Regulations") as in force, the regulations/guidelines, if any, issued by the Government of India, the Reserve Bank of India and any other applicable laws, rules and regulations (including any amendment(s) thereto or re-enactment(s) thereof for the time being in force) and the relevant provisions of the Memorandum and Articles of Association of the Company and Listing Agreement entered into by the Company with the stock exchanges where shares of the Company are listed, and subject to such approvals, consents, permissions and sanctions as may be required from the Government of India, the Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other relevant statutory, governmental authorities or departments, institutions or bodies ("**Concerned Authorities**") in this regard and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of the Concerned Authorities while granting such approvals, sanctions and permissions as may be necessary ("**Approvals**") and any such conditions and /or modifications as may be prescribed, stipulated or imposed by any such Approvals and / or which may be agreed to or considered necessary by the Board of Directors of the Company (hereinafter referred to as "**the Board**", which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), the consent, permission and approval of the members of the Company be and is hereby accorded to the Board to create, issue, offer and allot, from time to time in one or more tranches, on a preferential allotment basis to the following proposed allottees:

**Proposed Allottees of Preferential Shares**

Sr. No	Name of the Proposed Allottee	No. of Shares
1	Kamlesh Patel	5,50,000
2	Mukesh Patel	5,50,000

**Proposed Allottees of Preferential Warrants**

Sr. No	Name of the Proposed Allottee	No. of Warrants
1	Kamlesh Patel	6,00,000
2	Mukesh Patel	6,00,000
3	Punit Sanghvi	4,21,250
4	Vipul Modi	2,10,625
5	Manish Modi	2,10,625

On such terms and conditions and in such manner as the Board may think fit, without offering the same to any other person, whether or not they are members of the Company;

The pricing of the Equity shares to be allotted on preferential basis shall not be lower than the price determined in accordance with SEBI ICDR Regulation 2009 which shall be the higher of the following:

1. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the six months preceding the relevant date;

**OR**

2. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the relevant date.

**RESOLVED FURTHER THAT** the relevant date, in terms of Chapter VII of the SEBI (ICDR) Regulations, for determination of minimum price for the issuance of the Equity Shares and Warrants on a preferential allotment basis and conversion thereof into equity shares of Rs.10/- each is 30 days prior to the passing of resolution i.e. 29th September, 2011. Hence the relevant date is 30th August, 2011

**RESOLVED FURTHER THAT** the aforesaid Equity Shares and Warrants allotted in terms of this resolution and the resultant equity shares arising on exercise of right attached to such Warrants shall be subject to lock-in requirements as per the provision of Chapter VII of the SEBI Regulations.

**RESOLVED FURTHER THAT** the warrants shall be issued by the Company on the following terms and conditions:

- (i) An amount equivalent to 25% of the exercise price of the Equity Shares arising out of the Warrants shall be payable at the time of making the application for Warrants, which will be kept by the Company as a deposit to be adjusted and appropriated against the price of the Equity Shares payable by the Warrant Holder at the time of exercising the option.



- (ii) The holder(s) of each Warrant will be entitled to apply for and obtain allotment of one equity share against such Warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. At the time of exercise of entitlement, the Warrant holder shall pay the balance of the consideration towards the subscription to each equity share.
- (iii) In the event the Warrant Holder does not exercise the option of conversion within 18 months from the date of allotment of Warrants, the Warrants shall lapse and the deposit of 25% as indicated in point (i) above shall be forfeited by the Company.
- (iv) The issue of the Warrants as well as the Equity Shares, arising from the exercise of the option under the Warrants in the manner aforesaid shall be governed by the respective provisions of the Companies Act, 1956, the Memorandum & Articles of Association of the Company and also the Guidelines/Regulations issued by SEBI or any other authority as the case may be, or any modifications thereof.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for issue or allotment of the aforesaid Equity Shares and Warrants and the resultant equity shares to the holders of the Warrants upon exercise of right to subscribe the shares and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in relation to the proposed issue, offer and allotment of any of the said Warrants, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or any other Director(s) or officer(s) of the Company to give effect to the resolution”

**Registered Office & Corporate Office:**

202, Dev Arc, Opp. Iskon Temple,  
Sarkhej Gandhinagar Highway,  
Ahmedabad 380015  
Date : 30.08.2011

**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 Saturday, 24th September, 2011 to 29th day of September, 2011 (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, 2011, if declared at the Annual General Meeting, will be payable on or after September 29, 2011, to those Members whose names stand on the Register of Members.
  - (i) as Beneficial Owners as at the end of business hours on September 23, 2011 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.
  - (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 23, 2011.



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 and 2010 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 : 30.08.2011

**By Order of the Board of Directors**

**Renuka A. Upadhyay**  
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF COMPANIES ACT, 1956**

**ITEM NO. 7 & 8**

The Board had appointed Shri A.I.Patel and Shri P. R. Chaudhary as Additional Directors on the Board in their meeting held on 11th May, 2011. According to Section 260 of the Companies Act, 1956 the term of appointment of Additional Director is upto the Annual General Meeting. Therefore, term of Shri A.I.Patel and Shri P. R. Chaudhary as Additional Directors expires at the ensuing 16th Annual General Meeting of the Company.

As required by Section 257 of the Act, a notice has been received from members signifying their intention to propose appointment of Shri A.I.Patel and Shri P. R. Chaudhary as Independent Directors along with a deposit of Rs.500 each. The Board considers it desirable that the Company should continue to avail itself of their services to adhere better corporate Governance.

The Directors recommend the Ordinary Resolution for your approval.

None of the Directors, except Shri A.I.Patel and Shri P. R. Chaudhary, is in any way concerned or interested in the resolution.

**ITEM NO. 9, 10, 11 & 12**

The Board had appointed Shri Sureshbahi J. Patel, Shri Bhaveshbhai V. Patel, Shri Kanubhai Patel and Shri Bhogibhai Patel as Additional Directors on the Board in their meeting held on 11th May, 2011. According to Section 260 of the Companies Act, 1956 the term of appointment of Additional Director is upto the Annual General Meeting. Therefore, term of Shri Sureshbahi J. Patel, Shri Bhaveshbhai V. Patel, Shri Kanubhai Patel and Shri Bhogibhai Patel as Additional Directors expires at the ensuing 16th Annual General Meeting of the Company.

As required by Section 257 of the Act, a notice has been received from members signifying their intention to propose appointment of Shri Sureshbahi J. Patel, Shri Bhaveshbhai V. Patel, Shri Kanubhai Patel and Shri Bhogibhai Patel as Directors along with a deposit of Rs.500 each. The Board considers it desirable that the Company should continue to avail itself of their services to adhere better corporate Governance.

The Directors recommend the Ordinary Resolution for your approval.

None of the Directors, except Shri Sureshbahi J. Patel, Shri Bhaveshbhai V. Patel, Shri Kanubhai Patel and Shri Bhogibhai Patel, is in any way concerned or interested in the resolution.

The Particulars of Directors who are seeking appointment at the ensuing Annual General Meeting are furnished in the Corporate Governance Section annexed to this report. The terms as set out in the resolution and explanatory statement may be treated as an abstract of the terms of appointment pursuant to section 302 of the Companies Act, 1956.



**ITEM NO. 13**

Shri Kamleshbhai Patel was appointed as Chairman- cum-Managing Director, w.e.f. 1st January 2004 and the members in their general meeting held on 30th January 2004 approved their appointment Subsequently in Eleventh Annual General Meeting Held on August 11th, 2006 the terms of appointment were revised. The Board of Directors at their meeting held on 11th May, 2011(based on recommendation of Remuneration Committee) increased salary of Shri Kamleshbhai Patel to 200000- 1000000 per month subject to overall ceiling of 10% of net profit w.e.f. 1st June, 2011 keeping perquisites and amenities and other terms and conditions of their appointment as set out in the resolution subject to approval of members, keeping in view the steep rise in the cost of living, general erosion in the value of rupee, increases in the responsibilities shouldered and their rich and diversified experience in the Industry.

The increase in salary of Shri Kamleshbhai Patel be in accordance with section 198, 269, 309, 310, 317 and other applicable provisions, if any, read with provisions of Schedule XIII of the Companies Act,1956 without requiring the approval of Central Government.

The Directors recommend the Ordinary Resolution no. 13 for your approval.

Except Shri Kamleshbhai Patel, none of the Directors' of the Company are concerned or interested in the said Resolution.

**ITEM NO. 14**

Shri Mukeshbhai Patel was appointed as Joint Managing Director w.e.f. 1st April 2004 and the members in their general meeting held on 30th April 2004 approved his appointment. Subsequently the designation of Shri Mukeshbhai J. Patel was changed from Joint Managing Director to whole time Director with effect from 1st April 2006.The Board of Directors at their meeting held on 11th May, 2011(based on recommendation of Remuneration Committee) has promoted Shri Mukeshbhai J. Patel from whole time Director to Managing Director and increased salary of Shri Mukeshbhai Patel to 160000- 737500 per month subject to overall ceiling of 10% of net profit w.e.f. 1st June, 2011 keeping perquisites and amenities and other terms and conditions of their appointment as set out in the resolution subject to approval of members, keeping in view the steep rise in the cost of living, general erosion in the value of rupee, increases in the responsibilities shouldered and their rich and diversified experience in the Industry.

The remuneration of Shri Mukeshbhai Patel be in accordance with section 198, 269, 309, 310, 317 and other applicable provisions, if any, read with provisions of Schedule XIII of the Companies Act,1956 without requiring the approval of Central Government.

The Directors recommend the Special Resolution no. 14 for your approval.

Except Shri Mukeshbhai Patel, none of the Directors' of the Company are concerned or interested in the said Resolution.

**ITEM NO. 15 to 18**

The Board of Directors at their meeting held on 11th May, 2011 (based on recommendation of Remuneration Committee) has appointed Shri Bhogibhai Patel, Shri Bhaveshbhai V. Patel, Shri Sureshbhai J. Patel and Shri Kanubhai B. Patel, as Additional Directors of the Company at a remuneration subject to overall ceiling of 10% of net profit w.e.f. 1st June, 2011 as set out in the resolution subject to the approval of members, keeping in view the steep rise in the cost of living, general erosion in the value of rupee, increases in the responsibilities shouldered and their rich and diversified experience in the Industry.

The remuneration of Shri Bhogibhai Patel, Shri Bhaveshbhai V. Patel, Shri Sureshbhai J. Patel and Shri Kanubhai B. Patel, Directors of the Company be in accordance with section 198, 269, 309, 310, 317 and other applicable provisions, if any, read with provisions of Schedule XIII of the Companies Act,1956 without requiring the approval of Central Government.

The Directors recommend the Ordinary Resolutions no. 15 to 18 for your approval.

Except Shri Bhogibhai Patel, Shri Bhaveshbhai V. Patel, Shri Sureshbhai J. Patel and Shri Kanubhai B. Patel, none of the Directors' of the Company are concerned or interested in the said Resolution.

**ITEM NO. 19 to 23**

Shri Jagdishkumar R. Patel is M.Com and working with the Company as Marketing Manager since November, 2006. He further stated that Board of Directors of the Company has appointed Shri Bhaveshbhai V. Patel as a Director on the Board w.e.f 11th May, 2011 and consequent thereto Shri Jagdishkumar R. Patel happens to be a Relatives of Shri Bhaveshbhai V. Patel. As per Section 314, 314(1B) of the Companies Act, 1956 except with the consent of the members of the Company, no relative of Director shall hold any office or place of profit under the Company which carries a total monthly remuneration of Rs.10,000/- or more and not exceeding Rs.2,50,000/- per month.

Shri Vipulbhai V. Patel is F.Y.B.Com and working with the Company as Production Manager since November, 2000. He further stated that Board of Directors of the Company has appointed Shri Bhaveshkumar V. Patel as a Director on the Board w.e.f 11th May, 2011 and consequent thereto Shri Vipulbhai V. Patel happens to be a Relatives of Shri Bhaveshkumar V. Patel. As per



Section 314, 314(1B) of the Companies Act, 1956 except with the consent of the members of the Company, no relative of Director shall hold any office or place of profit under the Company which carries a total monthly remuneration of Rs.10,000/- or more and not exceeding Rs.2,50,000/- per month.

Shri Vinodbhai L. Patel is 11th pass (old) and working with the Company as Brand Coordinator since November, 2000. He further stated that Board of Directors of the Company has appointed Shri Bhaveshbhai V. Patel as a Director on the Board w.e.f 11th May, 2011 and consequent thereto Shri Vinodbhai L. Patel happens to be a Relatives of Shri Bhaveshbhai V. Patel. As per Section 314, 314(1B) of the Companies Act, 1956 except with the consent of the members of the Company, no relative of Director shall hold any office or place of profit under the Company which carries a total monthly remuneration of Rs.10,000/- or more and not exceeding Rs.2,50,000/- per month.

Shri Sureshbhai B. Patel is S.Y.B.Com and working with the Company as Production Manager since October, 2003. He further stated that Board of Directors of the Company has appointed Shri Kanubhai B. Patel as a Director on the Board w.e.f 11th May, 2011 and consequent thereto Shri Sureshbhai B. Patel happens to be a Relatives of Shri Kanubhai B. Patel. As per Section 314, 314(1B) of the Companies Act, 1956 except with the consent of the members of the Company, no relative of Director shall hold any office or place of profit under the Company which carries a total monthly remuneration of Rs.10,000/- or more and not exceeding Rs.2,50,000/- per month.

Shri Rameshbhai B. Patel is B.Com and working with the Company as Manager since October, 2002. He further stated that Board of Directors of the Company has appointed Shri Bhogibhai B. Patel as a Director on the Board w.e.f 11th May, 2011 and consequent thereto Shri Rameshbhai B. Patel happens to be a Relatives of Shri Bhogibhai B. Patel. As per Section 314, 314(1B) of the Companies Act, 1956 except with the consent of the members of the Company, no relative of Director shall hold any office or place of profit under the Company which carries a total monthly remuneration of Rs.10,000/- or more and not exceeding Rs.2,50,000/- per month.

The resolutions are recommended for the approval of members.

None of the Directors of the Company except Shri Bhaveshbhai V. Patel, Shri Kanubhai B. Patel and Shri Bhogibhai B. Patel is any way concerned or interested in the said resolution.

#### **ITEM NO. 24**

To improve upon the export business in United Arab Emirates, the Board of Directors, subject to the approval of Members, and Central Government and such other authorities as may be required, have appointed A L Reyami Walls & Floors LLC as the Sole Selling Agent of the Company for the sale and distribution of Company's all the products manufactured or supplied or modified by the Company, its affiliates or licensed manufactures, from time to time in United Arban Emirates and its territory which comprise of the Emirates of Dubai, Al Khaima, Ajman, Umm Al Fujairah on terms and conditions and the duration mentioned in the draft agreement to be entered into between the Company and A L Reyami Walls & Floors LLC. The Agreement with the Sole Selling Agent also provides for termination by either party by giving to the other 12 months written notice.

The Directors seek your approval under section 294AA of the Companies Act, 1956, to the appointment of A L Reyami Walls & Floors LLC as the sole selling Agent in United Arban Emirates and its territory which comprise of the Emirates of Dubai, Al Khaima, Ajman, Umm Al Fujairah. The approval of the Central Government will be sought in due course.

None of the Directors of the Company is any way concerned or interested in the said resolution.

A copy of the draft agreement to be entered into between the Company and A L Reyami Walls & Floors LLC is open to inspection by the Members at the Registered Office of the Company between 2.00 p.m. and 4.00 p.m on all working days upto the date of the Annual General Meeting.

#### **ITEM NO. 25**

Your Company has expansion plans as per revised objects of the Company, which would call for infusion of funds. The Board is of the opinion that the required funds shall be raised by way of preferential allotment of Equity Shares and warrants with the option to the warrant holder to acquire for every warrant one fully paid up equity share of Rs 10/- each at a premium of Rs 38/- each on preferential basis of the Company. It is thought prudent to obtain shareholders' approval for issue of securities through Preferential Allotment of shares and Warrants to the Promoters to enable the Company to raise a part of this fund requirement for the said growth plans as set out in the above Draft Resolution.

Accordingly, in terms of Section 81(1A) of the Companies Act, 1956, the Members are requested to accord their approval to the Special Resolution for raising further capital by preferential issue as proposed in the resolution set out in the notice. Hence the consent of shareholders is being sought for the Special Resolution as proposed in of the Notice.

