

29th Annual Report 2016-17



Aro granite industries ltd.
(100% Export Oriented Unit)





Board of Directors



Sunil K Arora
Managing Director

Dinesh Chandra Kothari
Director

Rahul Gupta
Director

Sujata Arora
Director

K Raghavendra Acharya
Executive Director

Vanita Sood
Director

Kanwaljit Singh
Director

Company Secretary

Sabyasachi Panigrahi

Chief Financial Officer

S. Sundararajan

Statutory Auditors

M/s Alok Mittal & Associates, New Delhi

Internal Auditors

M/s Sreekantha & Co., Hosur

Secretarial Auditor

Ms. Latika Jetley, New Delhi

Bankers

Bank of Baroda

The Hongkong and Shanghai Banking Corporation Limited

Registered Office

1001, 10th Floor, DLF Tower A,

Jasola, New Delhi 110 025, India

Phone: 91-11-41686169

Fax: 91-11-26941984

E-mail: investorgrievance@arotile.com

Website: www.arotile.com

CIN: L74899DL1988PLC031510

Corp. Off. & Works

Koneripalli Village, Via: Shoolagiri,

Taluk: Hosur,

Dist. Krishnagiri,

Tamil Nadu 635117, India

Tel: 91-4344 252100

Fax: 91-4344 252217

Registrar & Share Transfer Agent

M/s Alankit Assignments Ltd

Alankit Heights, 4E/2, Jhandewalan Extension

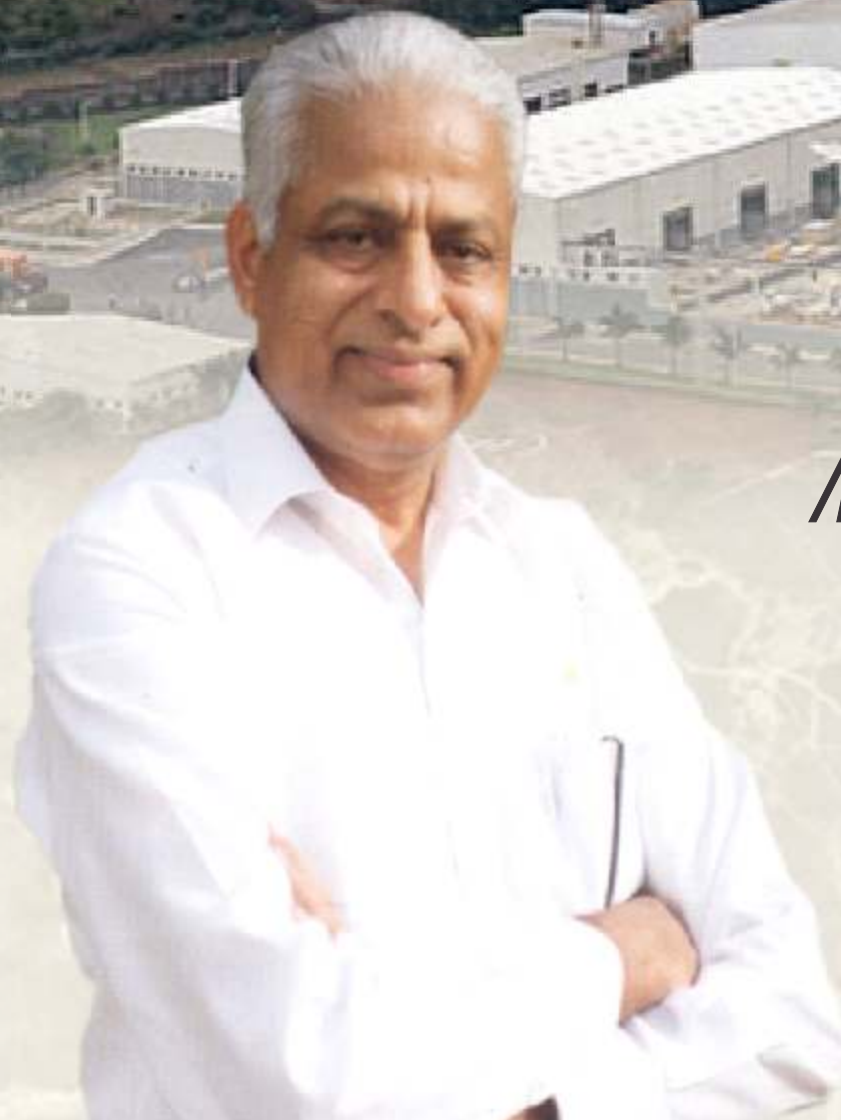
New Delhi 110055

Scrip Codes

BSE Limited: 513729

National Stock Exchange of India Limited: AROGRANITE/EQ

ISIN No.: INE210C01013



From the desk of the Managing Director

Dear Stakeholders,

FY2016-17 was a challenging year for natural stone industry. In spite of many headwinds it has turned out to be a reasonably good year for Aro Granite Industries. We were successful in improving the profitability of our business after a particularly challenging FY2015-16.

Our display warehouse got fully operational during the year which was instrumental for us to remain profitable in this challenging environment. Our volumes fell by 4.17% to 6.2 lakh Sqm but our revenue increased by 10.70% to Rs.238 Cr, indicating a better product mix. In the Slab segment our revenues increased by 15.40% to Rs 202 Cr during the year. The tiles segment though remained challenging during the year and the revenue dropped by 10.40% to Rs 36 Cr. Competitive pricing from other products like engineered stone and porcelain impacted the volumes in Tiles.

Our warehouse has given us a competitive edge over our competitors. It helped us increasing our products under display and in a way it has become our USP. Our clients really like the way our products are displayed and we have seen an uptick in slab purchases by those customers who spend some time at our warehouse. It has also reduced the time consumed by our clients during selection of slabs across various designs and colours.

During the year we started our CUT-TO-SIZE segment by installing 2 CNC bridge cutting machines. We participated in international bids for many real estate commercial projects and successfully generated business for this division. As a conscious strategy we are gradually ramping up our production so that our team gets used to delivering the right quality product on time. Many other companies have spoiled their reputation by taking large orders and subsequently underperformed in the fulfillment of the orders, a scenario we want to avoid at all costs. We are very optimistic about this segment and over the next 2 years aim to scale it to 15-20% of our overall business. The margins in this segment are much higher and over time this will help us improve our overall margins.

Business environment was tough during the year. In our exports markets preference for engineered stone (Quartz and Porcelain), dominance of Brazilian granite and declining interest in coloured materials impacted the prospects of our company. Number of granite shades in demand has reduced significantly. Earlier there was demand for 40-50 shades which has reduced to only 10-12 shades now. Only the white, grey and black colours are in vogue as per current trends. The competition in buying blocks of these shades are intense as good quality blocks in these shades are scarce.

Our business increased in Germany, Libya and Japan. We forayed into new market like Singapore, Vietnam, Slovakia, Serbia and Croatia. The markets in US has been challenging due to increased competition from Brazilian granite and severe price erosion. This year we shifted our focus to Europe which contributed more than 40% in our revenues. Europe is favourable

market for company as the Brazilian colours are not that popular there and also granite is more in demand than quartz.

We took various steps for cost optimisation and one such initiative was to reduce our power cost. Our regular power requirement is 5 MWh. Earlier we were buying the entire power from TNEB at prescribed tariffs. Now we have signed a contract for wind power supply with a private party under the open access scheme. We are hopeful that this new arrangement is likely to save us Rs.10-11 lakhs a month for 11 months of the year. For the month of April alone we must draw power from TNEB.

Domestic sales are 8% of our revenue. These sales were impacted during the year by demonetisation and Kaveri water issue. Protest over the Kaveri water issues impacted the movement of our products and delayed our shipments and raw material sourcing. It also impacted our Inter State DTA sales as we were unable to dispatch trucks to other states.

The outlook for the new year is uncertain. We face challenges in sourcing the raw blocks as it's a seller's market. Globally the Net realisations of processed granite slabs are declining due to the demand shift to engineered stones. The increased competition from Brazilian granite and the harsh economic environments in some of our core markets make things challenging. To counter these headwinds we will continue to foray into newer markets and go deeper in existing markets. We hope that our cost control measures and focus on new product lines will help us maintain our margins.

Sunil K. Arora
Managing Director

10 Years at a Glance

(Rs. in Lacs)

Description	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Sales	10,141.66	11,610.98	13,113.30	15,022.52	15,920.80	18,725.68	25,133.83	25,477.97	21,558.84	23865.18
EBITDA	1,869.66	2,540.12	2,282.2	2,014.51	2,032.76	2,504.25	3,886.82	3,380.55	2,112.09	3067.7
Depreciation	314.82	427.99	430.48	439.79	417.84	470.00	516.13	858.75	912.09	909.55
Tax	135.21	160.78	235.3	270.17	318.00	380.01	743.83	738.47	312.46	376.02
Profit After Tax	800.19	1,198.28	1,063.97	949.42	877.87	1,125.93	2,109.21	1,668.85	586.14	1262.31
Gross Block	9,371.56	9,424.53	9,513.14	9,901.20	11,904.24	12,490.33	11,869.22	11,406.51	12,193.88	14903.85
Net Worth	7,593.63	9,105.04	9,737.66	1,0491.22	11,250.54	12,261.87	14,192.08	15,469.12	15,865.93	16947.42
Reserves & Surplus	6,891.63	7,996.69	8,701.59	9,471.22	10,230.54	11,241.87	12,662.08	13,939.12	14,335.93	15417.42
Equity Share Capital	702.00	1,108.35	1,036.07	1,020.00	1,020.00	1,020.00	1,530.00	1,530.00	1,530.00	1530.00
Dividend (%)	15	10	10	10	10	10	10	10	10	10
Dividend Payout Ratio (%)	13.16	9.25	9.74	10.74	11.62	9.06	7.25	9.17	26.11	12.12
EPS (Rs)	11.4	10.81	10.27	9.31	8.61	11.04	17.11	10.91	3.83	8.25
Book Value Per Share (Rs.)	108.17	82.15	93.99	102.86	110.30	120.21	92.76	101.11	103.70	110.77
R O C E (%)	10.65	13.30	12.02	9.20	8.00	10.89	12.84	8.83	3.70	8.63
R O N W (%)	10.54	13.16	10.93	9.05	7.80	9.18	14.86	12.26	3.69	7.45