**A. Objects of the Issue**

To augment the long term resources of the Company for meeting the fund requirements for growth plan, to supplement the working capital resources and for general purposes

**B. Intention of Subscribers to the offer:**

The Promoters and Non promoters has conveyed to the Company in writing of their respective intention to subscribe /to acquire Equity Shares and warrants of the Company on preferential basis as proposed under the Special Resolution of the Notice.

**C. Shareholding pattern before and after the offer**

The shareholding pattern of the Company, before and after the preferential issue assuming allotment of equity shares upon full conversion of all the Warrants, shall be as under:

Class of Shareholders	Percentage of shareholding before the proposed allotment (As on 30th June, 2011)	Percentage of shareholding after allotment of Equity Shares (As on 30th June, 2011)	Percentage of shareholding after allotment of Ordinary Shares on exercise of Warrants (assuming full exercise of the Warrants)
<b>Promoter &amp; Promoter Group</b>			
Indian Promoter	35.00	38.23	39.96
Foreign Promoter	NIL	NIL	NIL
<b>Total for Promoter Group</b>	<b>35.00</b>	<b>38.23</b>	<b>39.96</b>
<b>Public Shareholdings</b>			
<b>Institutional</b>			
	NIL	NIL	NIL
<b>Non Institutional</b>			
Bodies Corporate	24.18	22.98	21.04
Individual	40.34	38.33	38.58
Any Other	0.48	0.46	0.42
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

**D. Proposed time within which the allotment shall be completed**

As required under the SEBI Regulations, the allotment of Equity Shares and warrants shall be completed within 15 days of the date of passing of the above resolution. The allotment of Ordinary Shares pursuant to the exercise of option by Warrant holder will be made within a reasonable time after exercise of such option.

**E. Identity of the proposed allottee and the percentage of post preferential issue capital that may be held by them:**

Sr. No.	Name of the Proposed Allottee	Percentage of shareholding before the proposed allotment (As on 30th June, 2011)	Percentage of shareholding after allotment of Equity Shares (As on 30th June, 2011)	Percentage of shareholding after allotment of Ordinary Shares on exercise of Warrants (assuming full exercise of the Warrants)
<b>Promoter Category</b>				
1	Kamlesh Patel	8.97	11.00	12.56
2	Mukesh Patel	9.02	11.05	12.60
<b>Non-Promoter Category</b>				
1	Punit Sanghvi	NIL	NIL	1.74
2	Vipul Modi	NIL	NIL	0.87
3	Manish Modi	NIL	NIL	0.87

**F. Lock-in**

The Equity Shares (including those arising out of exercise of right attached to the Warrants) to be allotted to Promoters pursuant to the proposed special resolution shall be subject to lock-in for a period of 3 years from the date of allotment, consistent with SEBI ICDR Regulations 2009



The convertible warrants allotted to Non-promoters shall be subject to 'lock-in' for a period of one year from the date of their allotment as per clause 78 of the SEBI (ICDR) Regulations, 2009.

The Equity Shares arising out of exercise of right attached to the Warrants to be allotted to Non-Promoters pursuant to the proposed special resolution shall be subject to lock-in for a period of 1 year from the date of allotment, consistent with SEBI ICDR Regulations 2009

Further, the entire pre-preferential allotment shareholding of the proposed allottee, if any, shall also be under lock-in from the relevant date upto a period of six months from the date of preferential allotment.

**G. Other terms of Issue of Warrants**

- o The proposed allottee of the Warrants shall on or before the date of allotment of Warrants, pay an amount equivalent to at least 25% of the total consideration per Warrant
- o The holder(s) of each Warrant will be entitled to apply for and obtain allotment of one equity share against such Warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. At the time of exercise of entitlement, the Warrant holder shall pay the balance of the consideration towards the subscription to each equity share.
- o If the entitlement against the Warrants to apply for equity shares is not exercised within the aforesaid period, the entitlement of the Warrant holders to apply for the equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such Warrants shall stand forfeited.
- o Upon receipt of the requisite payment as above, the Board (or a Committee thereof) shall allot one equity share against each Warrant by appropriating Rs.10/- per equity share towards equity share capital and the balance amount paid against each Warrant towards the securities premium amount.
- o The Warrant by itself till converted into equity shares, does not give to the holder(s) thereof any rights of the shareholders of the Company.
- o The equity shares issued as above shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing fully paid up equity shares of the Company.

**H. Consequential Changes in the Voting Rights**

Voting rights will change in tandem with the shareholding pattern however there shall not be any change in the management control of the Company.

**I. Auditors' Certificate :**

A Certificate from M/s. A. L. Thakker, Chartered Accountants, being the Statutory Auditors of the Company certifying that the preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations, 2009 shall be placed before the meeting of the shareholders

**J. Change in Management:**

The issue of the Warrants and their conversion into equal number of equity shares will not result in any change in the management or control of the Company.

In terms of provisions of the Companies Act, 1956, approval of the members is sought under Section 81(1A) of the Companies Act, 1956, for the offer, issue and allotment of the said securities, as detailed in the resolutions. The Board may be authorized to issue the Warrants/ Equity shares, in accordance with the terms of offer, as detailed in the resolution and to take necessary actions without any limitation for implementation of the resolution.

The Memorandum & Articles of Association of the Company, Auditors' Certificate and other documents referred to in the proposed resolution and in the Explanatory Statement are open for inspection at the Registered Office of the Company on any working day except Public Holidays, Saturdays and Sundays between 2.00 p.m. and 4.00 p.m. upto the date of the Annual General Meeting and will also be placed before the Annual General Meeting.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company, other than Mr. Mukesh Patel and Mr. Kamlesh Patel are in any way, concerned or interested in the said resolution.

**Registered Office & Corporate Office:**

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

**Date : 30.08.2011**

**By Order of the Board of Directors**

**Renuka A. Upadhyay**  
**Company Secretary**

## DIRECTORS' REPORT

**Dear Members,**

Your Directors are pleased to present the 16th Annual Report and Audited Accounts of the Company for the year ended on 31st March, 2011.

**Financial Results:**

The performance of the Company for the financial year ended on 31st March, 2011 is summarized below:

Particulars	2010-2011	2009-2010
		(Rs. in Lacs)
Sales & Other Income	54443.87	43470.65
Increase/ (Decrease) in Stock	1566.53	904.34
Wind Power Plant Electricity Generation Income	54.85	87.85
Expenditure	50190.45	39404.90
<b>Profit/(Loss) Before Interest &amp; Depreciation</b>	<b>5874.80</b>	<b>5057.94</b>
Less: Interest & Financial Expenses	1335.86	955.53
Less: Depreciation	1898.19	1519.53
<b>Profit Before Tax</b>	<b>2640.75</b>	<b>2582.88</b>
Less: Provision for current tax	494.92	420.80
Provision for deferred tax	136.39	258.18
<b>Profit after tax</b>	<b>2009.44</b>	<b>1903.90</b>
Add: Balance Brought Forward	10933.35	9275.86
<b>Amount available for appropriation</b>		
Balance carried to Balance Sheet	12942.79	11179.76
<b>Appropriation:</b>	<b>12942.79</b>	<b>11179.75</b>
Proposed Dividend on Equity shares	210.61	210.61
Corporate Tax on Dividend on Equity Shares	34.98	35.79
Balance Carried To Balance Sheet	12697.20	10933.35

**Industrial Scenario and Future Outlook:**

The Ceramic tile industry in the country grew in double digit for last couple of years. This trend is likely to continue due to rise in the income levels of middle class and huge investments expected in real estate and infrastructure in the 12th five year plan (2012-17). The pressure on profit margin is likely to continue due to increase in various cost components like raw materials, energy, manpower and interest and the competitive pressure due to continuing creation/ expansion of more capacities.

**Results of Operations:**

During the year, the Company has made expansion in the existing Marble Plant and has also started manufacturing of Packing Boxes as backward integration project to reduce the packing cost and enhancing quality of packing boxes. The sales & other Income of the Company increased to Rs.54443.87 Lacs as compared to Rs.43470.65 Lacs in last year, registering a growth of 25.24%. The Profit for the year amounted to Rs.2009.44 lacs as compared to Rs. 1903.90 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.

**Dividend :**

Your Directors recommend payment of Dividend at the rate of Rs.1/- (10%) per Equity Share for the financial year ended on March 31, 2011 on 2,10,61,291 equity shares of Rs.10/- each

**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.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. Maganlal Prajapati, Mr. Maheshchandra Julka and Mr. Mukeshbhai Patel, Directors of the Company, retire from the Board by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

The Board of Directors at its meeting held on 11th May, 2011 has promoted Mr. Mukeshbhai Patel from whole time director to Managing Director of the Company for a period of 5 (five) years with effect from June 1, 2011. Your Directors recommends his appointment for your approval.

**Directors' Responsibility Statement:**

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

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there is no material departures from the same;
- b) 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;
- c) 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;
- d) 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,  
Sarkhej Gandhinagar Highway,  
Ahmedabad 380015  
Date : 12.08.2011

**For and on behalf of the Board of Directors**

**Kamleshbhai Patel**  
Chairman & Managing Director

**Mukeshbhai 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	
	2010-11	2009-10
<b>I) Electricity</b>		
a) Purchased Unit (in H.P./ K.W.H.)	447.71	420.46
Total Amount (Rs. in Lacs)*	2706.47	2640.45
Rate per unit (Amount/Units) Rs.	6.05	6.28
b) Own Generation		
(i) Through D.G. Set		
Units (In H.P./K.W.H.)	3.14	4.53
Total Amount (Rs. in Lacs)	114.91	73.71
Rate per unit (Amount/Units) Rs.	36.57	16.26
(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
<b>II) Fuel Consumption</b>		
1. Light Diesel Oil (L.D.O.)		
Quantity in Ltres	2.78	1.87
Total Amount (Rs. in Lacs)**	114.91	73.71
Cost Per Unit (Total Amount/Quantity)	41.34	39.32
2. L.P.G./Natural Gas		
Quantity in Ltres/ LKgs.	222.97	198.03
Total Amount (Rs. in Lacs)	3907.07	3078.70
Cost Per Unit (Total Amount/Quantity)	17.52	15.55
3. Gas Generator, Coal etc.		
Quantity in LKgs.	408.36	307.53
Total Amount (Rs. in Lacs)	1718.61	1320.22
Cost Per Unit (Total Amount/Quantity)	4.21	4.29



**ANNEXURE TO THE DIRECTORS REPORT**

B. CONSUMPTION PER UNIT OF PRODUCTION	Financial Year	
	2010-11	2009-10
1. Electricity (Units per Sq. Mtr. Production)	3.71	3.90
Electricity (Rupees per Sq. Mtrs. Production)	22.45	24.50
2. L.D.O./ Coal/ Kerosene (Units per Sq. Mtr. Production)	3.71	3.90
L.D.O./ Coal/ Kerosene (Rupees per Sq. Mtr. Production)	135.82	63.44
3. L.P.G./ Natural Gas(Qty. Per Sq. Mtr. Production)	1.92	1.85
L.P.G./ Natural Gas(Rupees Per Sq. Mtr. Production)	33.57	28.80
4. Other	Nil	Nil

\* It excludes electricity consumed of Rs.8.06 Lacs in Agro tech division (i.e. not for production activities)

\*\* It excludes diesel consumed of Rs.5.15 Lacs in Agro tech 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)	
	2010-11	2009-10
Foreign Exchange Earned:		
Export of Goods on FOB Basis	1077.56	607.78
Foreign Exchange Used :		
Foreign Traveling	20.02	32.09
Exhibition Expenses	2.99	32.68
Purchase of Capital Goods	1053.90	1056.52
Stores & Spares	743.69	650.09
Raw Materials	524.96	989.10
MarbleStone(Trading)	—	—
Vitrified Trading	—	27.94

**Registered Office & Corporate Office:**  
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Date : 12.08.2011

**For and on behalf of the Board of Directors**

**Kamleshbhai Patel**  
Chairman & Managing Director

**Mukeshbhai Patel**  
Managing Director



**MANAGEMENT DISCUSSION AND ANALYSIS**

**(A) Economic Overview**

Global economy grew @5% in year 2010 compared with a negative growth with a 0.6% in 2009. India's GDP grew 8.6% in Year 2010-11 and in the year 2011 it is expected to grow at 4.5%. Although the world is on its way to recovering from the global economic crisis, key concerns in the international economy and financial system, including high unemployment and banking problems, require attention.

**Indian Economic Snapshot**

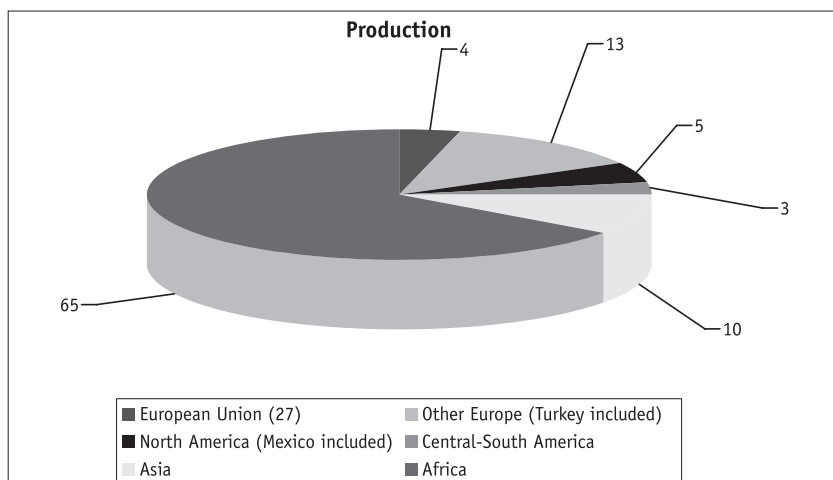
	2006-07	2007-08	2008-09	2009-10	2010-11
GDP at factor cost	9.7%	9.0%	6.7%	8.0%	8.6%
Agriculture	4%	4.9%	1.6%	0.4%	5.4%
Manufacturing	11.8%	8.2%	2.4%	8.8%	8.8%
Construction	11.8%	10.1%	7.2%	7.0%	8.0%
Financing, insurance, real estate and business services	13.8%	11.7%	7.8%	9.2%	10.6%

**Global Ceramic tiles industry**

**World tile manufacturing areas**

Areas	2009(In mn Sqm)
European Union (27)	1076
Other Europe (Turkey included)	395
North America (Mexico included)	295
Central -South America	896
Asia	5542
Africa	347

**Contribution to world production (%)**



(Source: Ceramic World Review)

**Production**

The world economic slow down in 2009 adversely affected the growth of Ceramic Tiles Sector. Among these European Union suffered the most significant fall in production by 25% in 2009. The Impact was not felt globally because of positive

growth in Asia (6.3%) and Africa (11.90%). China is the world's largest producer of ceramic tiles, contributing 42% of the world's total production. India's rank improved from 5th in 2006 to 3rd in 2009 with a growth of around 44% during that period.

#### Consumption

A similar trend was seen in world tile consumption which grew at 1.3% in 2009 as against 3.6% in 2008. China is the largest consumer of ceramic tiles while Asia commands 62% of the total demand. Asia continued to dominate highest demand growth at 8.2% resulting in a total consumption of 5,273 sqm.

#### Top 10 tile producing countries (mn sqm)

	2006	2007	2008	2009
China	3000	3200	3400	3600
Brazil	594	637	713	715
India	340	385	390	490
Italy	569	559	513	368
Iran	210	250	320	350
Spain	608	585	495	324
Vietnam	199	254	270	295
Indonesia	170	235	275	278
Turkey	265	260	225	205
Egypt	122	140	160	200
Others	1683	1747	1759	1690
<b>Total</b>	<b>7760</b>	<b>8252</b>	<b>8520</b>	<b>8515</b>

#### Top 10 tile consuming countries (mn sqm)

	2006	2007	2008	2009
China	2450	2700	2830	3030
Brazil	484	535	605	645
India	350	397	403	494
Indonesia	148	178	262	297
Iran	182	236	265	295
Vietnam	145	210	220	240
Egypt	103	105	140	180
USA	308	249	197	169
Spain	308	249	197	169
Italy	199	199	176	146
Others	2762	3042	3152	2808
<b>Total</b>	<b>7450</b>	<b>8060</b>	<b>8350</b>	<b>8460</b>

(Source: Ceramic World Review, February 2011)

#### Indian Ceramic Industry

The Indian ceramic tiles industry is the world's third largest producer as well as consumer after China and Brazil. The Indian Ceramic Industry is growing at a 15% CAGR per annum over the last 5 years, owing to the emergence of tiles as a durable,



cost-effective and convenient flooring solution over natural stone. The Indian Ceramic Industry is equally divided into the branded and unbranded segments. The unbranded segment comprises small players concentrated in Gujarat. There is changing industry trend, with an increased preference for branded products.

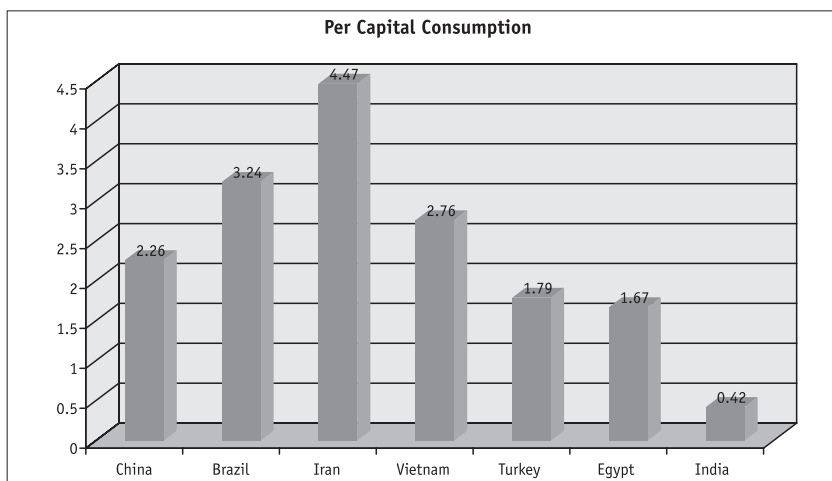
The branded segment is gaining market share owing to rapid capacity addition and shift to value-added products, which explains the 20% growth of the top 10 players as against the industry average of 10%, correspondingly increasing market share from 32% in 2005-06 to about 40% in year 2010-11.

**Per Capita Consumption**

India’s per capita tiles consumption is a mere 0.42 sq.m while the world average is 3 times higher at 1.20 sq.m. and China’s average is more than 5 times higher at 2.26 sq.m.

**Low per capita consumption:**

India’s per capita tile consumption is 0.42 sqm, one of the lowest in the world compared with China’s 2.26 sqm, and more than 5 sqm in some European countries (CRISIL Research, December 2010). The increase in disposable income and urbanization is expected to enhance Indian tile consumption.



**(B) Industry Growth Drivers**

**Replacement Demand:**

With an increase in disposable incomes, urbanization and lifestyle changes, consumers are replacing traditional low-end tiles with superior quality. The demand from the replacement market is a mere 12% in India compared with 40% in Spain, Italy and China, indicating a huge opportunity for high-end tile markets.

**Shift towards Vitrified tiles:**

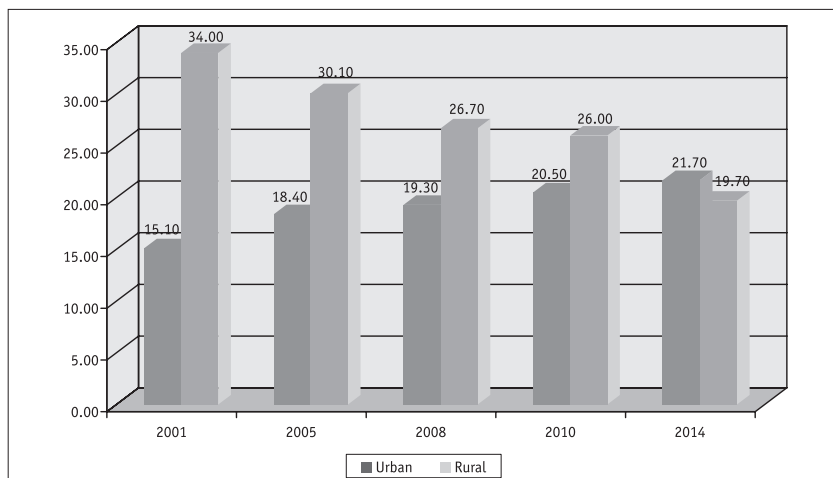
The tile industry is classified into ceramic glazed and vitrified tiles (Polished and glazed). The market for flooring is witnessing a shift from marble, granite and ceramic tiles to glazed and polished vitrified tiles owing to superior mechanical strength, resistance to scratches, acids, alkalis, chemicals and staining.

**Growing urbanization:-**

Over the last decade, India’s population grew 1.38% while urban population grew at 28%. Urban India accounts for 28% of the total population, which is expected to touch 41% by 2030, resulting in further growth for the real estate sector. (CRISIL Research, December,2010)

**Housing Shortage:-**

The housing shortage in India’s urban areas is expected to increase from 19.3 million units in 2008 to 21.7 million units by 2014. Shortage in rural areas is expected to decrease from 26.7 million units in 2008 to 19.7 million units by 2014. (CRISIL Research, December,2010)



**Growing Middle Class:-**

The Indian middle-class is expected to increase from 160 million people in 2009-10 to 267 million people by 2015-16. By 2025-26, the number of middle-class Indian households is likely to double from 2015-16 levels to 547 million individuals (Source: Economics Times, 6th February, 2011)

**Commercial Real Estate:-**

With the emergence of India as a preferred global outsourcing hub for manufacturing and service industries, commercial real estate demand grew. Progressive liberalization and relaxation of FDI norms will drive demand growth for commercial spaces at 20-22% over five years. Major demand is expected from the IT/ITes sectors, requiring more than 250 million sq.ft office space by 2012-13. (Source: IBEF)

**Airport Modernization:**

The government will invest around US\$ 7.5 billion for airport infrastructure development under the revised Eleventh Five Year Plan (Source: Emkay Research). It plans to modernise, re-develop and upgrade around 80 airports. Further, the Airports Authority of India (AAI) will upgrade 35 non-metro airports in the country at an estimated cost of around US\$ 1 billion and modernise the airports of various metros, owing to a growing thrust in the tourism industry and airport infrastructure development, providing a tremendous opportunity to tile manufacturers.

**Hospitality sector:**

With India emerging as a preferred tourist destination, Indian tourism is expected to grow at a 9% CAGR over the next 10 years. The country expects to add nearly 90,000 rooms in the next five years in luxury, upscale, midscale and budget hotels, 143% more than the existing 62,404 rooms in 2009-10, providing an impetus to high-end ceramic tile demand. (Source: Economic Times, 18 May, 2011)

**Healthcare sector:**

The Indian healthcare sector is valued at US\$ 50 billion and accounts for 5% of GDP. With India emerging as a medical tourism hub, growth in lifestyle-related health issues, improved healthcare insurance penetration, rising treatment expenses, government initiatives and increasing disposable income, the sector is expected to double its size to US\$ 100 billion by 2015. (Source: Economic Times, 28 Jan 2011)

**(C) Financial Statement Analysis**

**Revenues**

Gross Sales increased from Rs.431.30 Crores .in Year 2009-10 to Rs.541.97 Crores in Year 2010-11 showing 26% rise in Gross Turnover. This is due to following reasons:

- Increased Revenues from High-end products and particularly products with Digital Printing.

- Substantial increase in the turnover of outsourced/ traded goods (domestic) in Polished vitrified tiles and Wall Tiles.
- Wider distribution network (increased dealer / sub dealer network and showrooms.)
- Increased revenues from Marble Sector during the F.Y.2010-11.

#### Operating Expenditure

Operating Expenditure (Including Excise Duty and Sales tax) increased from Rs.318.79 crores to Rs.419.57 crores in year 2010-11 which is very higher in percentage (i.e. 31.61%) increase than compared to increase in Turnover percentage (i.e. 25.66%) indicating a pressure on Operating Margin. Increasing cost of Operating Cost is mainly due to increasing in Fuel Cost / Power Cost, Raw material / Packing Transportation cost and a higher composition of outsourced / traded material in Gross Turnover with which contribute lower margins than manufactured goods.

#### Fuel / Power Cost:-

Owing to increase in Fuel and Power cost, Power and Fuel expenditure is increased from 71.28 crores to 84.60 crores (18.68%). This resulted in higher production cost compared to total volume of production shrinking a EBIDTA margin during the year from 12.61% to 11.85% in 2010-11.

#### Sales and Distribution Cost:-

The sales and distribution cost during the year is increased from Rs.31.40 crores to 34.74 crores in 2010-11. This includes mainly commission cost, outward freight cost, brand promotion cost, sales promotion expenditure etc.

(Rs. in Crores)					
Sources of funds	2010-11	% of total	2009-10	% of total	Y-o-Y growth %
Equity capital	21.06	5.47%	21.06	5.89%	-
Reserves and surplus	202.92	52.60%	185.28	51.77%	9.52%
External funds	145.34	37.74%	137.12	38.31%	6.00%
Deferred tax liability	15.78	4.10%	14.42	4.03%	9.43%
<b>Total</b>	<b>385.10</b>	<b>100%</b>	<b>357.88</b>	<b>100%</b>	<b>7.61%</b>

#### Net worth:-

Net worth is increased by 8.55% from Rs.206.34 crores as on 31st March 2010 to 223.98 crores as on 31st March, 2011.

#### Debt Management:-

Long-term as well as Short term debt (Net of Payments) increased from Rs.137.12 crores in year 2009-10 to Rs.145.34 crores in year 2010-11 showing a net increase of 6% only.

#### Interest and Finance Charges:-

Borrowing cost is increased by Rs.3.80 Crores following a debt increase to support growing operations and interest rate hikes. Despite this interest and finance charges is increased marginally from 2.21% of Gross Sales in year 2009-10 to 2.46% in year 2010-11.

(Rs. in Crores)					
Application of funds	2010-11	% of total	2009-10	% of total	Y-o-Y growth %
Net fixed assets including Capital WIP	189.35	49.17%	186.39	52.08%	1.59%
Investments	—	—	0.05	0.01%	-100%
Net current assets	192.82	50.07%	166.17	46.44%	16.04%
Misc.Assets	2.93	0.76%	5.27	1.47%	-44.40%
<b>Total</b>	<b>385.10</b>	<b>100%</b>	<b>357.88</b>	<b>100%</b>	<b>7.61%</b>





**Fixed Assets including Capital WIP**

Gross Fixed Assets including capital work in progress increased by Rs.21.93 Crores for up gradation in existing plant and the purchase of miscellaneous fixed assets.

**Investment**

There is a decline in Investment during the year 2010-11 due to redemption of investment in Mutual Fund during the year.

**Inventories:-**

Finished Goods/ Traded goods / Semi finished goods inventories increased from Rs.70.44 Crores to Rs.86.10 Crores reflecting a marginal decrease in the Average Inventory Cycle from 59 days to 57 days.

**Sundry Debtors:-**

Sundry debtors increased from Rs.64.46 Crores to Rs.83.66 Crores due to large business volume and higher competition in the market.

**Loans and Advances:-**

Loans and advances decreased marginally from 43.29 crores to Rs. 40.61 crores for step towards to strengthen the working capital flow.

**Financial Performance**

The financial performance of the Company as a whole is as under.

An analysis of financial performance is given below:

**Physical Production**

The production achieved is as under.

(In Sq Mtrs)

Product	2010-11	2009-10
VITRIFIED TILES	5064614	4954673
WALL TILES	4622294	3549570
MARBLE	499541	203644
CERAMIC	1943240	2185668
<b>TOTAL</b>	<b>12129689</b>	<b>10893555</b>

It will be seen that in physical terms, the Company has achieved 11.32% growth in Financial Year 2010-2011 over the Financial Year 2009-2010.

**(b) Sales Turnover**

(Rs. in Lacs)

Product	2010-11	2009-10
Sales In India	53034.90	42510.46
Sales outside India	1162.95	619.83
<b>Total</b>	<b>54197.85</b>	<b>43130.29</b>

It will be seen that total sales of the Company have increased by 25.66% over the Previous Financial Year.



**(c) Key Performance Indicators**

An analysis of the key indicators as percentage to sales is given below:

		( in Lacs)	
Sr. No.	Particulars	2010-11	2009-10
1	GROSS SALES	54197.85	43130.29
2	RAW MATERIAL CONSUMPTION (incl. STORES, SPARES, & TRADING PURCHASE)	22595.17	16902.90
	% OF SALES	41.69%	39.19%
3	EMPLOYEE COST	2455.64	1994.72
	% OF SALES	4.53%	4.62%
4	OTHER EXPENDITURE	25327.82	20712.59
	% OF SALES	46.73%	48.02%
5	EBIDTA	5686.62	4852.63
	% OF SALES	10.49%	11.25%
6	INTEREST COST	1147.68	750.22
	% OF SALES	2.12%	1.74%
7	DEPRECIATION	1898.19	1519.53
	% OF SALES	3.50%	3.52%
8	PROFIT BEFOR TAX	2640.75	2582.88
	% OF SALES	4.87%	5.99%
9	PROFIT AFTER TAX	2009.44	1903.90
	% OF SALES	3.71%	4.41%

**(D) De-Risking the Company**

Risk is an expression of uncertainties and possible outcomes that can materially impact the Company's performance and growth.

Risk evaluation and management is an ongoing process within the organization and as a part of this process our Company engages itself in carrying out a detailed exercise on the subject, covering the entire gamut of the Company's operations. Asian Granito India Ltd, has formulated a well defined and structured risk management process to insulate against business adversity on the one hand and maximize opportunities on the other. Risk Management is centrally initiated and prudently decentralized across the organization so as to minimize risks and maximize returns.

**1. Industry Risk**

The ceramic industry's growth depends on infrastructure and real estate sector, which in turn faces the risk of economic downturn, and this can affect the Company's business and growth.

**Mitigation**

- ❖ The real estate sector in India is on a rapid growth trajectory. The Indian real estate industry is expected to reach a size of US\$ 180 billion by 2020. (Source: IBEF)
- ❖ Domestic housing demand is expected to grow at a CAGR of around 10% during 2009-2013. (Source: Indian housing sector analysis report)



❖ The total estimated supply of hotel rooms is expected to reach 2.9 million and 6.6 million in 2010 and 2020, respectively. Allocation for housing and urban poverty alleviation has been raised from US\$ 177 million (INR 8.5 billion) to US\$ 208 million (INR 10 billion) for 2010-11. (Source: IBEF)

❖ Our Company has created an empowered organization marked by innovation, branding and growth.

**Low - Cost Chinese imports could affect market share:-**

**Risk Mininizing factors:-**

The Indian government imposed anti-dumping duty on Chinese ceramic tiles coming into India.

Increased labour cost in China, hardening of the Chinese currency and increase in sea-borne freight cost made imports from China cost ineffective.

The Chinese government has indicated its intention of creating sizeable domestic demand for its products in its Twelfth Plan – dissuading exports

**2. Competition Risk**

The Company faces stiff competition from the organized and un-organized players in Indian Ceramic Industry.

**Mitigation**

- ❖ The Company is providing complete Vitrified Tiles, Wall Tiles, Ceramic Tiles, and Marble.
- ❖ The Company invested in Brand, promoted through advertisement campaigns, exhibitions and display centers.
- ❖ The Company has pan-India presence, strong distribution network of Distributors, Dealers and Sub-dealers and exclusive showrooms, under the name and style of "ASIAN WORLD".
- ❖ The Company has achieved Star Export House status recognized by Government of India.

**3. Cost Risk**

An increase in manufacturing costs could dent competitiveness.

**Mitigation**

- ❖ The Company has in house well equipped R & D lab and team, which takes initiatives to reduce the cost by applying different input mix in the products without affecting the quality of final products.
- ❖ The Company has started the production of Packing Boxes as a part of Backward Integration Project, which is essential for Packing Goods for the Packing of Finished Tiles production.

**4. Brand Risk**

The loss of brand recall can reduce the revenues.

**Mitigation**

- ❖ The Company believes in providing the Quality Products to its Customer, which in turn maintains the brand image of the Company.
- ❖ The Company regularly participates in international and domestic fairs and exhibitions.
- ❖ The Company does the branding through effective advertisements in all types media including TV, Printing, Hoarding and Display Centers.
- ❖ The Company has invested substantial resources in its brand.

**5. Technology Obsolescence Risk**

Technology obsolescence might require huge reinvestment, draining free cash flow and increases competition through new technology products.