Contents

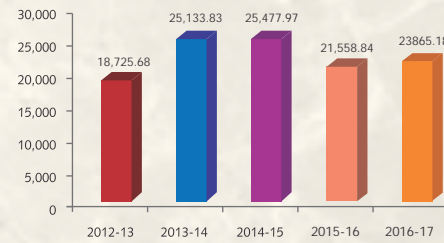
Board of Directors	01
MD's Message	02
Financial Highlights	04
Notice	16
Directors' Report	20
Management Discussion & Analysis	31
Corporate Governance Report	38
Independent Auditors' Report	44
Balance Sheet	48
Profit & Loss Account	49
Cash Flow Statement	50
Notes	51
Significant Accounting Policies	58
Notes to Accounts	58
Annexure-I	62



Financial Metrics

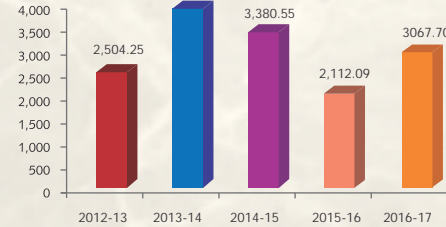
NET SALES

(₹ In Lacs)



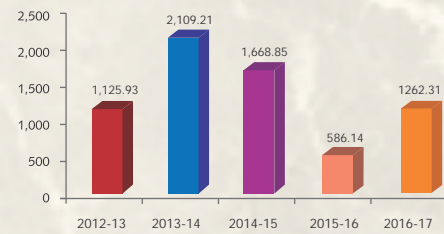
EBDITA

(₹ In Lacs)



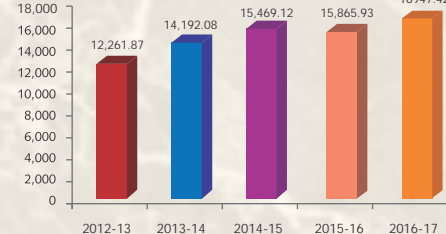
PROFIT AFTER TAX

(₹ In Lacs)



NET WORTH

(₹ In Lacs)

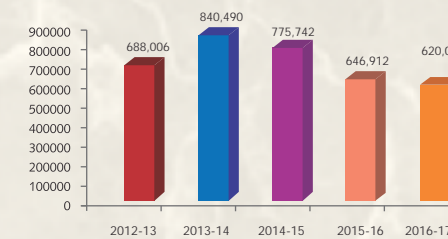


Operating Metrics



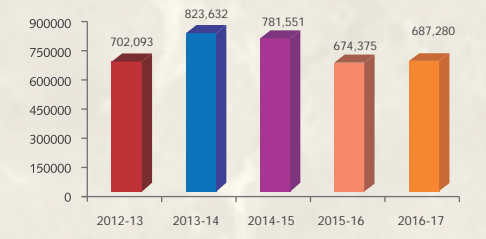
SALES

(In SQM)



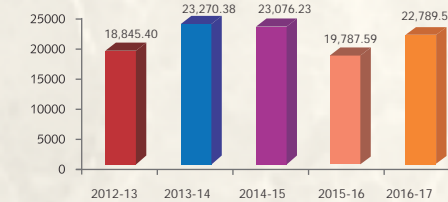
PRODUCTION

(In SQM)

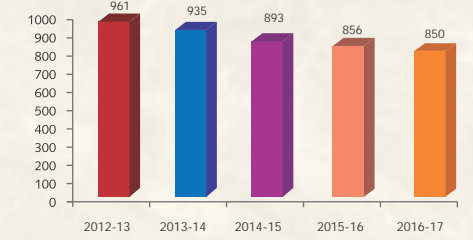


RAW MATERIAL CONSUMPTION

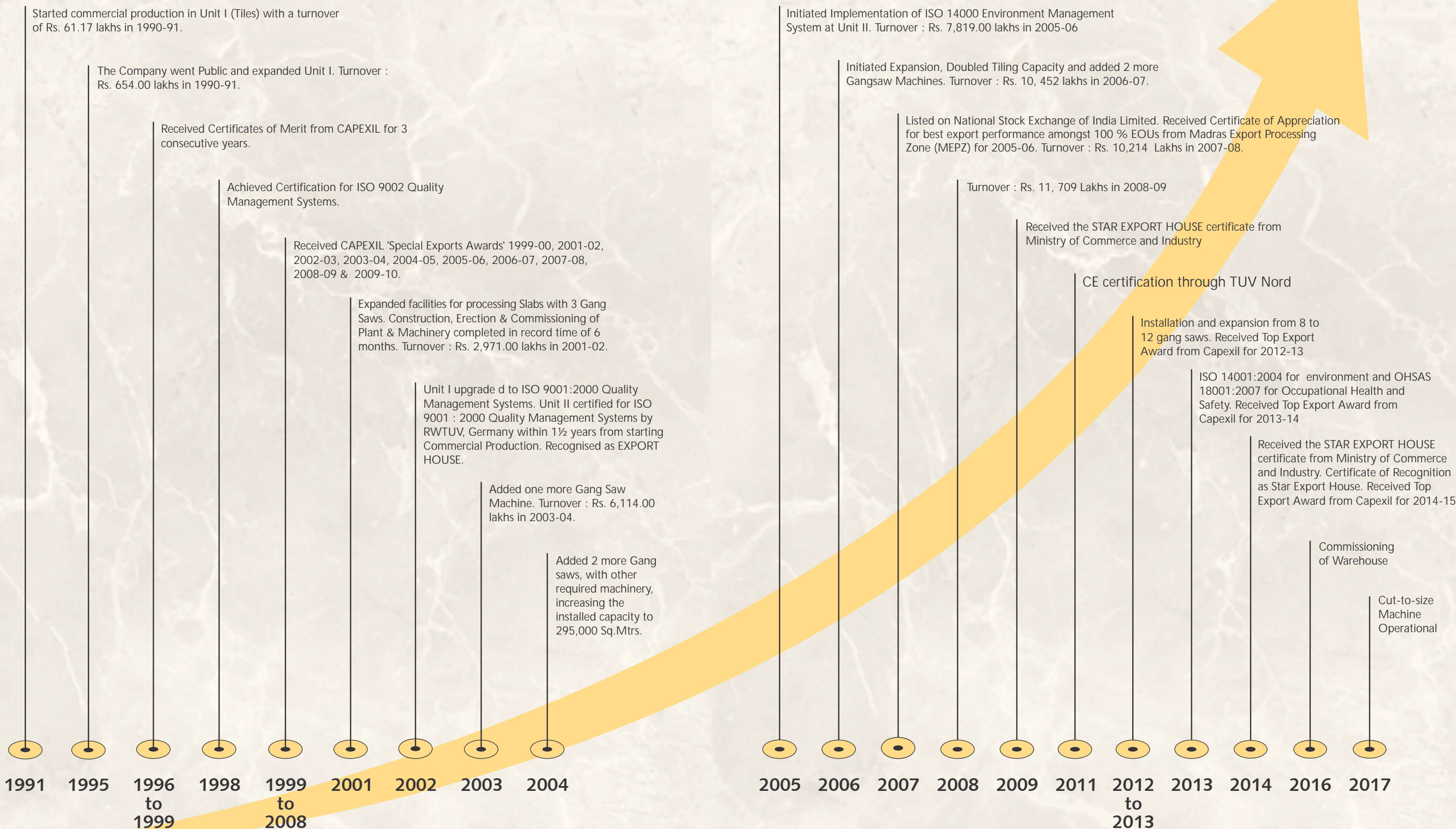
(In CBM)



NO OF EMPLOYEES ON PAYROLLS



Milestones





Q & A with Sahil Arora Corporate Head International Marketing

1. Your performance for the year started on a good note, and then the margins fell. Can you explain what was driving this?

Business in beginning of the year was good. Libya and Lebanon show sign of recovery in the first half of the year. Our strategy to expand in Europe worked well. Our business in Poland and Germany grew well and overall Europe constituted more than 50% of our exports.

In the second half of year we faced 2 major issues that impacted our business. These issues lead to disruption in the sourcing of raw material.

First being Karnataka and Tamil Nadu Dispute over Kavery River water. The borders were closed and commercial vehicles were not allowed to cross the borders. We had extreme disruptions in getting blocks from Karnataka. Our sourcing of Black material was impacted which is one of the most popular stone.



The second issue was Demonetisation. It impacted our sourcing of raw material. Our domestic sales were also impacted. Further Dealers located across India were wary of policy changes that would dampen sales. Demonetisation also affected the real estate industry which is major consumer of our products.

In both events our domestic sales came to a standstill as customers found it difficult to Visit our factory due to border closures, and the uncertainty created from these issues dampened the outlook of domestic business.

2. Your 11,000 sqm warehouse got operational during FY17? What difference did it make to your business?

Our new warehouse made a big difference in our business. It is giving us edge over other players and in a way become our USP. The new warehouse enables us to better display our stocks. The main advantage we see is that customers who visit can see the entire block of a single colour within 10 minutes. Earlier due to a lack of space, we could only show them top slab of The block. Customer could not see the variations and hence not be able to confirm the entire block.

Now we are showing them the entire block and are able to sell full blocks. This helps reduce our inventory and in some cases helps in clearing lower quality bundles from the same block.



3. Rupee has strengthened, what is impact on your financials, do you have any hedging policy?

Rupee has been one of the strongest currencies globally and has appreciated during the year against US Dollar. Over 92% of our sales are in exports market. 75% of our exports sales are US Dollar denominated and 25% are in Euros. Strengthening of Indian Rupee has had a negative impact on our margins.

The price lists for customers is set in advance and we cannot increase prices during the year. This creates a temporary adjustment period as realisations are at a lower value whereas purchase of raw blocks which are Rupee denominated are at a higher value.

We borrow our working capital in PCFC (packing credit in foreign currency) and it gives us natural hedge against currency fluctuation. We repay our USD or Euro denominated loans back when we receive payment from customers.

4. Is the competition from Brazil still high in the global markets? What is your strategy to make yourself more competitive?

The competition from Brazil is mostly in the US market. Due to proximity to USA Brazil accounts for more than 50% of imports of Granite in USA. Brazilian Real has dropped by 40-60% which has given a big competitive advantage to it. It gives Brazilian players room to reduce their product prices significantly. So while Indian granite is more expensive, some of Indian white, grey and black granite shades are in demand in USA. We focus on exclusive stones which are only available in India.

Brazilian colours are not popular outside USA. In Europe, Brazil does not have significant presence. We are focussing on Europe which now contributes more than 50% of our exports as demand for Indian colours is high.

5. How do you see demand for natural stones faring in the global markets? What are the trends that are running across various geographies?

Natural stone is still a majorly used material in the hard surfaces requirements. Especially for kitchen countertop the share of natural stone is 27%. It is as high as 90% in some European countries and as low as 10% in some markets. Granite is also used as a decorative stone and used for interior design of houses. Demand for stone is dependent upon trend in the industry which is set by architects. Currently natural stone is going through a difficult time as the trend established by architects and magazines is that of minimalist and straight line design. This favours neutral tonality colours like white, Grey and black. These colours are in limited supply in India especially after the closure of large quarries in South India. But with the opening of many new quarries in Rajasthan in the white and grey colours, India is still able to supply granite stones in demand.

6. Engineered stone is capturing market share globally? What is driving this trend?

Stones are used for interior decoration where trend is set by architects. Currently white, grey and black colours are very popular among architects and design magazines. There is shortage of white natural stone which is promoting use of alternative material like engineered stones with the required colour shades. .

Further the extremely high cost of many marble and granite stones makes it out of reach for most. Engineered stone is able to capture market by copying the designs of marbles and selling them at lower prices. Engineered stone is getting popular largely in USA, but in Europe natural stone is most popular stone.



7. Do you have plans to diversify in artificial stone segment?

No, we do not have plans to diversify in artificial stone segment. We believe natural stone will never go out of fashion. It will always remain one of the most popular choice of interior or exterior decoration in houses.

We think that engineered stone projects would not be viable for new players. Project cost using Breton technology is Rs. 300Cr. Engineered Stones manufactured by Breton technology are also facing intense competition from China based competitors. Realisation of engineered quartz is declining which acts as a deterrent to set up a new plant. Those companies already present in industry have robust budget and networking channels and have depreciated plants.

We studied the project for Quartz based artificial stone in 2015. At the time the prevailing prices were \$45/m2 (average). The cost of the project was Rs. 300Cr. (\$45 million) using Breton (Italy) technology. However once we completed the project report and feasibility study, the prices had already declined and we realised that such a project would not be profitable in long run, with the declining price trends.



In 2016, some Indian companies invested in Chinese and Chinese Italian hybrid technology which has polishing lines from China. This will increase the supply of engineered stone from India. Competition will bring realisation down further.

There has been rapid advancement in the porcelain slabs technology and there is a big push by porcelain slab companies to take over the engineered stone market. They have already captured 30% of engineering degree stone market in Europe.

8. Do you have plans to participate in auctions and have your own granite mines?

No, we do not have plans to participate in auctions for granite mines. We think quarrying business is highly risky due to uncertainty of output from quarry.

This is because of two reasons.

First success rate in quarrying is very low, i.e. only 1 in 10 quarries is successful. There are multiple factors that drive this, how easy is it to make blocks, cracks fissures running in the quarry and topographical layout of the quarry. If the quarry becomes operational after all of these challenges its colour should be in demand.

Second reason being freedom to choose colours and shades. To buy a particular colour of raw material we visit over 25 quarries at one point and selected only 4-5 as supplier. We cannot have such options if we operate a quarry. Stone from quarry must be consistent, marketable and should have fewer physical defects.

Furthermore most quarries are in the hands of the local strongmen and politically connected people. As an organised company run by outsiders we will find it difficult to operate.

9. Which were the top 5 countries for exports in FY17?

Our top 5 exports destinations contributed 54% of our revenue in FY17. USA was our largest market with 20% share in revenue. Poland was at second number with 15%, Germany at third number with 8% and Libya and Australia fourth and fifth position contributes around 6%.

Our top 10 make up about 75% of our sales. Last year we exported to over 50 countries and so we are well diversified.

10. How has your CUT-TO-SIZE segment fared? Are your margins better in this segment?

During the year we started our CUT-TO-SIZE segment by installing 2 CNC bridge cutting machines. We participated in international bids for many real estate commercial projects and successfully generated business for this division.

As a conscious strategy we are gradually ramping up our production so that our team gets used to delivering the right quality product on time. Many other companies have spoiled their reputation by taking large orders and subsequently underperformed in the fulfillment of the orders, a scenario we want to avoid at all costs. We are very optimistic about this segment and over the next 2 years aim to scale it to 15-20% of our overall business. The margins in this segment are much higher and over time this will help us improve our overall margins.

11. Demonetisation was a big step taken by govt, what was impact of demonetisation on your business?

Our company is 100% export oriented unit (EOU). Currently 92% of our sales are from exports. Impact on sales of company from demonetisation was on remaining 8% of sales in domestic market. We did not see any long lasting material impact on our domestic sales.

However, our dealers located across India were cautious of policy changes that would dampen sales. Demonetisation also impacted the construction and sales in real estate industry which is largest end consumer of granite.

12. Your current indirect taxes are around 43%, under GST rate is 28% for Granite, do you think this reduction in selling price will bring in demand in the Indian market?

GST will increase our working capital requirement. We are a 100% EOU so importing raw material, machinery and consumable were duty free. However, under GST we have to pay GST at prescribed rate and take input credit. Likewise we were exempt from VAT or paying 2% against C form on raw material purchases, but now under GST we have to pay 12% GST on raw material and avail input credit.



On the selling side, our domestic sales are likely to remain at similar volumes as, applicable on DTA sales was 24% Excise Duty + 14.5% VAT or 2% against C Form, effectively making the tax 43% (26 against C form). The GST rate for finished slabs will be 28% after charging BCD exemption etc. This will result in a reduction of less than 1.33% in takes. As the Tax rates are extremely high at 41.18%, selling in the domestic markets will be challenging. However we are hopeful that the GST regime will reduce the Kacha Bill system in the unorganised sector making it a Level Playing Field.



However the hope is that GST will make India a less cash based economy and will create a level the playing field and so will help organised businesses like us in the long run.

INTRA STATE		INTER STATE	
Taxable Value	100	Taxable Value	100
50% of BCD @20%	10	50% of BCD @20%	10
Ed.Cess @2% on BCD	0.2	Ed.Cess @2% on BCD	0.2
SHE. Cess@1% on BCD	0.1	SHE. Cess@1% on BCD	0.1
CGST @14% on (TV + BCD + Edu.Cess + SHE.cess)	15.44	IGST @28% on (TV + BCD + Edu.Cess + SHE.cess)	30.88
SGST @14% on (TV + BCD + Edu.Cess + SHE.cess)	15.44		
Total Tax	41.18	Total Tax	41.18

13. The working capital intensity of the business has increased over the years. What are the steps you are taking to reduce this over time?

The working capital needs has changed with the way business for natural stone is carried out. Earlier our customers would have clear cut buying schedules, programs and plans. They would place orders well in advance enabling to us to plan block purchases at a steady rate. However since 2012 the business has changed to more of a cash and carry model and customers now ask what we have in stock and do not want to wait for blocks to be planned.

Hence we now have to predict the buying trend of each customer and organise blocks accordingly. The new warehouse has enabled us to clearly display all the processed slabs to our customers. This has helped us to sell entire set of blocks and grow our business. The warehouse has also helped us reduce our finished inventory, as we are better able to display and sell entire lots.



Aro granite industries Ltd.

(CIN: L74899DL1988PLC031510)

Regd. Office: 1001, 10th Floor, DLF Tower 'A', Jasola, New Delhi - 110025

Phone: 91-11-41686169, Fax: 91-11-26941984

Website: www.arotile.com, E-mail: investorgrievance@arotile.com

Notice

NOTICE is hereby given that the 29th Annual General Meeting of the members of **ARO GRANITE INDUSTRIES LIMITED** will be held on Monday, the 18th September 2017 at 10.00 A.M. at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi 110003 to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Accounts for the financial year ended 31st March 2017 and the Reports of the Directors and Auditors thereon.
- 2 To declare dividend.
- 3 To appoint a Director in place of Sujata Arora, who retires by rotation and being eligible, offers herself for re-appointment.
- 4 To consider and, if thought fit to pass, with or without modification(s), the following as **Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act 2013 (the Act) and The Companies (Audit and Auditors) Rules 2014 including any statutory modification(s) or re-enactment thereof for the time being in force, M/s VAPS & Co., Chartered Accountants, New Delhi (Firm Registration No 003612N) be and is hereby appointed as the Statutory Auditors of the Company in place of the retiring Auditors M/s Alok Mittal & Associates, Chartered Accountants, (Firm Registration No. 005717N) for a period of five years from the conclusion of twenty-ninth Annual General Meeting till the conclusion of the thirty-fourth Annual General Meeting to be held in the year 2022 subject to ratification at every subsequent Annual General Meeting, on such remuneration as may be determined by the Board of Directors in consultation with the Auditors.

RESOLVED FURTHER THAT to give effect to above resolution, the Board of Directors of the Company be and is hereby authorized for and on behalf of the Company to take all necessary steps and to do all such acts, deeds, matters and things which may deem necessary in this behalf."

For & on behalf of the Board

Place: Hosur

Date: 22nd July, 2017

(Sunil K. Arora)
Managing Director

NOTES:

- 1 **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/ authority, as applicable.
- 2 The Share Transfer Books and Register of Members of the Company shall remain closed from **12.09.2017 to 18.09.2017 (Both days inclusive).**
- 3 The Dividend @ 10% (Re. 1/- per Equity Share of Rs. 10/- each) as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those Members whose name shall be borne on the Company's Register of Members on 18.09.2017 or to their mandatees. In respect of the shares held in dematerialised form, dividend will be paid on the basis of details of beneficial ownership to be received from the Depositories for the purpose.
- 4 Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars etc. from the Company electronically.
- 5 **Voting through electronic means (E-Voting)**

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and as substituted by the Companies (Management and Administration) Amendment, Rules 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members facility to exercise their right to vote at the 29th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). E-voting is optional.