#### **Mitigation**

- ❖ The Company has invested in world class imported technologies for the manufacture of Wall tiles, Vitrified Tiles and Marble. The Company has invested in Imported Machinery like Digital Printing Machine for very innovative product in Wall Tiles and also imported machinery for better production quality in Marble Division.
- ❖ The Company continuously upgrades the technology with the demand of time.

#### **6. Quality Risk**

Substandard quality may affect the reputation resulting in loss of customers.

#### **Mitigation**

- ❖ The Company was accredited with the ISO 9001:2008, and also with 14000-2004.as an endorsement of its quality Commitment.
- ❖ AGIL has received "Certificate of Conformity" for Agro Division. AGIL has satisfied the requirements of the LEAF MARQUE GOLBAL STANDARD VERSION 8.0.
- ❖ The first quality proportion is as high as 90 % in tiles division.
- ❖ The Company's products are of international standards.

#### **7. Regulatory Risk**

An unfavorable government regulation could hamper the Company's strategic decisions.

#### **Mitigation**

- ❖ The Government announced favorable regulatory policies which are expected to enhance the demand for dwelling units, correspondingly fuelling the demand for tiles.
- ❖ The Finance Ministry imposed an antidumping duty of Rs. 137 per sqm on ceramic glazed tiles imported from China, providing growth opportunities for domestic manufacturers.

### **(E) Industrial Relations and Human Resource Management**

The Company believes that human resource is the most important asset of the organization. During the year under review, your Company continued its efforts to improve HR related processes, practices and systems to align these to the organizational objectives. Training and development of its employees is ensured through on the job and outside training programs and workshop.

The Company continues to attract excellent talent to further its business interest. Industrial Relations continue to be cordial.

#### **Cautionary Statement**

Statements made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities, laws & regulations. Actual results could differ from those expressed or implied, important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the Company operates, changes in the government regulations, tax laws & other statutes & other incidental factors.

None of the Senior Management personnel have Financial and Commercial transactions with the Company, where they have personal interest that would / could emerge as potential conflict with the interest of the Company at large.

**REPORT ON CORPORATE GOVERNANCE**

**1. Philosophy:**

The Company's philosophy on Corporate Governance envisages the attainment of the high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally, including its inter-action with employees, shareholders, creditors, consumers and institutional and other lenders and places due emphasis on regulatory compliance.

Corporate Governance pertains to system, by which companies are directed and controlled, keeping in mind long-term interest of stakeholders. The principal characteristics of Corporate Governance are Transparency, Independence, Accountability, responsibility, Fairness and last but not least social responsibility.

The Company believes that its system and actions must be dovetailed for enhancing corporate performance and maximizing shareholders value in the long term.

**2. Board of Directors:**

**(i) Composition/ Category of Directors / Attendance at Meetings/ Directorships & Committee Memberships in other Companies as on March 31, 2011:**

The Board consists of eight members. The composition of Board of Directors, the number of other directorship or board committees of which he is a member / chairperson is as under:

Name of Director	Category	Designation	Attendance of Meetings during 2010-2011			Other Directorships/ Board Committees (Numbers)	
			Board Meeting	Last AGM	Directorships in Other Cos.	Committee membership	Committee Chairmanship
Mr. Kamleshbhai Patel	Promoter Executive Director	Chairman cum Managing Director	8	Yes	0	0	0
Mr. Hasmukhbhai Patel	Promoter Executive Director	Managing Director	8	Yes	0	0	0
Mr. Mukeshbhai Patel	Promoter Executive Director	Wholetime Director	8	Yes	0	0	0
Mr. Rameshbhai Patel	Promoter Executive Director	Wholetime Director	6	Yes	0	0	0
Mr. Maganlal Prajapati	Independent & Non-Executive Director	Director	4	Yes	0	0	0
Mr. Mahesh Chander Julka	Independent & Non- Executive Director	Director	4	No	2	0	0
Mr. Shankarlal Patel	Independent & Non-Executive Director	Director	3	Yes	0	0	0
Mr. Ajendrabhai Patel	Independent & Non-Executive Director	Director	4	No	0	0	0

None of the Non-Executive Directors has any pecuniary relationship or transaction with the Company.



The Board has held 8 Meetings during the Financial Year 2010-11 are as under:

Dates of Board Meeting			
April 10, 2010	April 29,2010	June 17,2010	July 22,2010
July 29, 2010	August 27,2010	October 28,2010	February 4,2011

**3. Audit Committee:**

**(i) Terms of reference**

The terms of reference of this committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement.

**(ii) Composition, name of members & Chairman, meetings held during the year and attendance at meetings**

The Company has complied with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 as regards composition of Audit Committee.

The Committee has held Four meetings during the financial year 2010-11 i.e. April 29, 2010, July 29, 2010, October 28, 2010, February 04, 2011. The composition of the Audit Committee as on March 31, 2011 and the attendance of the members at the meeting of the Audit Committee held during the financial year 2010-11 were as follows:

Members of Audit Committee	No. of Meetings Attended
Mr. Maganlal Prajapati (Chairman)	4
Mr. Maheshchander Julka	4
Mr. Hasmukhbhai Patel	4

**4. Remuneration Committee:**

**(i) Terms of reference**

The role of the Remuneration Committee is to recommend to the Board, the remuneration package for the Managing/ Executive Directors and Senior officials just one level below the Board.

**(ii) Composition, name of members & Chairman, meetings held during the year and attendance at meetings**

The Remuneration Committee presently consists of 3 independent Directors. The Committee has held three meetings during the financial year 2010-11 i.e. on 23.08.10, 04.01.10 and 22.03.11. The Composition of the Remuneration Committee as on March 31, 2011 and the attendance of the members at the meeting of the Remuneration Committee held during the financial year 2010-11 were as follows:

Members of Remuneration Committee	No. of Meetings Attended
Mr. Maganlal Prajapati (Chairman)	03
Mr. Maheshchander Julka	03
Mr. Shankarlal Patel	03

**Remuneration Policy/ Criteria of payments to Non-executive Directors:**

The Company pays remuneration to its Managing Director/ Whole Time Director by way of Salary, Perquisites and Allowances. Their remuneration is governed by the external competitive environment; track record, potential, individual performance and performance of the Company as well as industrial standard. Further the remuneration being paid is within the ceiling prescribed under the applicable provisions of the Companies Act, 1956 and is subject to the approval of the Remuneration Committee of the Board of Directors and the Members of the Company.

The Non-executive Independent Directors are paid sitting fee for their attendance and willingly to take in the Board Meetings.

The Details of remuneration paid during the Financial Year 2010-11 are as under:

Name of Director	Sitting fees (Rs.)	Salary & Perquisites(Rs.)	Stock Option	Pension	Total(Rs.)
Mr. Kamleshbhai Patel	—	1200000	—	—	1200000
Mr. Hasmukhbhai Patel	—	1140000	—	—	1140000
Mr. Mukeshbhai Patel	—	1140000	—	—	1140000
Mr. Rameshbhai Patel	—	1140000	—	—	1140000
Mr. Maganlal Prajapati	20000	—	—	—	20000
Mr. Maheshchander Julka	20000	—	—	—	20000
Mr. Shankarlal Patel	15000	—	—	—	15000
Mr. Ajendrabhai Patel	20000	—	—	—	20000

**5. Shareholders/Investors Grievance Committee:**

The Board of Directors of the Company had set up a Shareholders/ Investors' Grievances Committee, which has been authorized to oversee and review all matters connected with the investor services in connection with rematerialisation and dematerialization of shares and transfer/ transmission/ transposition of shares. The Committee oversees performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services. The Board has delegated the authority to approve the transfer of shares to the officers of the Company and the registrar and share transfer agent.

The Committee has held Two meeting during the financial year 2010-11 i.e. on July 07,2010, August 16, 2010.The composition of the Shareholders Committee as on March 31, 2011 and the attendance of the members at the meeting of the Shareholders Committee held during the financial year 2010-11 were as follows:

Members of Shareholders Committee	No. of Meetings Attended
Mr. Maganlal Prajapati (Chairman)	02
Mr. Maheshchander Julka	02
Mr. Hasmukhbhai Patel	02

The Details of investors' complaints received and resolved during the financial year 2010-11 is as under:

No. of investors' complaints received during the year	No. of investors' complaints resolved during the year	Investors' complaints pending at the end of the year
Nil	Nil	Nil

During the year ended 31st March, 2011, the Company received Nil Complaints and there are no complaints outstanding as on 31st March, 2011. Normally all the complaints are disposed of within 30 days.

**6. Details of General Body Meetings:**

**(i) Location and time where last three Annual General Meetings (AGMs) held:**

Financial Year	Location	Date & Time
2007-2008	Ahmedabad Textile Mills' Association, Ashram Road, Navrangpura, Ahmedabad - 380009(Gujarat)	September 27, 2008 11.00 a.m.
2008-2009	Ahmedabad Textile Mills' Association, Ashram Road, Navrangpura, Ahmedabad - 380009 (Gujarat)	November 30, 2009 11.00 a.m.
2009-2010	AMA Hall, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad- 380015 (Gujarat)	September 25, 2010 11.00 a.m.



**(ii) Special Resolution passed in the previous three Annual General Meetings**

In last 3 AGM the Company has passed two special resolutions regarding (1) Appointment of Bhogibhai B. Patel as a Manager, Marketing and (2) Commencing new Agro Business. Except that there was no special resolution passed by the Company at the previous three Annual General Meetings.

**(iii) Postal Ballot**

No Postal ballot was conducted in the year 2010-11. As on date, the Company does not have any proposal to pass any special resolution by way of postal ballot.

**7. Disclosures:**

- a. Disclosures on materially significant related party transactions:

***Transactions with the related parties are set out in Significant Accounting Policies and Notes on Accounts – Schedule 'U' forming part of the Annual Report.***

- a. None of the transactions with any of the related parties were in conflict with the interest of the Company.  
b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory, on any matter related to capital markets, during the last three years:

The Company has complied with the requirements of the Listing Agreement of the Stock Exchanges as well as regulations and guidelines of SEBI. Neither any penalty nor any stricture has been passed by SEBI, Stock Exchange or any other Statutory Authority on matters relating to capital markets, in the last three years.

- c. Whistle Blower Policy and affirmation that no personnel have been denied access to the audit committee:

The Company has adopted Whistle Blower Policy. The employees of the Company have access to approach the Management on any issues relating to the Code of Conduct/ Business Ethics.

**8. Means of Communication:**

**Quarterly Financial Results:**

The quarterly/ half yearly annual financial results are published in The Economics Times, (English Daily and Gujarati Daily). The financial results are also placed on the Company's website namely [www.asianganrito.com](http://www.asianganrito.com).

**Official News Releases**

The Company holds press analyst meets and makes necessary presentation, to appraise and make public the information relating to Company's working and future outlook.

**9. General Shareholder Information:**

**I. Annual General Meeting**

Date and Time : 29th September, 2011 at 10.30 a.m.

Venue : AMA Complex, ATIRA, Dr. Vikram sarabhai Marg, Ahmedabad-380015

**II. Profile of Directors seeking re-appointment.**

The profile of Directors who are seeking re-appointment/ appointment at the Annual General Meeting is furnished below:

**Mr. Maganlal Prajapati:**

Mr. Maganlal Prajapati, Aged 65 Years, is a M.Sc in statistics from the Sardar Patel University and a M. Phil in statistics from South Gujarat University. He is a professor of statistics and is the Principal of M.C. Shah Commerce College, Ahmedabad since 2003. He has a teaching experience of approximately 36 years. In 1971, he started his career as a lecturer of statistics and Arts & Commerce College, Himmatnagar. Subsequently, he has been associated with K.P. College of Commerce, Surat, for five years and T & T.V. Sarvajanik High School, Surat, for one Year, Arts & Commerce College, Idar, for Twenty Year and Arts & Commerce College, Talod as a lecturer in statistics. He worked as a social worker at various levels and has been involved with the National Cadet Corps.

Directorships in other Companies: Nil

Committee Memberships in other Companies: Nil

Shareholding in Asian Granito India Limited: Nil Equity Shares





**Mr. Mukeshbhai Patel:**

Mr. Mukeshbhai Patel, Age 42, is in the line of ceramic industries for more than 18 years. He started his career with Kedia Cera Tile Pvt. Ltd. in the year 1993 as Director and started promoting Wall Tiles. Then in 1996 he promoted Kedia Industries, a partnership concern involved in the manufacturing of wall tiles. In 1999 he along with other promoters and few other which has been merged with our Company, for manufacturing of walls and floor tiles. In 2003, he along with our other promoters foresaw an untapped opportunity in the business of vitrified tiles which prompted them to set up a plant at Himmatnagar for manufacturing of the same. He heads the production department of our Company.

Directorships in other Companies: Nil

Committee Memberships in other Companies: Nil

Shareholding in Asian Granito India Limited: 1899010 Equity Shares

**Mahesh Chandra Julka :**

Mr. Mahesh Chandra Julka, Aged 67 Years, is a bachelor of commerce, is a retired General Manager of Central Bank of India, which he joined in 1964. He served the Central Bank of India in various capacities at various locations in India, including at the corporate office of the Bank at Mumbai where he served as the General Manager. During his tenure with the bank he was awarded the Best Zonal Manager of the bank for 2003.

Directorships in other Companies:

(1) E-Mall infotech Private Ltd.

(2) Sai Infosystem (India) Ltd.

Committee Memberships in other Companies: Nil

Shareholding in Asian Granito India Limited: Nil Equity Shares

**III. Financial Calendar (tentative)**

Results for first quarter ending June 30, 2011. : On or before 14th August, 2011  
Results for second quarter ending September 30, 2011 : On or before 15th November, 2011  
Results for third quarter ending December 31, 2011 : On or before 14th February, 2012  
Results for fourth quarter ending March 31, 2012 : On or before 14th May, 2012

**IV. Book Closure Date:**

The Register of Members and the Share Transfer Books of the Company will remain closed from 24/09/2011 to 29/09/2011 (both days inclusive).

**V. Registered Office:**

Asian Granito India Limited

202, Dev Arc, Opp. Iskon Temple, Sarkhej Gandhinagar Highway, Ahmedabad – 380015

**VI. Listing of Equity Shares on Stock Exchange:**

The Equity Shares of the Company are currently listed at National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company has paid till date, appropriate listing fee to both the stock exchanges where the Company's Equity Shares are listed.

**National Stock Exchange of India Limited**

Exchange Plaza, Bandra – Kurla Complex, Bandra (E), Mumbai – 400051

**Bombay Stock Exchange Limited**

P. J. Towers, Dalal Street, Fort, Mumbai – 400 001

**Location of the Depositories:**

**National Securities Depository Ltd.**

Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400013.

**Central Depository Services (India) Ltd.**

Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai-400 001.

**VII. Stock Code:**

Bombay Stock Exchange (Scrip Code) : 532888

National Stock Exchange (Trading Symbol) : ASIANTILES

ISIN Number for Equity Shares : INE022I01019

**VIII. Stock Market Data:**

**Stock Market Price data & Share price performance in comparison to broad based indices:**

Month	NSE PRICES(Rs)		NSE NIFTY		BSE PRICES (Rs)		BSE SENSEX	
	High	Low	High	Low	High	Low	High	Low
April	79.00	63.05	5399.65	5160.90	79.80	66.10	18047.86	17276.80
May	76.50	51.00	5278.70	4786.45	75.75	51.00	17536.86	15960.15
June	60.45	53.05	5366.75	4961.05	59.95	54.15	17919.62	16318.39
July	74.05	56.00	5477.50	5225.60	74.45	55.50	18237.56	17395.58
August	67.00	57.25	5549.80	5348.90	73.85	57.15	18475.27	17819.99
September	79.45	61.00	6073.50	5403.05	79.40	62.20	20267.98	18027.12
October	72.95	65.00	6284.10	5937.10	75.00	65.00	20854.55	19768.96
November	71.80	55.65	6338.50	5690.35	70.75	56.75	21108.64	18954.82
December	68.00	54.00	6147.30	5721.15	66.00	55.00	20552.03	19074.57
January	61.90	44.00	6181.05	5416.65	62.95	44.35	20664.80	18038.48
February	49.55	38.65	5599.25	5177.70	49.00	38.55	18690.97	17295.62
March	57.00	44.55	5803.15	5348.20	56.00	44.00	19575.16	17792.17

(Source: NSE & BSE websites)

**IX. Registrar and Share Transfer Agents:**

Link Intime India Pvt. Limited,  
C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai – 400 078.  
E-mail Address: mumbai@linkintime.co.in

**X. Share transfer System**

Securities lodged for transfer at the Registrar's address are normally processed within 15 days from the date of lodgment, if documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondence on change of address mandates etc. are processed by the Registrar within 30 days.