The instructions for members for voting electronically are as under:

- (i) The voting period begins on 15th September 2017 at 10.00 a.m. and ends on 17th September 2017 at 5.00 p.m. During this period shareholders of the Company holding shares either in physical form or in dematerialised form as on cutoff date of 11.09.2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholder/Member
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on **"SUBMIT"** tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on **Aro granite industries Ltd.**
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on **"SUBMIT"**. A confirmation box will be displayed. If you wish to confirm your vote, click on "OK" else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the Captcha Code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Stores and the Windows Phone Stores respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non-Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) Any person who acquires shares of the Company and become a Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e **11th September 2017** may follow the same instructions as mentioned above for e-voting.

(xxi) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the **cut off date i.e. 11th of September 2017**.

(xxii) Ms. Latika Jetley, Practising Company Secretary (CP No. 3074) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(xxiii) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than two days of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.

(xxiv) The Result shall be declared after the AGM of the Company. The result declared along with the Consolidated Scrutinizer's Report shall be placed on the Company's website www.arotile.com and on the website of CDSL immediately.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

6. As per Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 brief resume of Smt. Sujata Arora, whose appointment as Director liable to retire by rotation (proposed at Item No. 3) is given hereunder:

Smt. Sujata Arora is a graduate from Institute of Home Economics, Delhi. She does not hold any other Directorship. She holds 589572 (3.91%) Equity Shares in the Company.



FOR THE ATTENTION OF THE SHAREHOLDERS

1. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Annual General Meeting.
2. Please check the pin code in the address slip printed on the envelop and advise correction, if any therein. Also please do indicate the pin code number of your delivery post office while notifying change in your address to the Company where shares are held in physical form.
3. Transferee(s) seeking transfer of shares in physical form should furnish copy of PAN card to the Company/RTA for registration of transfers.
4. Shareholders having multiple folios are requested to write to the Company for consolidation of the Folios to save the administrative or servicing costs.
5. Requests for transfer of Shares and related correspondence should be addressed to the Company's **Registrar & Share Transfer Agent M/s Alankit Assignments Limited, Alankit House, 4E/2, Jhandewalan Extension, New Delhi 110055**. The shareholder may approach their Depository Participant for getting their shares dematerialised and in respect of the shares already held in dematerialised mode for registration of change in their addresses, bank mandates and nominations etc. For any further clarifications and other matters kindly write to the **Company Secretary at 1001, 10th Floor, DLF Tower A, Jasola, New Delhi 110025 or E mail: investorgrievance@arotile.com**. Please quote your folio no/DP ID/Client ID and number of shares for prompt attention.
6. The Members are requested to furnish to the Company their Bank particulars to enable the Company to directly credit the dividend amount in their Account through **Electronic Clearing Services**. Members are also requested to advise details of their Bank Account i.e. name and address of their Bank, Account No. and name of account Holder(s) for printing on the Dividend Warrants to avoid fraudulent encashment thereof.
7. **Transfer of Unclaimed Dividend to Investor Education and Protection Fund:** Pursuant to Section 125 of the Companies Act 2013, the unclaimed dividend for financial year ended 31.03.2010 will be transferred to the Investor Education and Protection Fund. Therefore those shareholders who have not yet encashed the dividend warrants may write to the Company for revalidation/issue of fresh dividend warrants quoting their folio no/DP ID/Client ID. Shareholders who have not encashed their dividend warrants for the financial years 2010-11 to 2015-16 are requested to send the same for revalidation to the Company at the address given at point No. 5 above.
8. **Nomination:** Pursuant Section 72 of the Companies Act, 2013 individual Shareholders holding shares in the Company singly or jointly may nominate an individual to whom all the rights in the shares in the Company shall vest in the event of death of the sole/all joint Shareholders.
9. **Dematerialisation of Share and Liquidity:** Members may in their own interest consider dematerialisation of their shareholding in the Company held in physical form through their respective Depository Participants with one of the Depositories, namely, NSDL and CDSL. Company's ISIN No. is INE210C01013.
10. Pursuant to Section 101 of the Companies Act 2013 and the Rules made there under, the Company is permitted to send various notice/documents under the Companies Act 2013, to its shareholders, through electronic mode. We request to Members to support this initiative and register their E-mail addresses in respect of shares held in: (1) dematerialised mode, with their Depository Participants; and (2) physical mode with Alankit Assignments Limited (RTA). Please quote the following particulars in the E-mail Registration Request: Folio No./DP ID –Client ID, PAN, Name (s) of Registered Holder(s), Address, Telephone and E-mail Address (to be registered for sending future communications through E-mail) and send the same under your signature(s).
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

Green Initiative in Corporate Governance: Register E-mail Address

The Ministry of Corporate Affairs has now permitted companies to send various notices/documents under the Companies Act, 2013 to its shareholders, through electronic mode. We request the Members to support this initiative and register their E-mail addresses in respect of shares held in: (1) dematerialized mode, with their Depository Participants; and (2) physical mode with Alankit Assignments Ltd. (RTA). Please quote the following particulars in the E-mail Registration Request : Folio No./DPID-Client ID, PAN, Names (s) of Registered Holder(s), Address, Telephone and E-mail Address (to be registered for sending future communications through E-mail) and send the same under your signature(s)

Directors' Report

The Directors' have pleasure in presenting the 29th Annual Report together with Audited Accounts of the Company for the year ended on 31st March 2017.

FINANCIAL RESULTS

(Rs. in lacs)

	31.03.2017	31.03.2016
Gross Profit before Depreciation	2547.88	1590.32
Depreciation	909.55	912.08
Profit before Tax	1638.33	678.24
Provision for Tax	-	-
Current	640.21	312.46
- MAT Credit	243.94	132.39
- Deferred	(20.25)	(87.97)
Surplus available for appropriation	1262.31	586.14
Dividend (including Dividend Tax)	184.15	184.15
Amount transferred to General Reserve	200.00	200.00
Surplus carried to Balance Sheet	878.16	201.99

WORKING RESULTS

FY 2016-17 was a challenging year for natural stone industry. In spite of many difficulties it has turned out to be a reasonably good year. We were successful in improving the profitability of our business after a particularly challenging FY2015-16. Our display warehouse got fully operational during the year which was instrumental for us to remain profitable. Our volume fell by 4.17% to 6.2 lakh Sqm but our revenue increased by 10.70% to Rs. 238.00 Crores, indicating a better product mix. In the Slab segment our revenues increased by 15.40% to Rs 202.00 Crores during the year. The tiles segment though remained challenging during the year and the revenue dropped by 10.40% to Rs 36.00 Crores. Our warehouse has given us a competitive edge over our competitors. It helped us increasing our products under display and in a way it has become our USP. During the year we started our CUT-TO-SIZE segment by installing 2 CNC bridge cutting machines. We participated in international bids for many real estate commercial projects and successfully generated business for this division. As a conscious strategy we are gradually ramping up our production so that our team gets used to delivering the right quality product on time. We are very optimistic about this segment and over the next 2 years aim to scale it to 15-20% of our overall business. The margins in this segment are much higher and over time this will help us improve our overall margins.

We took various steps for cost optimisation and one such initiative was to reduce our power cost. Our regular power requirement is 5 MWh. Earlier we were buying the entire power from TNEB at prescribed tariffs. Now we have signed a contract for wind power supply with a private party under the open access scheme. We are hopeful that this new arrangement is likely to save us Rs.10-11 lakhs a month for 11 months of the year. For the month of April alone we must draw power from TNEB. Domestic sales are 8% of our revenue.

DIVIDEND

Your Directors have recommended a dividend of Re. 1/- (i.e. 10%) per Equity Share of Rs. 10/- each (last year Re. 1/- per Equity Share) for the financial year ended 31st March 2017 amounting to Rs.184.15 lacs /- (inclusive of tax of Rs. 31.15 lacs). The Dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The dividend will be paid to the members whose name appear in the Register of Members as on 18.09.2017 and in respect of shares held in dematerialised form, it will be paid to members whose name is furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as beneficial owners as on that date.

FIXED DEPOSIT

The Company has not accepted any fixed deposit from the public.

LOANS, GUARANTEES AND INVESTMENTS

The Company has not granted any Loans, Guarantees and made any Investments during the year.

RELATED PARTY TRANSACTIONS

All contracts/arrangements and transactions entered by the Company with related parties were in ordinary course of business and on arm's length basis. Your Directors draw attention of the members to Notes to accounts of financial statement which sets out related party disclosures. The Related Party Transactions Policy as approved by the Board is available on the website of the Company www.arotile.com.



DIRECTORS

Shri Kasturi Lal Arora resigned from Board of Directors of the Company with effect from 25th January, 2017. The Board records its appreciations for the valuable services contributed by him.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) of the Companies Act, 2013, your Directors state that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) the internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- f) the proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company which has been approved by the Board. The CSR policy may be access from the website of the Company i.e. www.arotile.com. The Annual Report on CSR activities is annexed herewith marked as **Annexure I**.

AUDITORS AND AUDITORS' REPORT

(a) Statutory Auditor

M/s Alok Mittal & Associates, Chartered Accountants, Statutory Auditors of the Company, has completed the tenure as permissible under Companies Act 2013. The new Statutory Auditor will be appointed in place of the retiring auditor in due course of time. The Notes on the financial statements referred to in the Auditors' Report are self explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservations or adverse remark.

(b) Secretarial Auditor

Practising Company Secretary Ms. Latika Jetley (CP No. 3074) appointed as the Secretarial Auditor by the Board for the financial year 2016-17 to conduct the Secretarial Audit. The Secretarial Audit Report for the year 2016-17 is annexed herewith as **Annexure II**. The Secretarial Audit Report does not contain any qualification, reservations or adverse remark.

(c) Internal Auditor

The Board has appointed M/s Sreekantha & Co., Chartered Accountants, Hosur as the Internal Auditor of the Company for the year 2016-2017.

Auditors' Certificate on Corporate Governance

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Auditors' Certificate on Corporate Governance is enclosed as **Annexure III** to the Boards' Report. The Auditors' Certificate for the year 2016-17 does not contain any qualifications, reservations or adverse remarks.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the period under review, there were no significant and material orders passed by the Regulators or courts or tribunals which would impact the going concern status of the Company and its future operations.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required as per the provisions of Companies Act 2013 and Rules there under is annexed herewith in **Annexure IV** and form part of this report.