No. of EquityShares held	As on 31 March, 2011			
	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding
1 – 500	5064	88.5620	659491	3.1310
501 – 1000	225	3.9350	186009	0.8830
1001 – 2000	142	2.4830	219826	1.0440
2001 – 3000	50	0.8740	131803	0.6260
3001 – 4000	21	0.3670	73717	0.3500
4001 – 5000	25	0.4370	121768	0.5780
5001 – 10000	40	0.7000	301822	1.4330
10001 andAbove	151	2.6410	19366855	91.9550
<b>TOTAL</b>	<b>5718</b>	<b>100.00</b>	<b>21061291</b>	<b>100.00</b>



**Categories of Shareholding (as on 31 March, 2011):**

Category of Holder	No. of Shares	% of Equity
Other Bodies Corporate	5242844	24.8933
Clearing Member	10314	0.0490
Non Resident Indians	21141	0.1004
Non Resident (Non Repatriable)	8690	0.0413
Public	8518447	40.4460
Promoters	4407062	20.9249
Relatives of Directors	2852793	13.5452
<b>TOTAL</b>	<b>21061291</b>	<b>100.00</b>

**XII. Dematerialization of Shares and Liquidity:**

The equity shares of the Company are available under dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's equity shares are compulsorily traded in dematerialized form. The ISIN No. of the Company is INE022I01019.

As on March 31, 2011, 2620920 Equity Shares of the Company have been dematerialised representing 12.44 % of the total shares.

**XIII. Code of Conduct:**

The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management and that the same has been posted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct.

**XIV. Outstanding GDR / ADRs / Warrants or any Convertible Instrument, conversion date and likely impact on the equity:**

As on date, the Company has not issued GDRs, ADRs, or any other Convertible Instruments and as such there is no impact on the equity share capital of the Company.

**XV. Plant Locations:**

- |   |  |
|---|--|
| <p>(1) Asian Granito India Limited<br/>Ceramic Zone, Katwad Road,<br/>At &amp; Po. Dalpur, Taluka Prantij 383 120, Dist. Sabarkantha.</p> | <p>(2) Asian Granito India Limited<br/>B/h. Sardar Plant, Idar -383430<br/>Dist. Sabarkantha</p> |
|---|--|

**XVI. Investor Correspondence:**

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address and any other query relating to shares of the Company please write to:

Link Intime India Pvt. Limited  
211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.  
E-mail: ahmedabad@linkintime.co.in

For any other general matters or in case of any difficulties/ grievances please write to:

**Renuka Upadhyay**  
Company Secretary  
Asian Granito India Limited  
202, Dev Arc, Opp. Iskon Temple, Sarkhej Gandhinagar Highway, Ahmedabad – 380015  
E-mail: cs@asiangranito.com Phone No. : 079 - 66125500/698/699 Fax No. : 079 - 66058672/66125600



**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF  
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

**To the Members of**

1. We have reviewed the compliance of conditions of Corporate Governance by (the Company) during the year ended **31st March, 2011** with the relevant records and documents maintained by the Company and furnished to us.
2. The Compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an express of opinion on the financial statements of the Company.
3. On the basis of our review and according to the information and explanations given to us, we (certify that the Company has, for the year ended March 31, 2011 complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement(s) with the Stock Exchanges).
4. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors' grievances Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **A.L.Thakkar & Co.**  
*Chartered Accountants*  
(FRN: 120116W)

Place : Ahmedabad  
Date : 12.08.2011

(Sanjeev Shah)  
Partner  
Mem.No. 42264



**AUDITORS' REPORT**

To The Members  
**ASIAN GRANITO INDIA LIMITED**  
AHMEDABAD.

- 1 We have audited the attached Balance Sheet of **ASIAN GRANITO INDIA LIMITED** as at 31st March 2011, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 and Companies (Auditors Report) (Amendment) order 2004 thereon issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to above, we report that;
  - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with this Report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v. On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, given the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
    - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
    - (c) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For **A.L.Thakkar & Co.**  
*Chartered Accountants*  
(FRN: 120116W)

(Sanjeev Shah)  
Partner  
Mem.No. 42264

Place : Ahmedabad  
Date : 12.08.2011



**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Majority of the assets has been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any major part of the Fixed Assets.
- (ii) (a) The inventory has been physically verified during the year by the management except for inventories lying with third parties & branches where confirmations have been received. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of the Company, we are of the opinion that the Company is maintaining proper records of stock except stores & consumables.
- (iii) (a) There are no companies, firms and parties covered in the register maintained under Section 301 of the Companies Act, 1956 to whom the Company has granted unsecured loans. Hence the provision of this clause (a), (b), (c), and (d) is not applicable.
- (b) The Company had taken unsecured loans from two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year as Rs 3,01,357/-and the year end balance of loans taken from such parties was Rs NIL. .
- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 of he companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (d) We have been informed that the said loans are repayable on demand. The Company is regular in paying the interest.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contract or arrangement have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) The Company has appointed a firm of Chartered Accountants as its Internal Auditor for the year under review. The Internal Audit for the year is therefore carried out by the said firm. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. Hence the provision of this clause is not applicable to the Company.
- (ix) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Wealth



Tax, Service tax, Custom Duty, Excise Duty, Cess and other Statutory Duties applicable to it. There were *no undisputed statutory dues as at the year end, outstanding for a period of more than six months from the date they became payable.*

- (b) According to the information and explanations given to us, there are no disputed dues of wealth tax, service tax, customs duty and excise duty which have not been deposited. Details of disputed dues of sales tax and income tax which have not been deposited by the Company are as follows.

Name of the Statute	Nature of the dues	AmountRs.	Period to which the amount relates	Forum where dispute is pending
Sales Tax	Sales Tax	4507857	2003-04	Joi.comm.Tax comi..Appeals
Sales Tax	Sales Tax	1962743	2004-05	Joi.comm.Tax comi..Appeals
Gujarat Vale Added Tax ACT	VAT/CST	268730	2006-07	Joi. comm.Tax comi..Appeals

- (x) The Company does not have any accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the banks.
- (xii) The Company has not granted any loans against security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information & explanation given to us, the Company has not given any guarantees for loans taken by others from bank or financial institutions hence the provision of this clause are not applicable to the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purpose for which the loans were obtained.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no significant funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 hence we do not have any comments under this Para.
- (xix) During the period covered by our audit report, the Company has not issued any secured debentures. Accordingly, the provision of clause (xix) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xx) The Company has not raised money by public issue during the year hence any specific comments up on the disclosure of end use is not applicable to the Company.
- (xxi) To the best of our Knowledge and belief, and according to the information and explanation given to us, no frauds on or by the Company was noticed or reported during the year.

For **A.L.Thakkar & Co.**  
*Chartered Accountants*  
(FRN: 120116W)

**(Sanjeev Shah)**  
Partner  
Mem.No. 42264

Place : Ahmedabad  
Date : 12.08.2011

**BALANCE SHEET AS AT 31ST MARCH, 2011**

(Rs. in Lacs)

PARTICULARS	SCH.	As At 31/03/2011	As At 31/03/2010
<b>I. SOURCES OF FUNDS</b>			
<b>[1] Share holders Funds:</b>			
(a) Share Capital	A	2106.13	2106.13
(b) Reserve & Surplus	B	20291.70	18527.85
		<b>22397.83</b>	<b>20633.98</b>
<b>[2] Loan Funds:</b>			
(a) Secured Loans	C	14532.82	13707.95
(b) Unsecured Loans	D	0.87	3.89
		<b>14533.69</b>	<b>13711.84</b>
<b>[3] Deferred Tax Liabilities.(Net) (Refer Note No. xii )</b>	E	<b>1578.28</b>	<b>1441.88</b>
<b>Total</b>		<b>38509.80</b>	<b>35787.70</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>[1] Fixed Assets</b>	F		
(a) Gross Block		25560.22	23451.84
(b) Depreciation		6714.88	4818.63
(c) Net Block		<b>18845.34</b>	<b>18633.21</b>
(d) Capital W.I.P.		89.91	5.70
<b>[2] Investments</b>	G	<b>0.00</b>	<b>5.00</b>
<b>[3] Current Assets, Loans and Advances :</b>			
(a) Inventories	H	12376.36	11087.76
(b) Sundry Debtors	I	8365.91	6446.12
(c) Cash & Bank Balances	J	1712.08	2172.83
(d) Loans & Advances	K	4060.98	4329.36
		<b>26515.33</b>	<b>24036.07</b>
<b>Less: Current Liabilities and provisions</b>	L		
a) Current Liabilities		5332.07	4790.93
b) Provisions		1901.62	2628.61
		<b>7233.69</b>	<b>7419.54</b>
<b>Net Current Assets</b>		<b>19281.64</b>	<b>16616.53</b>
<b>[4] Miscellaneous Expenditure</b>	M	<b>292.91</b>	<b>527.26</b>
To the extent not written off or adjusted)			
<b>Total</b>		<b>38509.80</b>	<b>35787.70</b>

Significant Accounting Policies

U

Notes forming Part of Accounts

V

Schedules referred to above forming part of the Accounts  
As per our audit Report of even date

For and on behalf of  
Asian Granito India Limited

**A. L. Thakkar & Co.**

*Chartered Accountants*

FRN : 120116W

Kamleshbhai B. Patel     *Chairman & Managing Director*

**Sanjiv Shah**

*Partner*

M.No. 42264

Place : Ahmedabad

Date : 12th August, 2011

**Renuka Upadhyay**

*Company Secretary*

Mukeshbhai J.Patel     *Managing Director*

Place : Ahmedabad

Date : 12th August, 2011



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011**

(Rs. in Lacs)

PARTICULARS	SCH.	2010-2011	2009-2010
<b>INCOME :</b>			
Sales		54,197.85	43,130.29
Other Income	N	246.02	340.36
Increase in Stock	O	1,566.53	904.34
Wind Power Plant Electricity Generation Income		54.86	87.85
<b>Total</b>		<b>56,065.26</b>	<b>44,462.84</b>
<b>EXPENDITURE :</b>			
Trading Purchase		7,832.73	4,264.18
Cost of Materials consumed	P	13,230.86	11,328.85
Manufacturing Expenses	Q	13,714.48	10,990.26
Admin.Selling & Other Expenses	R	12,825.68	10,695.48
Employees Emoluments	S	2,455.64	1,994.72
Interest & Finance Charges	T	1,335.86	955.53
Preliminary exp. W/off	M	131.07	131.41
Depreciation	F	1,898.19	1,519.53
<b>Total</b>		<b>53,424.51</b>	<b>41,879.96</b>
<b>PROFIT BEFORE TAX</b>		<b>2,640.75</b>	<b>2,582.88</b>
Tax Provisions - Current Tax		490.00	420.80
- Deferred Tax		136.39	258.18
		2,014.36	1,903.90
Less : (Excess) / Short Provision of Tax. W/Back		4.92	—
<b>PROFIT AFTER TAX</b>		<b>2,009.44</b>	<b>1,903.90</b>
Add : Brought forward from last year		10,933.35	9,275.85
<b>PROFIT AVAILABLE FOR APPROPRIATIONS :</b>		<b>12,942.79</b>	<b>11,179.75</b>
<b>Appropriations :</b>			
Proposed Dividend on Equity Shares		210.61	210.61
Corporate Tax on Dividend on Equity Shares		34.98	35.79
<b>Balance carried to Balance Sheet</b>		<b>12,697.20</b>	<b>10,933.35</b>
<b>Basic &amp; Diluted Earning Per Share [ Sch. " V " B (03) ]</b>		<b>9.54</b>	<b>9.04</b>
<b>Significant Accounting Policies</b>	U		
<b>Notes forming Part of Accounts</b>	V		

Schedules referred to above forming part of the Accounts  
As per our audit Report of even date

For and on behalf of  
Asian Granito India Limited

**A. L. Thakkar & Co.**  
Chartered Accountants  
FRN : 120116W

**Kamleshbhai B. Patel** *Chairman & Managing Director*

**Sanjiv Shah**  
*Partner*  
M.No. 42264  
Place : Ahmedabad  
Date : 12th August, 2011

**Renuka Upadhyay**  
*Company Secretary*

**Mukeshbhai J. Patel** *Managing Director*

Place : Ahmedabad  
Date : 12th August, 2011

**SCHEDULES FORMING PART OF BALANCE SHEET**

(Rs. in Lacs)

PARTICULARS	As at 31/03/2011	As at 31/03/2010
<b>SCHEDULE [ A ]</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised :</b>		
3,12,50,000( P.Y. 3,12,50,000) Eq.Shares of 10/-each	3,125.00	3125.00
<b>Issued,Subscribed and Paid up.:</b>		
2,10,61,291 Equite Shares of Rs. 10/-each fully paid up (Out of Which 1,40,61,291 equity shares have been issued otherwise than in cash)	2,106.13	2106.13
<b>Total ( A )</b>	<b>2,106.13</b>	<b>2106.13</b>
<b>SCHEDULE [ B ]</b>		
<b>RESERVE &amp; SURPLUS</b>		
(I) Share Premium Account	6,704.50	6704.50
(II) General Reserve	890.00	890.00
(III) Profit and Loss Account	12,697.20	10933.35
<b>Total ( B )</b>	<b>20291.70</b>	<b>18527.85</b>
<b>SCHEDULE [ C ]</b>		
<b>SECURED LOANS</b>		
<b>Borrowings from Banks :</b>		
State Bank of India Term Loan -Rupee	881.33	1,651.28
State Bank of India Term Loan -Foreign Currency	1,979.28	2,125.52
State Bank of India Term Loan -Buyers Credit	2,174.13	1,507.80
[ Exclusive charge over entire fixed assets ( present & future ) including EM over Factory Land and Building of the Company and charge over Current Assets of the Company and personal guarantee of Six Directors ]		
[ First Pari Passu charge with IDBI Bank Limited over the Land Building and Palnt & Machinery inclusive of Fixed Assets Situated at Block No.160 , 147A Paiki & 162 Paiki , at Dalpur Village ]		
Bank Of Baroda Term Loan -Rupee	97.58	187.86
[ Term Loan Secured Againt Equitable Mortgage of Land & Building & Hypothication of Imported & Indigineous plant & Machinery and personal guarantee of non-independent directors ]		
State Bank of India Cash Credit -Rupee	6,914.44	2,860.70
State Bank of India Cash Credit -Foreign Currency	975.11	4,912.60
[ Hypothecation of entire stock and Book-debts and the EM of factory Land & Building of the Company and charge over entire fixed assets of the Company and pesonal guarantee of Six Directors ]		
Bank of Baroda Cash Credit -Rupee	384.40	(47.57)
Bank of Baroda Cash Credit -Foreign Currency	—	500.00
[ Both Secured Against Equitable Mortgage of Land & Building and Hypothication of Inventory & book Debts ]		

(Rs. in Lacs)		
PARTICULARS	As at 31/03/2011	As at 31/03/2010
<b>SCHEDULE [ C ]</b>		
<b>SECURED LOANS - Contd...</b>		
IDBI Term Loan -Rupee	224.17	—
IDBI Term Loan -Foreign Currency	299.89	—
IDBI Term Loan -Buyers Credit	576.05	—
[ Equitable mortgage over the immovable properties of the Company Situated at Block No. 160 Paiki , Block No.147-A Paiki , and Block No.162 Paiki at Dalpur Village ranking Pari Passu With SBI ]		
Interest Accrued and Due	26.44	—
<b>Borrowing from Financial Institutions:</b>		
HDFC Bank Limited ( Hypothication of BMW Motorcar )	—	9.00
HDFC Bank Limited ( Hypothication of INNOVA Motorcar )	—	0.76
<b>Total ( C )</b>	<b>14,532.82</b>	<b>13,707.95</b>
<b>SCHEDULE [ D ]</b>		
<b>UNSECURED LOANS</b>		
Borrowings:		
From Directors	—	0.01
From Shareholders	—	3.01
Intercorporate	0.87	0.87
<b>Total ( D )</b>	<b>0.87</b>	<b>3.89</b>
<b>SCHEDULE [ E ]</b>		
<b>DEFERRED TAX LIABILITY / DEFERRED TAX ASSETS ( NET )</b>		
( Schedule 'V' B(02) )		
<b>A. DEFERRED TAX LIABILITIES :</b>		
Arising on account of timing difference		
- Depreciation	1,329.46	1169.35
- Deferred Expenses	247.73	272.60
- Interest Accrued but not Due	0.32	0.00
- Leave Encashment & Bonus	0.72	
<b>TOTAL DEFERRED TAX LIABILITIES (A)</b>	<b>1,578.23</b>	<b>1441.95</b>
Less :		
<b>B. DEFERRED TAX ASSETS :</b>		
Arising on account of timing difference		
- Others	(0.05)	0.07
<b>TOTAL DEFERRED TAX ASSETS (B)</b>	<b>(0.05)</b>	<b>0.07</b>
<b>T O T A L : ( A - B )</b>	<b>1578.28</b>	<b>1441.88</b>