EXTRACT OF THE ANNUAL RETURN The Extract of annual return of the Company in form MGT 9 is annexed herewith as **Annexure V** to this report.

PARTICULARS OF REMUNERATION

Statement of particulars of employee pursuant to the provisions of section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March 2017.

Employed throughout the year, ended 31st March 2017 in receipt of remuneration not less than One Crore two Lakh rupees per annum.

Name	Age	Qualification	Experience	Date of Commencement Employment	Designation	Remuneration	Last Employment
Mr. Sunil K Arora	59 Years	B.Sc	30 Years	03.05.1988	Managing Director	17080509	Since Inception

Pursuant to the provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the details regarding the ratio of remuneration of each Director to the median employee's remuneration and such other details as required therein are as under:

- The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year: The Board of Directors of the Company comprises of Non-executive Directors who has been paid commission in the form of Remuneration and sitting fee from the company.

Sl. No.	Name	Ratio to median remuneration
1.	Shri Sunil K Arora, Managing Director	699.849
2.	Shri Kasturi Lal Arora	32.052
3.	Shri Dinesh Chandra Kothari	1.844
4.	Shri Rahul Gupta	7.785
5.	Shri Kanwaljit Singh	7.785
6.	Smt Sujata Arora	46.617
7.	Shri K Raghavendra Acharya, Executive Director	62.321
8.	Smt Vanita Sood	4.097

- The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary, in the financial year: The Board of Directors of the Company comprises of Non-executive Directors who has been paid Commission and sitting fee from the company.

Sl. No.	Name	% Increase in Remuneration
1.	Shri Sunil K Arora, Managing Director	18.61
2.	Shri Kasturi Lal Arora	1322.29
3.	Shri Dinesh Chandra Kothari	-70.97
4.	Shri Rahul Gupta	-5.00
5.	Shri Kanwaljit Singh	90.00
6.	Smt. Sujata Arora	712.67
7.	Shri K Raghavendra Acharya, Executive Director	4.51
8.	Smt. Vanita Sood	-4.76
9.	Shri Sabyasachi Panigrahi, Company Secretary	4.51
10.	Shri S Sundara Rajan, CFO	4.51

- The percentage increase in the median remuneration of employees in the financial year: (-) 19.36.
- The number of permanent employees on the roll of company: 139
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year ended 31st March 2017 was 6.92%.
- The Company affirms that the remuneration is as per the remuneration policy of the Company.

CORPORATE GOVERNANCE including details pertaining to Board Meetings, Nomination and Remuneration Policy, Audit Committee and Vigil Mechanism

Your Company re-affirms its Commitment to the highest standards of Corporate Governance practices. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.



The Corporate Governance Report which form part of this report also covers the following:

- a) Particulars of the Four Board Meetings held during the financial year under review.
- b) Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management.
- c) The details with respect to composition of Audit Committee and establishment of Vigil Mechanism.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements and no material reportable weakness was observed in the system. Further, the Company has in place adequate internal financial controls commensurate with the size and nature of its operations. The Company also has robust Budgetary Control System and Management Information System (MIS) which are backbone of the Company for ensuring that your Company's assets and interests are safeguarded.

LISTING

The Equity Shares of the Company are listed in BSE Limited and National Stock Exchange of India Limited. Listing fees for the year 2017-2018 have already been paid to BSE Limited and National Stock Exchange of India Limited.

ACKNOWLEDGEMENT

Your Directors wish to thank and acknowledge the Banks, Government Authorities, Dealers, Suppliers, Business Associates and the Company's Valued Customers for their assistance and cooperation and the esteemed Shareholders for their continued trust and support. The Directors also wish to acknowledge the committee and dedicated team of Aro Granite whose unstinted work, efforts and ideas have taken the Company on a path of steady growth and development.

For and on behalf of the Board

Place: Hosur
Date: 22.04.2017

Sunil K Arora
Managing Director

Sujata Arora
Director

ANNEXURE I TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2016-17

1	A brief details of the Company's CSR Policy including overview of projects or programmes proposed to be undertaken and a reference to the web link to the CSR policy	Refer to the section of this Report and disclosure
2	Average net profits of the Company for the last three financial years	Rs. 1316.21 Lacs
3	Prescribed CSR expenditure(2% of the Average net profits of last three financial years)	Rs. 26.32 lacs
	Details of the CSR spent during the year	
4	Total Amount to be spent for the financial year	Rs. 0.00 lacs (During the year the Company has not spent any amount towards CSR as the areas in which CSR expenditure will be made are being finalised.
5	Amount unspent, if any,	Rs.78.32 Lacs
6	Manner in which the amount was spent during the year	N.A.

RESPONSIBILITY STATEMENT

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is as below:

"The implementation and monitoring of Corporate Social Responsibility (CSR) policy is in compliance with CSR objectives and policy of the Company"

Sunil K Arora
Managing Director

Dinesh Chandra Kothari
Chairman CSR Committee

22.04.2017

ANNEXURE II TO THE DIRECTORS' REPORT

MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2017

(Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointments and Remuneration of Managerial Personnel) Rules 2014

To,
The Members
Aro granite industries Ltd.
1001, 10th Floor, DLF Tower A
Jasola
New Delhi 110025.

I have conducted the Secretarial Audit of the compliance of applicable Statutory Provision and the adherence to good corporate practices **Aro Granite Industries Ltd.**, (herein after called the Company) Which is an Listed Company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate/statutory compliances and expressing my opinion thereon.

I report Further:

- a) Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) I have followed the audit practices and processes as we are appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. I believe that processes and practices, I follow provide the reasonable basis of our opinion.
- c) The Compliances of provisions of the Corporate and other applicable laws ,rules, regulation, standard is the responsibility of the Management. Our examination was limited to the verification procedures on test check basis.
- d) I have not verified the correctness and appropriateness of the Financial Statements of the Company.
- e) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the company.

Based on my verification of the Company Books ,Papers, Minute Books ,Forms and Returns filed and other records maintained by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit. I hereby report that in my opinion the Company has during the Audit Period covering the financial year ended on 31st march 2017 (Audit Period) complied with the Statutory Provisions listed hereunder and also that the Company has proper Board-Processes and compliance-mechanism in place to the extent ,in the manner and subject the reporting made here in under:

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March 2017 according to the provisions of:

- i. The Companies Act 2013 (the Act) and the Rules made there under.
- ii. The Securities Contracts (Regulation) Act.1956 (SCRA) and Rules made there under.
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- iv. Foreign Exchange Management Act 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act 1992 (SEBI ACT)
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations Act 2011, **(Not applicable to the company during the audit period).**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the company during the Audit Period).**
 - (d) The Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999 and The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations 2014 notified on 28th October 2014. **(Not applicable to the Company during Audit Period).**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008. **(Not applicable to the Company during the Audit Period).**
 - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act and dealing with the client.



- (g) The Securities and Exchange Board of India (Delisting of equity shares) Regulations 2009 **(Not applicable to the company during the audit period).**
- (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations Act 1998 **(Not applicable to the company during the Audit Period).**

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii. SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 entered into by the Company with Stock Exchanges.

During the period under review the company has complied with provisions of the Act, Rules , Regulations Guidelines, Standards etc. mentioned above.

I Further Report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the compositions of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Company has not spent in CSR (Corporate Social Responsibility) under the relevant provisions of the Companies Act 2013. Due to inadequacy of profits for the financial year 2015-16, as reported by the Statutory Auditor, the Company had paid remuneration to Managing Director in excess to limit prescribed under section 197 read with schedule V of the Companies Act 2013. Company has applied to the Central Government for which approval is awaited.

Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed Notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meeting and Committee Meetings are carried out unanimously as recorded in the minutes of the meeting of the Board of Directors or Committee of the Board, as the case may be. I have relied on the Management Representation made by the Managing Director, Company Secretary for the systems and mechanism formed by the Company to ensure the compliances under other applicable Acts, Laws and Regulations which are listed below:

1. Factories Act 1948
2. Industries (Development and Regulation) Act, 1951.
3. Labour laws and Incidental laws related to Labour and Employees appointed by the Company either on its payroll or on contractual basis as related to Wages ,Gratuity, Provident Fund, ESIC, Compensation etc.,
4. Acts prescribed under Prevention and Control of pollution.
5. Acts prescribed under Direct and Indirect taxes
6. Land Revenue laws of respective States
7. Labour welfare Act of respective States
8. Legal Metrology Act 2009
9. Acts as prescribed under Shops and Establishment Act of Various Local Authorities.

I further report that during the audit period the company has not taken any event /action having a major bearing on the Company's affairs in pursuance of above referred laws, rules, regulations, guidelines, standards etc,

Latika Jetley
Practising Company Secretary
ACS 12120, C.P.3074

Place: New Delhi
Date: 22nd April 2017

ANNEXURE III TO THE DIRECTORS' REPORT

Auditors' Certificate on Corporate Governance

To,
The Members,
Aro granite industries limited,

We have examined the compliance of conditions of Corporate Governance by Aro granite industries limited, for the year ended 31st March 2017, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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 expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We 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 Alok Mittal & Associates,
Firm Reg. No. 005717N
Chartered Accountants

(Alok K. Mittal)
Partner M No. 71205

Place: Hosur
Date: 22.04.2017

ANNEXURE IV TO THE DIRECTORS' REPORT

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules 2014

(i) CONSERVATION OF ENERGY

The plant installed by the Company is of latest technology and is energy efficient. Power consumption of the Company is very low. During the year under consideration a total 1,45,66,509 units were consumed and the per Sq. mt. power consumption cost only Rs. 167.82p.

(ii) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Company has not imported any technology. Effective pollution control system has already been installed in the factory. Total Quality Management System has already implemented. Due to its consistent efforts the company could achieve improvement & development in the quality of the product. It has also achieved process development, cost reduction etc.

(iii) FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details regarding foreign exchange earnings and outgo are given in **Notes 'N' and 'O'**.

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS:

i	CIN	L74899DL1988PLC031510
ii	Registration Date	03.05.1988
iii	Name of the Company	Aro granite industries Ltd.
iv	Category / Sub-Category	Public Company / Limited by Shares
v	Address of the Registered office of the Company and contact details	1001, 10th Floor DLF Tower A Jasola New Delhi 110025 Phone No. 91-11-41686169 Fax: 91-11-26941984 E-mail : arodelhi@arotile.com
vi	Whether listed company Yes/ No	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Alankit Assignments Limited Alankit House, 4E/2, Jhandewalan Extension, New Delhi-110055 Phone No. 91-11-23541234, 91-11-42541234 Fax: 91-11-23552001 E-mail : info@alankit.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	Nic Code of the Product/ service	% to total turnover of the company
1	Granite Tiles & Slabs	680233	100%

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl.No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
NA	NIL	NIL	NIL	NIL

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 1st April 2016				No. of Shares held at the end of the year 31st March 2017				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF)	6264631	0	6264631	40.945	6264631	0	6264631	40.945	0
b) Central Govt/ State Gov(s)	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	6264631		6264631	40.945	6264631	0	6264631	40.945	0
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	0	0	0	0	0	0	0		0
Total shareholding of Promoter (A)= (A)(1) + (A)(2)	6264631	0	6264631	40.945	6264631	0	6264631		
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	12688	0	12688	0.083	0.083
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	296949	0	296949	1.941	271103	0	271103	1.772	-0.169
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Other (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	296949	0	296949	1.941	283791	0	283791	1.855	-0.086
2. Non Institutions									
a) Bodies Corp.									
i) Indian Corp.	1408787	15499	1424286	9.309	1736587	15499	1752086	11.452	2.143
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2128187	511428	2639615	17.252	3105423	499968	3605391	23.565	6.312
ii) Individual shareholders holding nominal share capital in excess of Rs 1. 00 Lakh	4222854	28125	4250979	27.784	3005308	0	3005308	19.643	-8.142
c) Other (specify) NRI/ OCB	404942	18598	423540	2.768	370195	18598	388793	2.541	-0.227
Sub-total (B) (2)	8164770	573650	8738420	57.114	8217513	534065	8751578	57.200	0.086
Total Public Shareholding (B)=(B)(1) + (B)2	8461719	573650	9035369	59.055	8501304	534065	9035369	59.055	0
C. Share held by Custodian for GDRS & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A + B + C)	14726350	573650	15300000	100.00	14765935	534065	15300000	100	0

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 1st April 2016			Shareholding at the end of the year 31st March 2017			% change in share holding during the year
		No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to Total Shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to Total Shares	
1	Sunil K Arora	4869315	31.83	0	4869315	31.83	0	0
2	Sujata Arora	598572	3.91	0	598572	3.91	0	0
3	K L Arora	34267	0.22	0	34267	0.22	0	0
4	Kasturi Lal Arora	346983	2.27	0	346983	2.27	0	0
5	Kasturi Lal Arora	1125	0.01	0	1125	0.01	0	0
6	Sudershan Arora	186603	1.22	0	186603	1.22	0	0
7	Aman Arora	33	0.00	0	33	0.00	0	0
8	Geeti Arora	1350	0.01	0	1350	0.01	0	0
9	Ravi Kumar Arora	1383	0.01	0	1383	0.01	0	0
10	Sahil Arora	112500	0.74	0	112500	0.74	0	0
11	Shivani Agarwal	112500	0.74	0	112500	0.74	0	0
	TOTAL	6264631	40.96	0	6264631	40.96	0	0

(iii) Change in Promoter's Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year 1st April 2016		Cumulative Shareholding during the year	
		No. of Share	% of total shares of the company	No. of shares	% of total share of the company
1	At the beginning of the year	0	0	0	0
2	Date wise Increase/Decrease in Promoters Share Holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus /sweat equity etc.)	0	0	0	0
3	At the End of the year	0	0	0	0

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRS):

Sl. No.	Top Ten Shareholders	Shareholding at the beginning of the year 1st April 2016		Shareholding at the end of the year 31st March 2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dilip Kumar Lakhi	1468628	9.60	1164888	7.614
2	Surefin Financial consultants pvt Ltd	532338	3.48	290338	1.898
3	Bharat Pitti	372568	2.44	369206	2.413
4	Amrit India Value Fund Ltd	296949	1.94	271103	1.772
5	Amit Shantilal Motla	221000	1.44	157635	1.03
6	Archit Exim Pvt Ltd	219322	1.43	219322	1.433
7	Winfin Financial Consultants Pvt Ltd	184794	1.21	426794	2.79
8	Pradeep Kumar jain	179887	1.18	-	-
9	Sujata Jain	177189	1.16	-	-
10	Meenaz Kassam	167143	1.09	167143	1.092
11	Subramanian P	-	-	197635	1.292
12	Amitabh singhi	-	-	125786	0.822

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of Directors and KMP	Shareholding at the beginning of the year 1st April 2016		Shareholding at the end of the year 31st March 2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sunil K Arora	4869315	31.83	4869315	31.83
2	Sujata Arora	598572	3.91	598572	3.91
3	K.L.Arora	382375	2.50	382375	2.50

V INDEBTEDNESS

Indebtedness of the Company including outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	189930300.00	0 00	0 00	189930300.00
ii) Interest due but not paid				
iii) Interest accrued but not Due				
Total (i + ii + iii)	189930300.00	0.00	0.00	189930300.00
Change in Indebtedness during the financial year				
• Addition				
• Reduction	47839260.00	0 00	0 00	47839260.00
Net Change	47839260.00	0.00	0.00	47839260.00
Indebtedness at the end of the financial year				
i) Principal Amount	142091040.00	0 00	0 00	142091040.00
ii) Interest due but not paid				
iii) Interest accrued but not Due				
Total (i + ii + iii)	142091040.00	0.00	0.00	142091040.00

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Sunil K. Arora Managing Director	K Raghavendra Acharya Executive Director	
1	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act 1961	15300000.00	1521008.00	16821008.00
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	280509.00	0.00	280509.00
	c) Profits in lieu of salary under section 17(3) Income Tax Act. 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission-as % of the Profit Other, specify Others. Please Specify	1500000.00	0.00	1500000.00
	Total (A)	17080509.00	1521008.00	18601517.00

Ceiling as per the Act: 10% (Rs.1,86,86,607/-) of the Net profits of the company calculated as per section 198 of Companies Act 2013

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Dinesh Chandra Kothari	Rahul Gupta	Vanita Sood	Kanwaljit Singh	
1	Independent Directors					
	• Fees for attending Board/ Committee Meetings	45000.00	190000.00	100000.00	190000.00	525000.00
	• Commission	0.00	0.00	0.00	0.00	0.00
	• Other, Please specify	0.00	0.00	0.00	0.00	0.00
	Total (1)	45000.00	190000.00	100000.00	190000.00	525000.00

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Kasturi Lal Arora	Sujata Arora			
2	Other Non-executive Directors					
	• Fees for attending Board/ Committee Meetings	45000.00	75000.00	0.00	0.00	120000.00
	• Commission	737260.00	1062740.00	0.00	0.00	1800000.00
	• Other, Please specify	0.00	0.00	0.00	0.00	0.00
	Total (2)	782260.00	1137740.00	0.00	0.00	1920000.00
	Total (B)=(1) + (2)	827260.00	1327740.00	100000.00	190000.00	2445000.00
	Total Managerial Remuneration (A+B)					21046517.00

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTB

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.00	1458408.00	1458408.00	2916816.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00
4	Commission -as % of profit-others, specify	0.00	0.00	0.00	0.00
5	Other, please specify	0.00	0.00	0.00	0.00
	Total	0.00	1458408.00	1458408.00	2916816.00

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

TYPE	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [Rd/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER					
Officers in default					



Management Discussion and Analysis

Economy

Globally the world economy has recovered with long awaited cyclical recovery in investment, manufacturing and trade. Advanced economies gained momentum in second half of 2016 with increased investments in manufacturing and trade that were very weak in the preceding years. Rebound in commodity prices have also lifted inflation level up and reduced the risk of deflation in advanced economies. In FY 2017 world economy is expected to increase by 3.5% as compare to 3.1% increase in FY2016. Global GDP is further expected to grow by 3.6% in FY2018.

Indian economy in first half of 2017 was on its growth path; sentiments were improving on the back of good monsoon and increased investments. GDP grew by 7.1% in first half making India fastest growing economy in world. In November 2016, govt demonetised more than 85% of currency in circulation. Consumption and demand activities were hampered in second half of the year which eventually reduce investment activities and slowed down GDP growth. India GDP is expected to grow by 6.8% in FY17.

Outlook for coming year remains good for India with the economy expected to rebound from the impact of demonetisation. GDP growth is expected to be among the fastest in world supported by subdued inflation, business friendly budget and GST rollout.

GST

GST is biggest tax reform since the Indian economy was opened up in 1991. It is simplified indirect tax structure where various indirect taxes are clubbed into one overarching tax. GST has multi fold benefits as it will simplify indirect tax structure, bring more transactions in formal economy, increase transparency and will eventually increase tax collection of Government. GST would also lower prices by eliminating cascading effect of multiple layers of taxes. It will help businesses in availing input tax credits due to seamless transaction.