**SCHEDULE [ F ]**  
**FIXED ASSETS**

( Rs. In Lacs )

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	Opening	Addition	Deduction	Closing	Opening	Addition	Deduction	Closing	Closing	Closing	
	As On 01.04.2010	During The Year	During The Year	As On 31.03.2011	As On 01.04.2010	During The Year	During The Year	As On 31.03.2011	As On 31.03.2011	As On 31.03.2010	
Land & Land Development	368.65	31.26	0.00	399.91	0.00	0.00	0.00	0.00	399.91	368.65	
Building -Factory	6193.39	262.59	0.00	6455.98	434.28	211.35	0.00	645.63	5810.35	5759.11	
Office & Other Building	821.23	16.64	0.00	837.87	27.84	13.61	0.00	41.45	796.42	793.39	
Plant & Machinery & Elec.	14391.04	1676.13	0.00	16067.17	3999.54	1513.92	0.00	5513.46	10553.71	10391.50	
Office Equipment	151.36	24.61	2.62	173.35	27.16	7.63	0.59	34.20	139.15	124.20	
Vehicle	301.16	53.42	4.24	350.34	58.30	31.35	1.35	88.30	262.04	242.86	
Furniture & Fixture	399.44	29.34	0.00	428.78	58.70	26.15	0.00	84.85	343.93	340.74	
Computers	158.72	21.25	0.00	179.97	59.88	26.45	0.00	86.33	93.64	98.84	
<b>Intangible Assets</b>											
Trade Mark	55.00	0.00	0.00	55.00	38.50	5.50	0.00	44.00	11.00	16.50	
Power Plant -Wind Mill	601.85	0.00	0.00	601.85	114.43	62.23	0.00	176.66	425.19	487.42	
Power Plant -Wind Mill Land	10.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	10.00	10.00	
Short Provision of Dep. of earlier Years**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Total (A)</b>	<b>23451.84</b>	<b>2115.24</b>	<b>6.86</b>	<b>25560.22</b>	<b>4818.63</b>	<b>1898.19</b>	<b>1.94</b>	<b>6714.88</b>	<b>18845.34</b>	<b>18633.21</b>	
Previous Year	19049.06	4417.43	14.65	23451.84	3307.80	1519.53	8.70	4818.63	18633.21	15741.26	
<b>Capital W.I.P. :</b>											
Godown Building Dalpur -Trading	5.70	0.00	5.70	0.00	0.00	0.00	0.00	0.00	0.00	5.70	
Building -Factory -WIP (Packaging)	0.00	0.17	0.00	0.17	0.00	0.00	0.00	0.00	0.17	0.00	
Plant & Machinery & Elec. -WIP (Packaging)	0.00	44.76	0.00	44.76	0.00	0.00	0.00	0.00	44.76	0.00	
Plant & Machinery & Elec. -WIP (Marble)	0.00	43.59	0.00	43.59	0.00	0.00	0.00	0.00	43.59	0.00	
Plant & Machinery & Elec. -WIP	0.00	1.39	0.00	1.39	0.00	0.00	0.00	0.00	1.39	0.00	
<b>Total (B)</b>	<b>5.70</b>	<b>89.91</b>	<b>5.70</b>	<b>89.91</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>89.91</b>	<b>5.70</b>	
<b>TOTAL.... (A+B)</b>	<b>23457.54</b>	<b>2205.15</b>	<b>12.56</b>	<b>25650.13</b>	<b>4818.63</b>	<b>1898.19</b>	<b>1.94</b>	<b>6714.88</b>	<b>18935.25</b>	<b>18638.91</b>	
Previous Year	19049.06	4423.13	14.65	23457.54	3307.80	1519.53	8.70	4818.63	18638.91	15741.26	

Notes : \*\*Short Provision of Depreciation of earlier years appearing in the last year schedule is allocated among receptive assets and so there is a change in opening Balance of depreciation for respective assets in the current year Fixed Assets Schedule

(Rs. in Lacs)

PARTICULARS	As at	
	31/03/2011	31/03/2010
<b>SCHEDULE [ G ]</b>		
<b>INVESTMENTS ( At Cost)</b>		
<b>( Current Investment in Mutual Fund ) ( Quoted )</b>		
SBI Infrastructure Fund A/c No 9479305	Aggregate Value	20010-11
	Cost	2009-10
	Market Value	
<b>Total ( G )</b>		

(Rs. in Lacs)		
PARTICULARS	As at 31/03/2011	As at 31/03/2010
<b>SCHEDULE [ H ]</b>		
<b>INVENTORIES</b>		
<b>( Taken, Valued &amp; Certified by Directors )</b>		
- Finished Goods	7,629.06	5441.80
- Raw materials	2,143.34	2766.71
- Fuel and Gas	56.50	157.43
- Packing Material	237.19	365.99
- Semi-finished goods	768.60	1326.45
- Store & Spares	1,329.00	753.83
- Stock of Trading Goods	212.67	275.54
<b>Total ( H )</b>	<b>12,376.36</b>	<b>11087.76</b>
<b>SCHEDULE [ I ]</b>		
<b>SUNDRY DEBTORS</b>		
<b>( Unsecured, considered good )</b>		
Outstanding		
More than Six Months	1,295.85	849.37
- Others	7,070.06	5596.75
<b>Total ( I )</b>	<b>8,365.91</b>	<b>6446.12</b>
<b>SCHEDULE [ J ]</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on Hand	51.51	38.44
<b>Balance with Schedule Bank:</b>		
- In current Accounts	1,162.96	1742.28
- In Margin Money A/c	497.61	392.11
<b>Total ( J )</b>	<b>1,712.08</b>	<b>2172.83</b>
<b>SCHEDULE [ K ]</b>		
<b>LOANS &amp; ADVANCES</b>		
<b>(Unsecured considered good)</b>		
(a) Receivable in cash, kind or otherwise for value to be received	1,831.09	1028.48
(b) Deposits With Govt. & Semi Govt.	463.19	945.33
(c) Advance Income Tax / T.D.S.	1,766.70	2355.55
<b>Total ( K )</b>	<b>4,060.98</b>	<b>4329.36</b>

(Rs. in Lacs)		
PARTICULARS	As at 31/03/2011	As at 31/03/2010
<b>SCHEDULE [ L ]</b>		
<b>CURRENT LIABILITIES AND PROVISIONS :</b>		
<b>CURRENT LIABILITIES :</b>		
(a) Sundry Creditors	4,198.17	4166.15
(b) Trade Security Deposits	432.41	396.94
(c) Other Liabilities	680.15	218.35
(d) Interest Accrued But Not Due	20.96	9.11
(e) Unclaimed Equity Dividend @	0.38	0.38
@ There is no amount due to be transferred to the investor's Education and Protection Fund		
	<b>5,332.07</b>	<b>4790.93</b>
<b>PROVISIONS :-</b>		
(a) Provision for taxation	1,610.38	2256.42
(b) Proposed Dividend on Equity Shares	210.61	210.61
(c) Corporate Tax on Dividend on Equity Shares	34.98	35.79
(d) Provision for Retirement / Employee benefit	45.65	125.79
	<b>1,901.62</b>	<b>2628.61</b>
<b>Total ( L )</b>	<b>7,233.69</b>	<b>7419.54</b>
<b>SCHEDULE [ M ]</b>		
<b>MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED</b>		
<b>Preliminary Expenses:</b>	266.36	397.77
Less : 1/5th w/off during the Year.	131.07	131.41
<b>A</b>	<b>135.29</b>	<b>266.36</b>
<b>Deferred Revenue Expenditure:</b>	260.90	152.25
Add : Expense incurred during the Year	33.52	260.91
Less : Written off during the Year	136.80	152.26
<b>B</b>	<b>157.62</b>	<b>260.90</b>
<b>Total ( M )</b>	<b>292.91</b>	<b>527.26</b>



**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

PARTICULARS	2010-2011	2009-2010
(Rs. in Lacs)		
<b>SCHEDULE [ N ]</b>		
<b>OTHER INCOME</b>		
Interest Income [ TDS Rs.5,35,985/- ] [ Previous Year TDS Rs.6,74,908/- ]	42.59	48.38
Misc. Income	161.34	117.18
Profit on Sales of Assets	—	0.86
Foreign Exchange Fluctuation Gain	39.81	173.94
Profit On Sale Of Security	0.26	0.00
Dividend Income	2.02	0.00
<b>Total ( N )</b>	<b>246.02</b>	<b>340.36</b>
<b>SCHEDULE [ O ]</b>		
<b>INCREASE/(DECREASE) IN STOCK</b>		
<b>FINISHED GOODS</b>		
( a ) Closing Stock on hand	7,629.06	5,441.81
Less :		
( b ) Opening Stock	5,441.81	5,634.20
<b>Increase in Finished Goods Stock A</b>	<b>2187.25</b>	<b>(192.39)</b>
<b>WORK IN PROGRESS</b>		
( a ) Closing Stock on hand	768.60	1326.45
Less :		
( b ) Opening Stock	1,326.45	301.15
<b>Increase/(Decrease) in W-I-P Stock B</b>	<b>(557.85)</b>	<b>1025.30</b>
<b>TRADING STOCK</b>		
( a ) Closing Stock on hand	212.67	275.54
Less :		
( b ) Opening Stock	275.54	204.11
<b>Increase/(Decrease) in Trading Stock C</b>	<b>(62.87)</b>	<b>71.43</b>
<b>Net Increase in Stock Total ( O )</b>	<b>1566.53</b>	<b>904.34</b>



**Asian Granito India Ltd.**  
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(Rs. in Lacs)		
PARTICULARS	2010-2011	2009-2010
<b>SCHEDULE [ P ]</b>		
<b>COST OF MATERIALS CONSUMED</b>		
Opening Stock	2,766.71	2339.23
	<b>2,766.71</b>	<b>2339.23</b>
Add: Purchases		
- Imported	807.01	1626.20
- Indigeneous	11,800.48	10130.13
	<b>15,374.20</b>	<b>14095.56</b>
Less : Closing Stock	2,143.34	2766.71
<b>Cost of Materials Consumed Total ( P )</b>	<b>13,230.86</b>	<b>11328.85</b>
<b>SCHEDULE [ Q ]</b>		
<b>MANUFACTURING EXPENSES</b>		
Fuel & Gas Consumed	5,745.52	4475.35
Store & Consumables	1,531.58	1309.87
Packing Materials consumed	3,100.06	2015.27
Electricity & Power	2,714.53	2652.59
Loading & Unloadng Expenses	528.78	408.68
Other Factory Overheads & Storage Exp.	94.01	128.50
<b>Total ( Q )</b>	<b>13,714.48</b>	<b>10990.26</b>



(Rs. in Lacs)		
PARTICULARS	2010-2011	2009-2010
<b>SCHEDULE [ R ]</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Advertisement Exp.	487.64	783.56
Audit Fees	2.85	2.85
Director Remuneration	46.95	47.15
Directors Travelling Expenses -Foreign	22.80	20.10
Travelling & Conveyance Expenses	428.84	396.87
Donations	7.28	137.87
Legal & Professional Fees	100.35	76.67
Professional Tax	0.05	0.17
Insurance Exp.	51.90	47.89
Loss on sale of Assets	3.21	0.00
Misc. & General Expenses	174.72	181.29
Postage/Couriar , Telephone & Telegram Exp.	122.78	97.56
Printing & Stationaries	108.06	63.87
Repairs & Maintainence -Machinery	106.28	41.81
Repairs & Maintainence - Building	68.24	30.28
Repairs & Maintainence -Others	122.80	62.42
Rent Expenses	273.45	231.88
Sales & Distribution Expense	3,474.83	3140.11
Vehicle Expenses	43.34	37.40
Excise Duty	3,999.58	2580.11
Sale Tax Expenses	3,179.73	2715.63
<b>Total ( R )</b>	<b>12,825.68</b>	<b>10695.48</b>
<b>SCHEDULE [ S ]</b>		
<b>EMPLOYEES EMOLUMENTS</b>		
Salaries	2,384.67	1936.18
Staff Welfare Exp.	70.97	58.54
<b>Total ( S )</b>	<b>2455.64</b>	<b>1994.72</b>
<b>SCHEDULE [ T ]</b>		
<b>INTEREST &amp; FIANCE CHARGES</b>		
Bank Interest - Cash Credit	321.21	219.22
Bank Interest -Term Loans	389.66	256.39
Bank Interest -WCDL Loans	389.71	242.43
Other Interest Expenses	47.10	32.18
Bank Commission & Other Charges	188.18	205.31
<b>Total ( T )</b>	<b>1335.86</b>	<b>955.53</b>



**SCHEDULE "U" SIGNIFICANT ACCOUNTING POLICES AND NOTES ON ACCOUNTS**

**01. SIGNIFICANT ACCOUNTING POLICES:**

The Significant accounting policies to the extent applicable the Company are as under::

**(i) System of Accounting :-**

The Financial statements are prepared on historical cost basis and on the accounting principles of going concern in accordance with generally accepted accounting principles comprising of the mandatory accounting standards referred to in sub section (3c) of section 211 of the companies Act., 1956 and guidance notes, etc. issued by Institute of chartered Accountants of India and the other provisions of the companies Act, 1956.

**(ii) Revenue Recognition :-**

All known income and expenditure quantifiable till the date of finalization of accounts are accounted on accrual basis when virtual certainty is established.

Sales revenue is recognized when property in the goods with all risk rewards and effective control of goods usually associated with ownership are transferred to buyer at price and includes excise duty, sales tax, insurance, freight etc. but excludes sales return if any.

The presentation of financial statements require estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized

**(iii) Fixed Asset :-**

Cost of Fixed assets comprises of its purchase price including import duties and other non refundable taxes or levies, expenditure incurred in the course of construction or acquisition and any directly attributable costs of bringing the asset to its working condition for the purpose of use for the business.

Cenvat Credit available on Capital goods has been reduced from cost of purchases of fixed assets and depreciation thereon has been calculated on the balance amount net off cenvat credit available.

Capital Work in progress comprises of cost of capital expenditure incurred for the proposed Godown for Storage of Trading Goods which is under construction and yet to be commenced. It includes other non refundable taxes or levies, expenditure incurred in the course of construction or acquisition and any directly attributable costs.

**(iv) Depreciation :**

Depreciation has been provided on straight line method in accordance with the provision of section 205(2) (b) of Companies Act, 1956 at the rates prescribed in Schedule XIV of the companies Act, 1956 on prorata basis with reference to the date of acquisition/ installation.

**(v) Investments:**

Investments are shown at their cost plus incidental expenses if any. Investments are classified as long term & Current investments. Provision for diminution in the value of long-term investment is made only if such decline is other than temporary.

**(vi) Valuation of Inventories:**

- |                              |  |
|------------------------------|--|
| - Raw Materials              | - At cost or net realizable value whichever is less. |
| - Finished Goods             | - At cost or net realizable value whichever is less. |
| - Stores & Spares            | - At cost or net realizable value whichever is less. |
| - Fuel and Packing materials | - At cost or net realizable value whichever is less. |
| - Work-in-progress           | - At Cost of production                              |

The cost of inventory is determined on FIFO cost formula method on relevant categories of inventories after providing for obsolete, slow moving and defective inventories where ever necessary.

**Cenvat Credit / Vat credit:**

Cenvat Credit / vat credit available on stores and spares and Raw Materials reduced from cost of purchases and balance has been shown in "Loans & Advances" under Current Assets in the Balance Sheet.

The excise duty payable on the finished goods is accounted on the clearance of goods from factory premises.

**(vii) Provisions and Contingent Liabilities:**

Contingent liabilities are disclosed after careful evaluation of facts and legal aspects of the matter involved.

Provisions and contingent liability are reviewed at each balance sheet date and events occurring after balance sheet date which are adjusted to reflect the current best estimates.