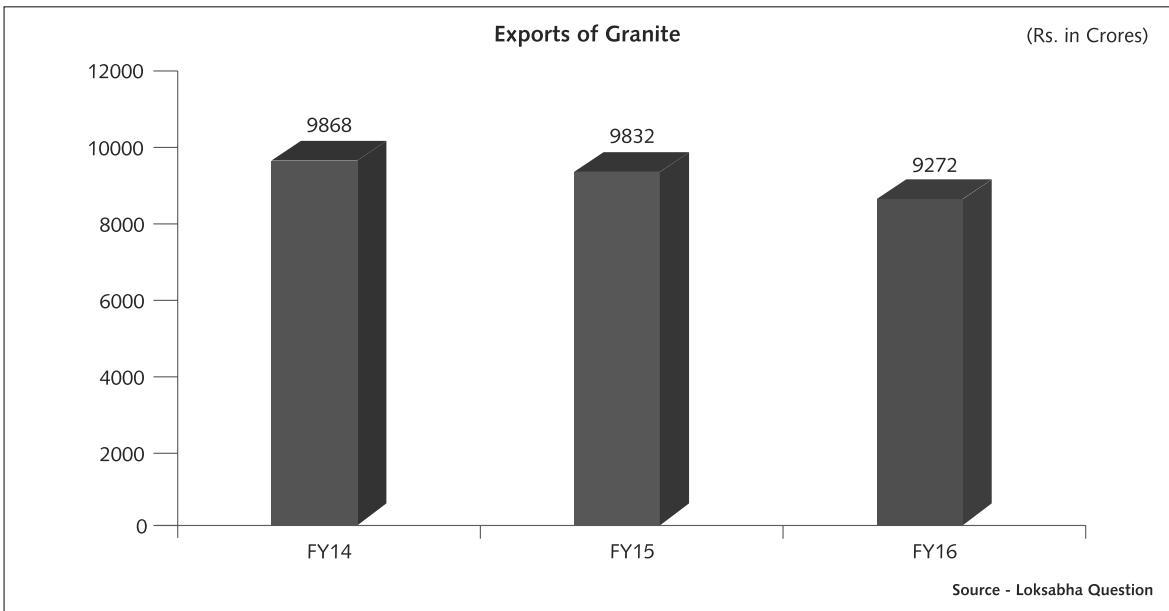
GST is positive for Indian granite industry. Indian granite industry largely comprise of unorganised players where tax compliance is not very high. With introduction of GST, it is expected that compliance would increase substantially. Cost of end product will increase for those who are not in GST network due to non availability of input tax credits. It will create level playing field for organised players.

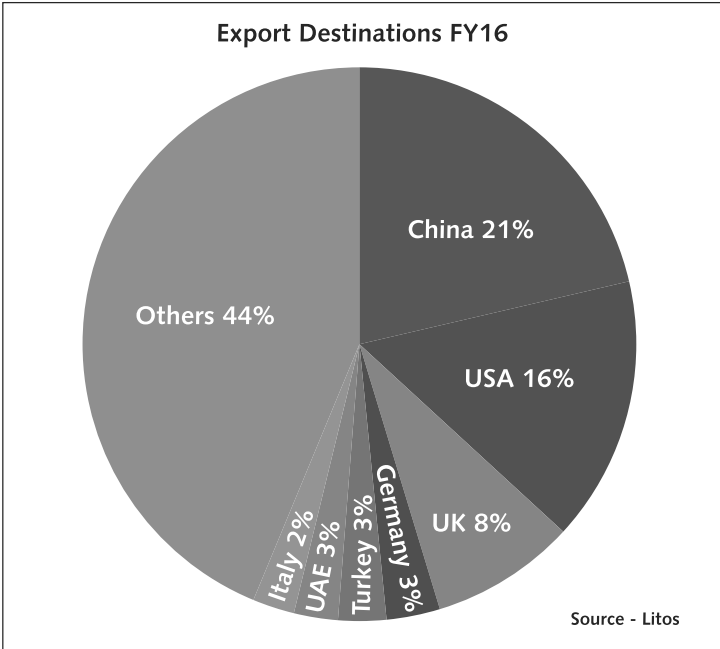
Before the GST regime, Granite (EOU) Company had to pay excise duty and sales tax on granite finished products. Total indirect tax used to be as high as around 43% of products cost. Under GST granite is kept in the 28% tax slab, however EOUs must charge back the Basic Custom Duty (BCD) exemption availed, resulting in a total taxation of 41%. The big price gap between tax compliant and non tax compliant product price is expected to reduce and will create a Business opportunity within the country for organised players who were only focusing on exports.

Granite industry

This year was a challenging year for granite industry. Sourcing of raw material remained a big concern for the industry. Closure of granite quarries in Tamil Nadu and Karnataka continued due to environmental issues, illegal quarrying and non-renewal of lease. Lack of new leases and non-renewal of existing leases became a big hurdle for increasing supply of rough granite blocks. Granite players had to source Rough granite blocks from other states or even import unprocessed granite blocks from other countries. Absence of favourable exports policy and delay in mining lease has impacted competence of India over its peers.

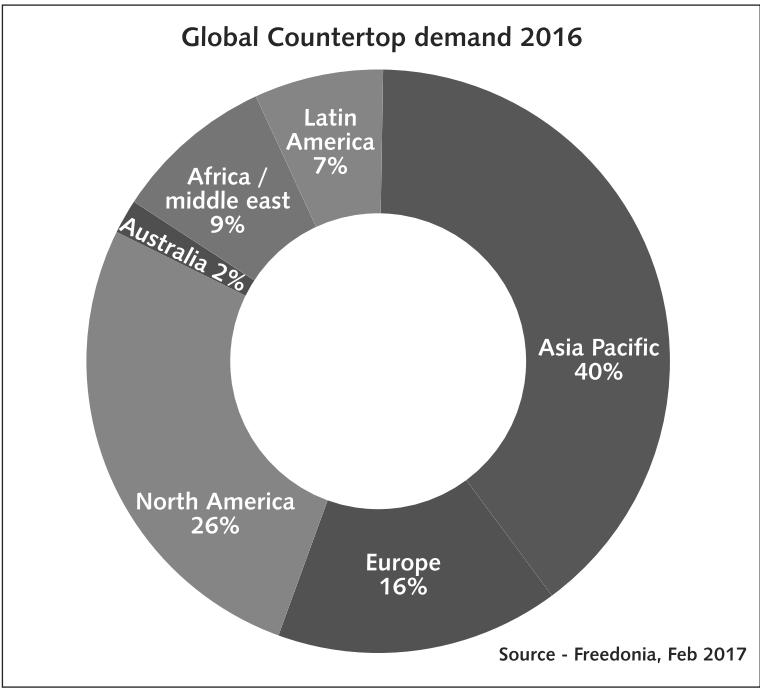
In FY16 India exported Rs.9,272 Cr of granite. Exports were down 5.7% compare to FY2015. The decline was largely on account of challenge of raw material and increasing competition from engineered stones. The exports have further shrunk in FY17.





India is a rich country with around 20% of world's granite reserves. India has abundant resources of wide variety of granite, comprising of over 200 shades. Indian granite is popular for its elegance, aesthetic quality and its durability. India has the potential to become leader in global granite industry, provided the industry is supported by the government and the logistics costs are brought down. Following factors which could play in favour of India

- Huge granite resources** - India has around 20% of world granite resources. It has 200 granite shades out of around 300 shades in world. Currently over 97% of granite resources in the country are untapped. New mining leases and favourable policies will encourage granite producers in using domestic material and becoming more competitive
- Transparent quarry bidding** - Being minor mineral under MMDR Act 1957, granite reserves are governed by States Governments. So quarries used to be allotted by non-transparent method which promoted illegal granite mining. Few states have initiated transparent bidding for quarries. Transparent bidding ensures regular availability of granite and more revenue to exchequer which will lead to lower royalty in future.
- Rising demand in Asian region** - Asia is one of the major consumers of granite, and due to proximity India is one of the biggest suppliers. Demand in Asian region was down in last 2 years due to steep fall in crude prices. Stabilised prices of crude and construction activities will drive growth of granite. As per Freedonia report countertop demand in Asia/pacific region is expected to 40% of global demand.

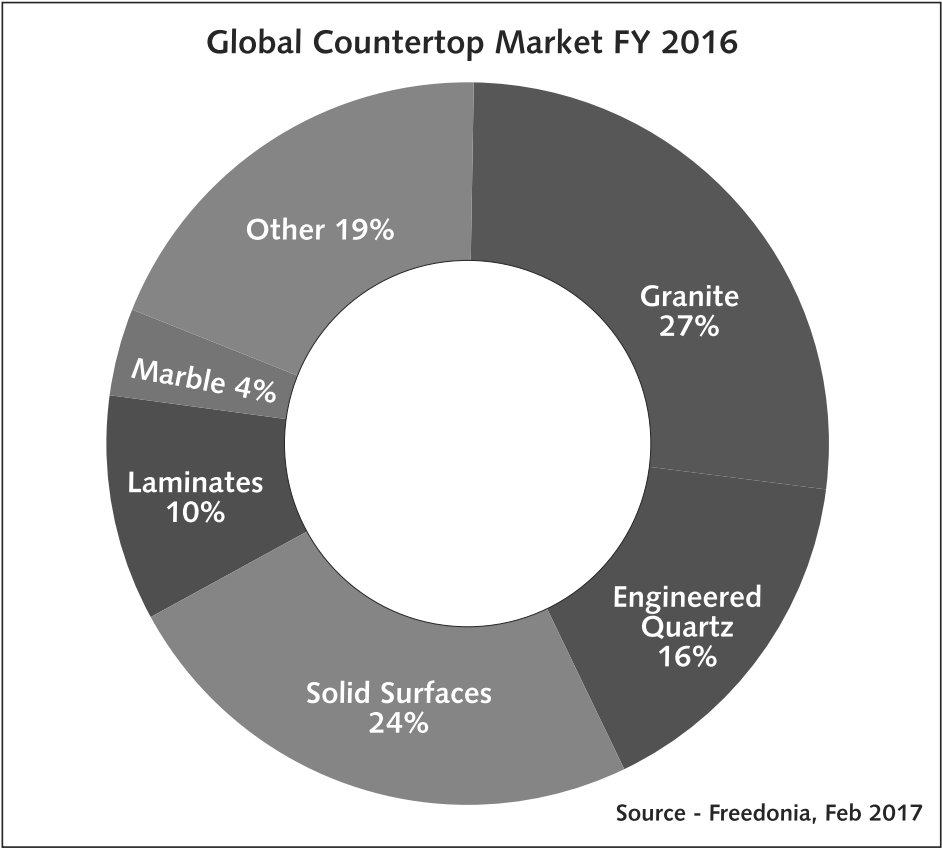


Global Granite Industry

Global granite industry is largely dominated by China, Brazil, India, Saudi Arabia and Italy. These countries contribute more than 90% of global production. China is a major processor and USA is a major consumer of granite. The largest source of raw granite slabs are Brazil and India.

Global kitchen countertop industry is estimated to be around \$95 billion (including installation and other costs). Global countertop industry was grown by 4.9% annually from FY2010 to 2016. Globally granite is most popularly used material for countertops.

Granite market share in countertop industry was 27% in FY16 against 28% in FY2010. Engineered quartz is getting popularity faster than other stones. It has grown annually by 17.9% between the period 2010 to 2016.