**(viii) Retirement Benefits.**

**Provident fund:**

Retirement benefits in the form of Provident Fund are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.

**Leave Benefits:**

There is no Unutilized Leave to be encashed hence provision for Leave encashment liability does not arise as on 31<sup>st</sup> March 2011.

**Gratuity:**

During the year the Company has a scheme of Retirement Benefit namely 'Group Gratuity Fund' recognized by the Income Tax authorities. This fund is administered through Trustees and the Company's contribution thereto is charged to revenue. Contributions to Provident fund are made on accrual basis.

**(ix) Impairment of Fixed Assets.**

Factors giving rise to any indication of impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date to determine and provide/reverse an impairment loss. There is no impairment in the carrying amounts of Company's Assets.

**(x) Foreign currency transaction:**

Transactions in foreign Currency are recorded in rupees by applying the exchange rate at the date of the transaction and adjusted appropriately to capital or revenue, with the difference in the rate of exchange arising on actual receipt/payment during the year. Gains or Losses on settlement of the transactions are recognized under the head currency rate difference in the Profit and loss account.

Current Assets and Liabilities (monetary items) are translated at the exchange rate prevailing on the last day of the year. The Company enters into derivative contracts strictly for hedging purposes and not for trading or speculation. Derivative transactions are being considered as off balance sheet date transactions and accordingly the gains/losses arising there from are recognized under respective heads of accounts as and when the settlement takes place with the terms of the respective contracts.

**(xi) Miscellaneous Expenditure:-**

In accordance with the provisions of section 35D of Income Tax Act 1961, the Company has written off one-fifth of expenses.

**(xii) Provision for current and Deferred Tax:**

The tax expense comprises of current tax & deferred tax charged or credited to the profit and loss account for the year. Current tax is calculated in accordance with the tax laws applicable to the current financial year. The deferred tax charge or credit is recognized using the tax rates applicable as on the date of balance sheet. Deferred tax assets are recognized only if there is virtual certainty of realization of such assets. At balance sheet date, recognized and unrecognized deferred tax assets are reviewed.

**(xiii) Borrowing Cost:**

Borrowing cost directly attributable and/or funds borrowed generally and used for the purpose of acquisition/construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized, at its capitalization rate to expenditure on that assets, for the period, until all activities necessary to prepare qualifying assets for its intended use are complete.

**(xiv) Deferred Revenue Expenditure:-**

Deferred Revenue Expenses includes Advertisement expenditure incurred, expenditure incurred for new Catalogue & Folder printing for new product, Expenditure towards Exhibition of new products and mega event show charges are amortized over a period of three years.

It also includes deferred forward contract premium expense for hedging of forward transaction in foreign currency.

**(xv) Branch Accounting:-**

Stock transfer at various branches, are done at a rate inclusive of excise, education cess and freight charges. When the sales from branches effected, above transfer value is nullified. Sales values of branches are accounted inclusive of Vat / CST charged by respective branches.

Further system of accounting of all branch expenses and C & f expenses are centralized and booked on the basis of vouchers and supporting sent by C & F and branches.

**(xvi) Initial Public Offer Expenses (Net) :**

Initial Public Offer Expenses are written off over a period of 5 years in accordance with the provision of section 35D of Income Tax Act, 1961 and shown as Misc. expenses written off. The un-amortized expenses are shown under Misc Expenses (to the extent not w/off or adjusted).

**(xvii) Pre Operative Expenses :-**

Expenses incurred for Marble Quartz Plant is shown under the pre operative expenses and correspondingly pre operative expenses is transferred to Fixed assets of the Quartz plant in respective proportion.

**(xviii) Leases:**

**Where the Company is the lessee**

Leases, wherein the lessor effectively retains substantially all the risks and benefits of ownership of the leases item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term as per Lease Agreement.

**(xix) Central Excise Duty :**

Excise duty is accounted on the basis of payments made in respect of goods cleared.

**SCHEDULE "V" NOTES FORMING PART OF ACCOUNTS:**

**A. NOTES ON ACCOUNT**

- 1 Advertisement expenditure of Rs. NIL/- (P.Y.Rs.56,63,186/-) is deferred during the year. During the year, Printing & Stationery Expense incurred for New Catalogue & Folder printing of Rs NIL/- (P.Y. Rs.23,53,205) and Expenditure incurred of Rs.33,52,409/-(P.Y.Rs.56,95,151) towards Exhibition of new products are deferred.
- 2 The quantity of inventories is based upon physical verification by the management and the valuation is also based on details of cost and realizable value (wherever applicable) considering the quality & other relevant factors ascertained by management. The quantities of inventories, sales, and purchases are taken on the basis of details worked out from the bills and the stock records maintained by the Company (wherever applicable).
3. In the opinion of the Board of Directors
  - a) Current Assets, Loans & Advances are realizable in the ordinary course of business, at the value at which they are stated.
  - b) The provision for all known liabilities are adequate and not in excess of the amount reasonably necessary.
- 4 In sample sale only excise and EDU payable on sample sale value is charged as expenses considering no commercial value of samples.
- 5 Balance of Sundry creditors, debtors, debit/credit balance of loans and advances are subject to confirmation from the respective parties.
- 6 Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with the current year figures.
- 7 We are unable to categories the dues to Small Scale Industries (SSI) separately due to lack of information regard to the status of the creditors for goods outstanding above 30 days as on the balance sheet date.
- 8 We have verified the vouchers and documentary evidences wherever made available. Where no documentary evidences were available we relied on the authentication given by the management.
- 9 Additional information pursuant to provisions of paragraphs 3, 4 C and 4D of part II of Schedule VI to the companies Act, 1956 (Information given to the extent applicable)

**(a) Particulars of Capacity, Production, sales and stock of finished good are as under:**

Division	Vitrified		Wall		Marble		Ceramic		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Units In Sq.Mtr.										
Licensed Capacity	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Installed Capacity	5840000	5840000	8030000	8030000	912500	912500	2372500	2190000	17155000	16972500

**Quantitive particulars in respect of finished good manufactured & sales of Vitrified, Wall ,Ceramic & Marble**

Division	Vitrified		Wall		Marble		Ceramic		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Details Qty in Sq.Mtr.										
Opening	478306	615318	775891	633168	40660	126	147158	267907	1442015	1516519
Production	5064614	4954673	4622294	3549570	499541	203644	1943240	2185668	12129689	10893555
Sales	4867545	5091685	4239634	3406847	468093	163110	1778831	2306417	11354103	10968059
Closing Stock	675375	478306	1158551	775891	72108	40660	311567	147158	2217601	1442015

Division	Vitrified		Wall		Marble		Ceramic		Total	
Year	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Details Rs. In Lacs										
Opening	1826.94	2632.59	2400.63	2357.83	492.63	1.02	721.61	642.76	5441.81	5634.20
Production										
Sales	19490.54	20332.86	13966.85	10522.00	6089.58	2235.00	4445.28	4268.58	43992.25	37358.44
Closing Stock	2653.18	1826.94	3368.55	2400.63	816.58	492.63	790.75	721.61	7629.06	5441.81

**(b) Quantitative particulars in respect of raw material consumed (Rounded).**

Particulars	Current Year		Previous Year	
	Qty. [Tons]	Value Rs.(in Lacs)	Qty. [Tons]	Value Rs.(in Lacs)
Body Materials		309528.58		8552.11
Glaze friet, Chemicals & Others		7427.75	—	2776.74
<b>Total</b>		<b>316956.33</b>		<b>11328.85</b>

\*(Includes Transportation and other Exp.)

**(c) The Raw Material Consumption:** (Rs. In lacs)

Classification	Current Yr.		Previous Yr.	
	Value	%	Value	%
Indigenous	11939.20	90.24%	10386.15	91.68%
Imported	1291.66	9.76%	942.70	8.32%
<b>Total</b>	<b>13230.86</b>	<b>100.00%</b>	<b>11328.85</b>	<b>100.00%</b>

**(d) The Store & Spares Consumption:** (Rs. In lacs)

Classification	Current Yr.		Previous Yr.	
	Value	%	Value	%
Indigenous	702.94	45.90%	645.50	49.28%
Imported	828.63	54.10%	664.37	50.72%
<b>Total</b>	<b>1531.58</b>	<b>100.00%</b>	<b>1309.87</b>	<b>100.00%</b>

**(e) The foreign exchange earnings during the year:** (Rs. In lacs)

Particulars	Current Yr.	Previous Yr.
Export Sales	1162.96	607.78

**(f) The expenditure incurred in foreign exchange:**

Particulars	Current Yr.	Previous Yr.
Foreign Travelling	20.02	32.09
Foreign Exhibition	2.99	32.68

**(g) Quantitative particulars in respect of Trading Goods of Tiles (Rounded).**

**1. Finished Goods (Tiles)**

Particulars	Current Year		Previous Year	
	Qty. [Boxes]	Value Rs. in Lacs	Qty. [Boxes]	Value Rs. in Lacs
Trading Materials( Finished Goods)				
Opening Stock	98173	266.36	34137	58.40
Purchases	3226320	7673.70	2023437	4160.82
Sales	3280179	9763.82	1959401	5288.98
Closing Stock	44314	199.66	98173	266.36

**(2) Agglomerated Marble**

Particulars	Current Year		Previous Year	
	Qty. [Sq. Ft.]	Value Rs. in Lacs	Qty. [Sq. Ft.]	Value Rs. in Lacs
Trading Materials ( Finished Goods)				
Opening Stock	7332	9.18	110372	145.72
Purchases	372	2.11	1951	5.54
Sales	7338	8.42	104991	202.65
Closing Stock	366	2.09	7332	9.18

**(3) Chemical Product**

Particulars	Current Year		Previous Year	
	Qty. [Mt.]	Value Rs. in Lacs	Qty. [Mt.]	Value Rs. in Lacs
Trading Materials ( Finished Goods)				
Opening Stock	—	—	—	—
Purchases	410.65	45.07	—	—
Sales	330.53	69.52	—	—
Closing Stock	80.12	10.92	—	—

**(4) Others Items Sales**

Particulars	Current Year		Previous Year	
	Qty.	Value Rs. in Lacs	Qty.	Value Rs. in Lacs
Raw & Packing Material, Spares & Others				
Raw Material Sales ( M.T )	1095.38	26.54	538	19.39
Spares & Abrasive (PCS)	2.00	0.86	96.79	22.30
Packing Material (Boxes)	2100.00	0.18	73	12.93
Others (Kg./Pcs.)	22108	23.63	—	15.01

**(5) Agro Product**

Particulars	Current Year		Previous Year	
	Qty. [Mt.]	Value Rs. in Lacs	Qty. [Mt.]	Value Rs. in Lacs
Purchases	83.44	111.85	63.79	97.82
Sales	83.44	312.64	63.79	210.59

(h) Value of Export calculated at F.O.B. valued: **Rs. 1077.56 Lacs/-**

(i) CIF Value of Import **25,64,90,191/-**

(Rs. In lacs)

Particular	2010-2011	2009-10
PURCHASE OF CAPITAL GOODS	1137.09	1119.15
STORE & SPARES	781.65	677.74
RAW MATERIALS	646.16	1242.20
FINISHED GOODS	—	30.73
OTHER DESIGN MATERIALS	—	9.52
	<b>2564.90</b>	<b>3079.34</b>

(j) The additional information pursuant to Schedule VI of the Companies Act.

a. Details of Auditors Remuneration.

Particular	2010-2011	2009-10
Statutory Audit	220000	220000
Tax Audit	65000	65000
Others	Nil	Nil
<b>Total</b>	<b>285000</b>	<b>285000</b>

b. Details of Managerial Remuneration:

Salary	46,20,000	46,20,000
Director Sitting Fees	75000	95,000/-
Perquisites	Nil	Nil

**B. DISCLOSURES:**

**01. Disclosure required by the AS15 (Revised): Employee Benefits**

	2010-11 Rs.	2009 - 10 Rs.
<b>A. Components of Employer Expense</b>		
1 Current service Cost (including risk premiums for fully insured schemes)	1772807	1,797,636
2 Interest Cost	350094	168,907
3 Expected Return on Assets	(437464)	(344,896)
4 Curtailment Cost/(Credit)	—	—
5 Settlement Cost/(Credit)	—	—
6 Past Service Cost	—	533833
7 Actuarial (gain)/and Losses	(762014)	
8 Total Employer Expense recognised in the P & L	923423	2,155,480
<b>a. Net Asset/(Liability) Recognised in Balance Sheet – 31-Mar-2011</b>		
1 Present value of Defined Benefit Obligation as at 31-Mar-2011	5701576	4,470,654
2 Fair Value of Plan Assets as at 31-Mar-2011	5871360	5,560,160
3 Funded status [Surplus/(Deficit)]	169784	1,089,506
4 Unrecognised Past Service Costs	0	0
5 <b>Net Assets/(liability) recognized in Balance Sheet</b>	<b>169784</b>	<b>1,089,506</b>
<b>b. Change in Obligation &amp; Assets over the period ending on -31-Mar-2011</b>		
1. Present value of Defined Benefit Obligation at the beginning of 31-Mar-2010	4470654	2,205,579
2. Employer Service Cost	1772807	1,797,636
3. Interest Cost	350094	168,907
4. Curtailment cost/(Credit)	0	0
5. Settlement cost/(Credit)	0	0
6. Plan Amendments	0	0
7. Acquisitions	0	0
8. Actuarial (Gain)/Loss	(703028)	487,011
9. Benefits Payments	(188951)	(188,479)
10. Present value of defined Benefit Obligation at the end of 31-Mar-10	5701576	4,470,654

	2010-11 Rs.	2009 - 10 Rs.
<b>B. Change in Assets</b>		
1. Fair Value of Plan assets at the beginning of the period	5560160	3,360,316
2. Expected Return on Plan Assets (Para 108/109)	437464	344,896
3. Actuarial Gain / (Loss)	58986	(46,822)
4. Assets Distributed on Settlements	0	0
5. Actual Company contributions less Risk Premium	3701	2,090,249
6. Benefits payments	(188951)	(188,479)
7. Fair Value of the assets at the end of the period	5871360	5,560,160
a. Net Asset/(Liability) Recognised in Balance Sheet – 31-Mar-2010		
1 Net assets/(Liability) Recognised in the Balance Sheet at the beginning of the period 31-Mar-2010	1089506	1,154,737
2 Employer Expense	(923423)	(2,155,480)
3 Employer Contributions	3701	2,090,249
4 Acquisitions/business combinations	0	0
5 <b>Net Assets/(liability) recognised in Balance Sheet at the end of the period 31-Mar-11</b>	<b>169784</b>	<b>1,089,506</b>
<b>Assumption</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Discount rate	8.00%	8.00%
Expected return on assets (P107-109 AS15R)	8.00%	—
Salary Increases (Para83-91 and 120(I) AS15R)	4.00%	4.00%
Withdrawal rates	3.00%	3.00%
Mortality	Indian Assured Lives Mortality (1994-96) (Modified) Ultimate	

**02. Accounting for taxes of Income: (AS-22)**

(a) Deferred tax liabilities comprises of timing differences on account of : (Rs. In Lacs)

	As At 31st March, 2011	As At 31st March, 2010
Depreciation	1329.46	1169.35
Deferred Expenses	247.73	272.60
Interest Accrued but not Due	0.32	—
Leave Encashment & Bonus	0.72	—
Others	(0.05)	(0.07)
<b>Total</b>	<b>1578.28</b>	<b>1441.88</b>

(b) The Provision for current taxes has been made in the account as per the provisions of Income Tax Act, 1961.

**03. Earning per Share : (AS-20)**

- i. The amount used as numerator in calculating basic and diluted earning per share is the profit after depreciation and taxes i.e. Rs.20,09,44,093/-
- ii. The number of ordinary shares used as the denominator in calculating the basic earning per share is 2,10,61,291 i.e. weighted number of equity shares as on the date of balance sheet 31ST March, 2011. Diluted earning per share is arrived by taking weighted number of equity shares outstanding as on the date of balance sheet i.e. 2,10,61,291.

	As at 31st March 2011(Rs.)	As at 31st March 2010(Rs.)
Profit attributable to the Equity Shareholders (Rs.) (A)	20,09,44,093	19,03,89,609
Basic / Weighted average No. of Equity Shares Outstanding during the year ( B )	21061291	21061291
Nominal value of Equity Shares – (Rs.)	10	10
Basic / Diluted Earnings per Share (Rs.) (A)/(B)	9.54	9.04



**4. Borrowing Cost:-**

Based on the guiding principle given in Accounting standard on "Borrowing Cost" (AS-16) issued by the ICAI, the Company has capitalized Rs. 12,86,921/-P.Y. (Rs. 34,46,031 /-) during the year to the Fixed Assets.

**5. Segment Reporting : (AS-17)**

Based on the guiding principle given in Accounting standard on "Segment Reporting" (AS-17) issued by the ICAI, the Company's primary business is manufacturing of Tiles, the tiles business of the Company incorporate product groups i.e. Ceramic Tiles which mainly have similar risk and returns, accordingly there are no separateable segment,

The operation of the Company is in India and all Assets and Liabilities are located in India. And analysis of the sales by Geographical market is given below.

Sr No.	Location	Amount (Rs.)
1	India	53034.90
2	Out side India	1162.96

**6. Related Party Disclosures under : (AS-18)**

During the year the Company entered into transaction with the related parties. Those transactions along with related balances as at 31st March, 2011 and for the year then ended are presented in the following.

List of related parties with whom transaction have taken place during the year along with nature and volume of transactions.

**Associates and Subsidiaries**

**Subsidiaries : NIL**

**Relatives of Key Management Personnel**

Bhogibhai B Patel	Punjabhai Patel
Dhuliben Jivabhai Patel	Bhagubhai Punjabhai Patel
Sureshbhai Jivabhai Patel	Hiraben Bhagubhai Patel
Chhayaben Sureshbhai Patel	Heenaben Kamleshbhai Patel
Bhanuben Mukeshbhai Patel	Danjibhai P Patel
Saunak Mukeshbhai Patel	

**Key Management Personnel**

Hasmukhbhai D. Patel	Kamleshbhai B. Patel
Mukeshbhai J. Patel	Rameshbhai B. Patel

Particulars	Relatives of Key Management Personnel	Key Management Personnel
Purchases	—	—
Loans received	—	—
Loans Paid	228760	500
Sales	—	—
Salary	—	—
Director Sitting Fees	—	75000
Remuneration	—	4620000
Interest Paid	50787	—
Rent Received	612000	158100
<b>Grand Total</b>	<b>891547</b>	<b>4853600</b>
<b>Year End Balance</b>	<b>247082</b>	<b>300631</b>

**7. Contingent Liabilities : (AS-29)**

In view of the Accounting Standard issued by ICAI "Provisions and Contingent Liabilities" (AS-29), following contingent liabilities have been identified which have not been provided for in the books of accounts.



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Particulars	Amount (RS.In Lacs)
a Bank Guarantee	1216.50
b Custom Duty which may arise if obligation for exports is not fulfilled against import of capital goods under EPCG.	435.59
c Claims against the Company / Disputed Liabilities not acknowledged as Debts	
Sales Tax demands against which Company has preferred appeal.	120.28
Excise Duty claim by DGCEI-Ahmedabad	2043.18
Income tax	2746.20
Consumer Cases	16.51
d Letters of Credit opened with Bank	78.16

- 1) The Company has filed appeal with Joint Commercial Tax commissioner Appeals for sales tax of Rs.4507857 and Rs.1962743 of the year 2003-04 and 2004-05 respectively. The dispute is regarding set off against the purchase of fuel not allowed by the Sales Tax Department; however Gujarat High Court has given the decision in favour of M/s Ameenpigment Ltd and hence the Company has filed appeal on the basis of this decision.

**Further the Company has filed appeal with First Appellate Authority for VAT/CST of Rs.55,57,590/-for the year 2006-07 relating to the Input Vat Credit receivable and pending "C"and "F" form.**

Disputed Income Tax liability of Rs.2746.20 lacs for various assessment years for which department has preferred appeals at higher levels. Out of these, liabilities to the extent of Rs.192.74 lacs have remained pending after CIT (Appeals) order effect. The Company has already paid Rs.192.74 lacs. towards remaining disputed liabilities and there is no disputed amount remains unpaid.

**8. Derivative Instruments:**

The Company has entered into forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the India Rupee. The counter parties to such forward contracts are banks.

The category-wise outstanding position of derivatives instruments as on 31-03-11 are as under:

Nature	Particulars of Derivaties				Purpose
	As at March 31,2011 ( Rs. In Lacs)		As at March 31,2010( Rs. In Lacs)		
	Amount (Rs. in Lacs)	Foreign Currency (in Lacs)	Amount (Rs. in Lacs)	Foreign Currency (in Lacs)	
Foreign Currency Loan	2949.97	USD 62.60	7538.12		Hedging of Loan-Forward Contract

The details of foreign currency exposures those are not hedged by a derivate instrument i.e forward contract are as under:

Nature	As at March 31,2011 ( Rs. In Lacs)		As at March 31,2010( Rs. In Lacs)	
	Amount (Rs. in Lacs)	Foreign Currency (in Lacs)	Amount (Rs. in Lacs)	Foreign Currency (in Lacs)
	Buyer's Credit	2750.18	EURO 11.56 USD 45.22	1507.80

Schedules referred to above forming part of the Accounts  
As per our audit Report of even date

**A. L. Thakkar & Co.**  
*Chartered Accountants*  
FRN : 120116W

**Sanjiv Shah**  
*Partner*  
M.No. 42264  
Place : Ahmedabad  
Date : 12th August, 2011

**Renuka Upadhyay**  
*Company Secretary*

For and on behalf of  
Asian Granito India Limited

**Kamleshbhai B. Patel** *Chairman & Managing Director*

**Mukeshbhai J.Patel** *Managing Director*

Place : Ahmedabad  
Date : 12th August, 2011



**BALANCE SHEET ABSTRACT & GENERAL BUSINESS PROFILE OF THE COMPANY**

(Rs. in Thousand)

<b>I. REGISTRATION DETAILS</b>	
Registration No.	27,025
State code	04
Balance sheet Date	31.03.2011
<b>II. CAPITAL RAISED DURING THE YEAR [RS. IN '000]</b>	
Public Issue	Nil
Right Issue	Nil
Preferential Allotment	Nil
Bonus Issue	Nil
<b>III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS [RS IN '000]</b>	
Total Liabilities	45,74,349
Total Assets	45,74,349
<b>Sources of funds:</b>	
Paid-up capital	2,10,613
Reserves & Surplus	20,29,170
Secured Loans	14,53,282
Unsecured Loans	87
Deferred Tax Liability	1,57,828
<b>Application of funds:</b>	
Net fixed Assets	18,93,525
Investments	—
Net Current Assets	19,28,164
Misc. expenditure	29,291
<b>IV. PERFORMANCE OF THE COMPANY [RS IN '000]</b>	
Turnover	54,19,785
Total Expenditure	53,42,451
Profit/Loss before Tax	2,64,075
Profit/Loss after Tax	2,00,944
Earning per share in Rs.	9.54
<b>V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY</b>	
<b>Product Description</b>	<b>Item Code No.</b>
Ceramic Glazed Wall & Floor Tiles	6 9 0 8 9 0 9 0
Vitrified Tiles	6 9 0 7 1 0 1 0
Marble Slabs & Tiles	6 8 1 0 1 9 9 0

Schedules referred to above forming part of the Accounts  
As per our audit Report of even date

**A. L. Thakkar & Co.**  
*Chartered Accountants*  
FRN : 120116W

**Sanjiv Shah**  
*Partner*  
M.No. 42264  
Place : Ahmedabad  
Date : 12th August, 2011

**Renuka Upadhyay**  
*Company Secretary*

For and on behalf of  
Asian Granito India Limited

**Kamleshbhai B. Patel** *Chairman & Managing Director*

**Mukeshbhai J. Patel** *Managing Director*

Place : Ahmedabad  
Date : 12th August, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and Extra-ordinary items	2,640.75	2,582.88
Adjustment:		
Depreciation	1,898.19	1,519.53
Deferred Revenue Expenditure written off	136.80	152.26
Preliminary Expenses Amortised	131.07	131.41
Loss on sale of Fixed Assets	3.21	(0.86)
Interest and Finance Charges	1,335.86	955.53
Interest and Other Income	(42.59)	48.38
Profit on sale of Investments	(0.26)	
Dividend on Mutual Fund	(2.02)	
<b>Operating Profit before working Capital changes</b>	<b>6,101.01</b>	<b>5,389.13</b>
Adjustment for		
Trade and other Receivables	(1,919.78)	(1,312.64)
Loans and advances	320.47	327.30
Inventories	(1,288.60)	(2,113.41)
Trade Payables	(178.59)	2,095.74
<b>Cash generated from operation Before Income Tax Paid</b>	<b>3,034.51</b>	<b>4,386.12</b>
Direct Taxes / Fringe Benefits Tax Paid	(547.51)	(516.49)
<b>NET CASH FROM OPERATING ACTIVITIES [ A ]</b>	<b>2,487.00</b>	<b>3,869.63</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(2,205.15)	(4,423.13)
Increase/Decrease in Investments	5.00	-
Interest and Other Income	42.59	(48.38)
Sale of Fixed Assets	1.72	
Miscellaneous Expenditure	(33.52)	(260.91)
Dividend Received	2.02	-
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES [ B ]</b>	<b>(2,187.34)</b>	<b>(4,732.42)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Secured Loans	824.87	3,610.14
Proceeds from Unsecured Loans	(3.02)	(849.70)
Interest and Finance Charges	(1,335.86)	(955.53)
Final Dividend Paid (Including Dividend Tax)	(246.40)	
<b>NET CASH FROM FINANCING ACTIVITIES [ C ]</b>	<b>(760.41)</b>	<b>1,804.91</b>
<b>NET INCREASE IN CASH AND CASH EQUILENTS [ A+B+C ]</b>	<b>(460.75)</b>	<b>942.12</b>
Cash and Cash Equilents As at 1st April 2010	2,172.83	1,230.71
Cash and Cash Equilents As At 31st March 2011	1,712.08	2,172.83

Schedules referred to above forming part of the Accounts  
As per our audit Report of even date

**A. L. Thakkar & Co.**  
Chartered Accountants  
FRN : 120116W

Sanjiv Shah  
Partner  
M.No. 42264  
Place : Ahmedabad  
Date : 12th August, 2011

Renuka Upadhyay  
Company Secretary

For and on behalf of  
Asian Granito India Limited

Kamleshbhai B. Patel *Chairman & Managing Director*

Mukeshbhai J. Patel *Managing Director*

Place : Ahmedabad  
Date : 12th August, 2011



**ASIAN GRANITO INDIA LIMITED**

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

**ATTENDANCE SLIP**

**SIXTEENTH ANNUAL GENERAL MEETING - Thursday, 29th September, 2011 at 10.30 A.M.**

Folio No./DP ID : \_\_\_\_\_

Client ID : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

I certify that I am a registered equity shareholder / Proxy for the registered equity shareholder of the Company. I hereby record my presence at the 16th Annual General Meeting of the Company will be held at AMA Hall, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015.

\_\_\_\_\_  
Member's/Proxy's name in BLOCK letters

\_\_\_\_\_  
Member's/Proxy's Signature

Note : (Please fill in this Attendance slip and hand it over at the entrance of the meeting hall.)

----- **Tear Here** -----

**ASIAN GRANITO INDIA LIMITED**

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

**PROXY FORM**

**SIXTEENTH ANNUAL GENERAL MEETING - Thursday, 29th September, 2011 at 10.30 A.M.**

I/ We \_\_\_\_\_ of \_\_\_\_\_ of being  
a member/members of the above named Company hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ or failing him/her \_\_\_\_\_ of  
\_\_\_\_\_ in my/ our absence to attend and vote for me/us and on my/our behalf at the 16th  
Annual General Meeting of the Company to be held on 29th September,2011 at 10.30 A.M. and any adjournment thereof.

Signature (s) \_\_\_\_\_  

Affix 1  
Rupee  
Revenue  
Stamp

 \_\_\_\_\_

Date : \_\_\_\_\_

LF No./DP ID : \_\_\_\_\_

Client ID : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

Note: The proxy must be deposited at the Registered Office of the Company 48 hours before the meeting.



Himmatnagar Plant



Marble & Quartz Plant



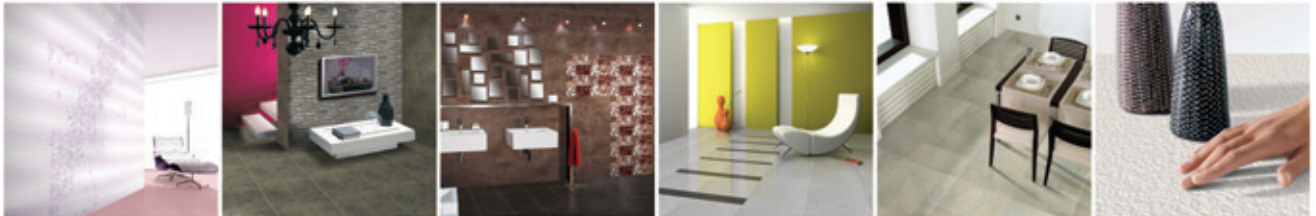
Idar Plant



Asian Nature's Fresh



# Book-Post



## GRESTEK NXT

Now Asian Granito India Limited is all set to revolutionize the tiles industry with its new high end product named 'Grestek Nxt'. The digital printing innovation on the tiles, it will become a dawn of digital printing technology in the tile world. Let's welcome this new arena of your imaginations on tiles with 'Grestek Nxt' from Asian Granito India limited....!!!

So go ahead & savour the digital delight from ASIAN....

## GRESTEK

To the serenity and harmony of your interiors, we add a range of vitrified tiles made up of those special textures, a feel of which always lingers in your memory. This creative expression - GRESTEK is dynamic yet so gentle that it will soothe your soul.

A GRESTEK habitat is symbolic of enigmatic living spaces and a practical interpretation of what contemporary is all about

## CERAMIC WALL TILES

Asian presents a breath taking range of wall tiles. Each design is so unique that it will make your wall a masterpiece. Made from finest quality imported raw materials, this rectified white body tiles promise impeccable strength, quality and finish combined with brilliant shine and beautiful seamless look.

Available size:  
300x900mm,  
300x600mm,  
300x450mm,  
250x400mm &  
300x300mm (Designer Concepts complete with Highlighters & Listel)

## VITRIFIED TILES

Asian vitrified tiles collection truly defines elegance. It exudes beauty & gives a special charm to place. Exquisite designs set with supreme quality create an inimitable collection. These tiles are made in state of art plant equipped with Italian Machines and Technology. The tiles are pressed in ITALIAN SACMI PRESS 4600 tons, fired at approximately 1200\*c, and polished with a 42 head polishing machines.

Available size: 605x605mm - Mirror Polished, Satin, Matt, Full Body, Nano Polish.

925x925mm - Mirror Polished, Nano tech polished.

## CERAMIC FLOOR TILES

Available in exhaustive range and designs Asian ceramic tiles are products at par. This product range offer different size options like 618x618mm - Satin, Matt, Glossy, Wooden Collection, Rustic, 397x397mm - Satin Matt, Glossy, Rustic.

Besides we also have an exciting new range of rustic cladding product to suit the varied taste of interior for clients in size: 165x504mm

## MARBLE STONE & QUARTZSTONE

A collection that incarnates royalty! Bringing back the luxury and splendor of marble in your life style, marble stone collection uses the finest quality ingredients & offers unmatched quality with feel of magnificence.

Available in 10x4 feet slabs in enchanting colors



If undelivered, please return to:

Asian Granito India Ltd.

Regd. & Corp. Office: 202, Dev Arc, Opp. Iskcon Temple, S.G. Highway, Ahmedabad-380 015. Gujarat, India. Tel.: +91-79-66125500/698, Fax: +91-79-66125600/66058672

e-mail: info@asiangranito.com, exports@asiangranito.com, website: www.asiangranito.com

ASIAN WORLD: Ahmedabad: 079-66125500/698, Bangalore: 080-32900752, Chandigarh: 0172-4002383, Chennai: 044-42024658, Coimbatore: 0422-4368644/4368744, Calicut: 0495-3205033, Gandhinagar: 079-29289771, Godhra: 02672-262236, Himatnagar: 02770-304288, Hyderabad: 040-65445611, Indore: 0731-4006670, Jaipur: 0141-2742531, Kochi: 0484-3219382, Kolkata: 033-22821140, Mumbai: 022-32942757, Morbi: 02822-325854, New Delhi: 011-66038800, Pune: 09370916886, Rajkot: 9909955165, Surat: 9909019338, 0261-2329445.