USA is largest market for granite. In 2016 processed granite imports in US were down by 16.2% to USD 1.11 Billion. Brazil is major exporter of granite slabs to USA and accounts for around 50% of USA granite imports. Engineered stone is becoming quite popular in USA, and its import increased by 25% to \$764 million in 2016.

Popularity of Engineered stone over Granite

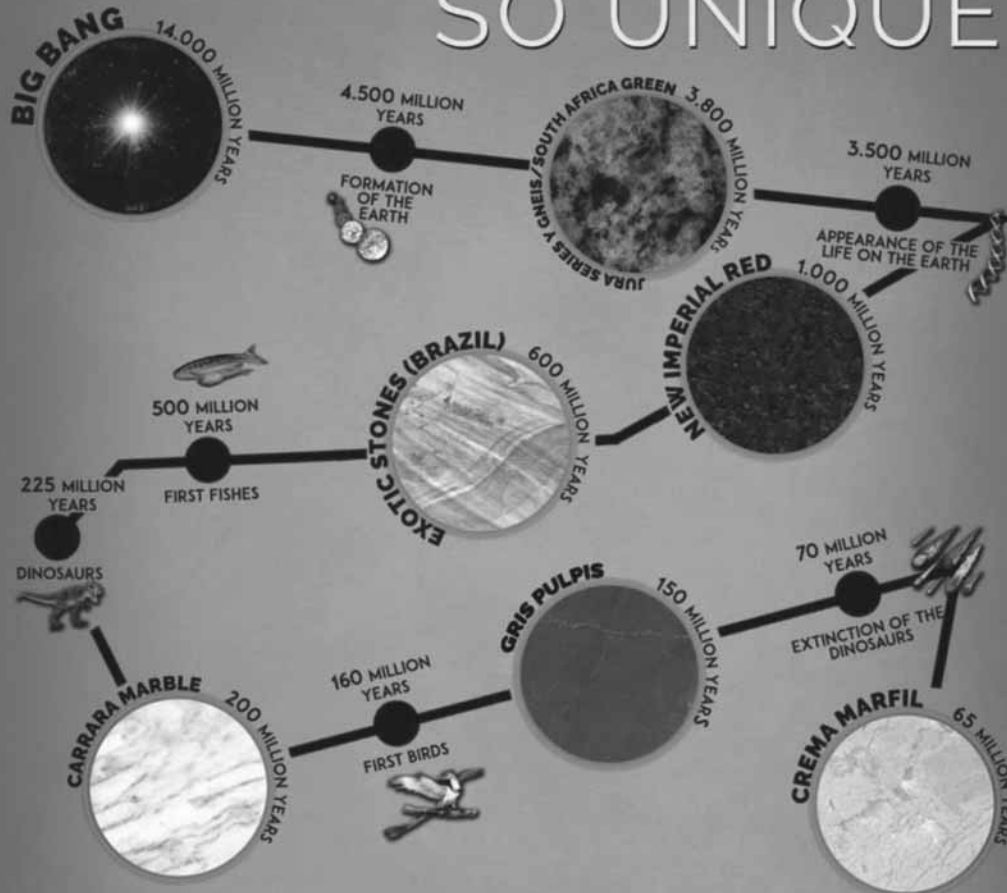
Engineered stone is a major threat for natural stone industry. Increasing popularity of engineered quartz is replacing demand for granite. Quartz stone’s demand is growing faster than granite in developed market. Market share of Quartz has increased from 7% in 2010 to 16% in 2016. Its demand has grown annually by 17.9% over the last 7 years

Granite has been the premium building material since the dawn of Industrial age. Granite is most popular stone used for interior design because of its unquestionable durability, ease of maintenance and rich colours & variety of structure within same rock. Granite is natural stone and not manufactured product, so no two pieces are exactly alike making each granite countertop, wall, floor different. Since granite stone is formed under extreme heat and pressure conditions millions of years ago , when used in exterior applications is superior to engineered stones in withstanding the effects of nature.

Unlike other engineered stone granite designs are unique. The shades and designs keeps varying with every quarry and block. Granite colour which can be found in Indian quarries cannot be found in anywhere in world. Customer has to source it from India only.

Although market share of granite is declining and quartz is gaining market share in recent years, granite will always remain one of the most popular decorative stones due to its uniqueness and durability.

NATURAL STONE SO UNIQUE



WONASA

World Natural Stone Association

www.wonasa.com

Company

Aro granite is largest processed granite exporter in India. It's 100% EOU plant is located in Hosur, Tamil Nadu. The company exports to more than 50 countries globally and over 92% of sales are from exports. With over 35 years of experience, the company has strong relationship with its customers spread across the globe. Some of its relationships with global clients are well over 25 years. Our plant is located near to granite hub of India and as well as Chennai port. Proximity to quarries gives us access to best quality material with lower transportation cost.



We fulfilled a large part of our demand of rough granite blocks from Tamil Nadu, but after closure of many quarries over the last few years we have started looking for other sources of raw material. We have started procuring rough granite blocks from Rajasthan and Andhra Pradesh. While it has allowed us to grow our business but this has increased our costs due to higher transportation charges. Since we are 100% EOU, we have flexibility to buy raw material from other countries too. We import raw blocks from Brazil, Norway, Africa, Finland and Ukraine. Currently over 40% of our raw material requirement is imported. Sourcing raw material from all over the world gives access to more than 100 colors and colors which are in fashion and demand.

Business Model

Your company is only a granite processor; and we do not own any Granite quarries. We buy raw material in the form of rough granite block from domestic and international market and then process the blocks of raw granite stone in our plant situated at Hosur, Tamil Nadu. These granite blocks are cut into slabs & tiles which are further polished to give a better look & feel. These finished slabs and tiles are then exported to all over the world.

Granite is a natural product and is sold for its color and shades which vary from quarry to quarry and block to block. Each slab is unique and has to be properly displayed before selling. In FY2016 we commissioned a warehouse of 11,000 Sqm to better display and store our products. This warehouse improved performance of company and helped us in our turnaround after an exceptionally bad year.

Company operates under B2B model where it sells to wholesalers or distributors only across the globe. The wholesaler in turn sells to fabricator and fabricator then customises the slabs and sells to homeowners. Some of our relationships with our customers are as old as 25 years. We keep adding new customers regularly and always tried to mitigate our risks of concentration. Our top 10 customers contribute less than 20% of revenue. Company regularly participates in trade fairs in different countries to add new clients. We also meet personally and show our products offering to potential customer come to our knowledge from market sources. This year we participated in the following Shows -

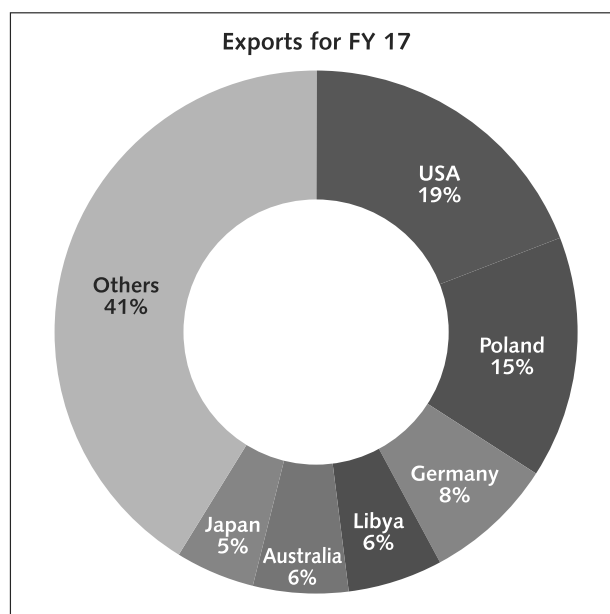
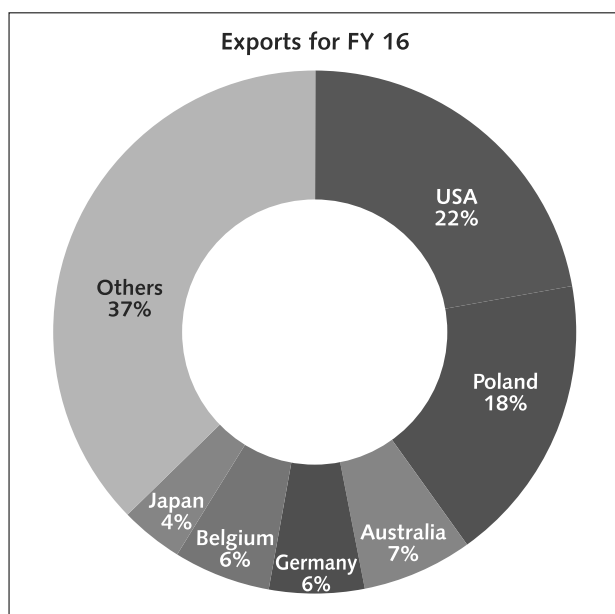
1. Marmomacc Fair, Verona, Italy.
2. Stone Xiamen Fair, Xiamen, China.

Performance During the year

This year operationally was a good year for company with the initiatives taken by us last year paying off well. Granite industry in India faced challenge of raw material shortage and increased competition from domestic players and engineered stone. In spite of these challenges our sales increased by 11%. We made a good recovery after an exceptionally bad year earlier. We not only managed to increase our revenue but also improved our margins.

Company has 8% of its sales in the domestic market. During the year protest over the Kaveri water issues impacted our business in India. Borders between Karnataka and Tamil Nadu were closed and commercial vehicles were prevented from crossing the borders. Our domestic sales came to a standstill for 1.5 months in India. Our sourcing of raw block from Karnataka to Tamil Nadu was also impacted during this period. However, being a small part of our business it did not materially impact our overall sales.

With 92% of sales from exports, global developments make a huge impact on our operations. Our major exports market remained volatile during the year. The popularity of engineered stone has impacted our exports market especially USA. We continued to foray in newer territory and reduce the impact of the increasing popularity of quartz in our existing markets. During the year we explored new markets like Slovakia, Serbia and Croatia. We also increased penetration into existing markets like Egypt, Romania and Libya. Libya sales rebounded after a long gap and we expect it to do well in the coming year too.



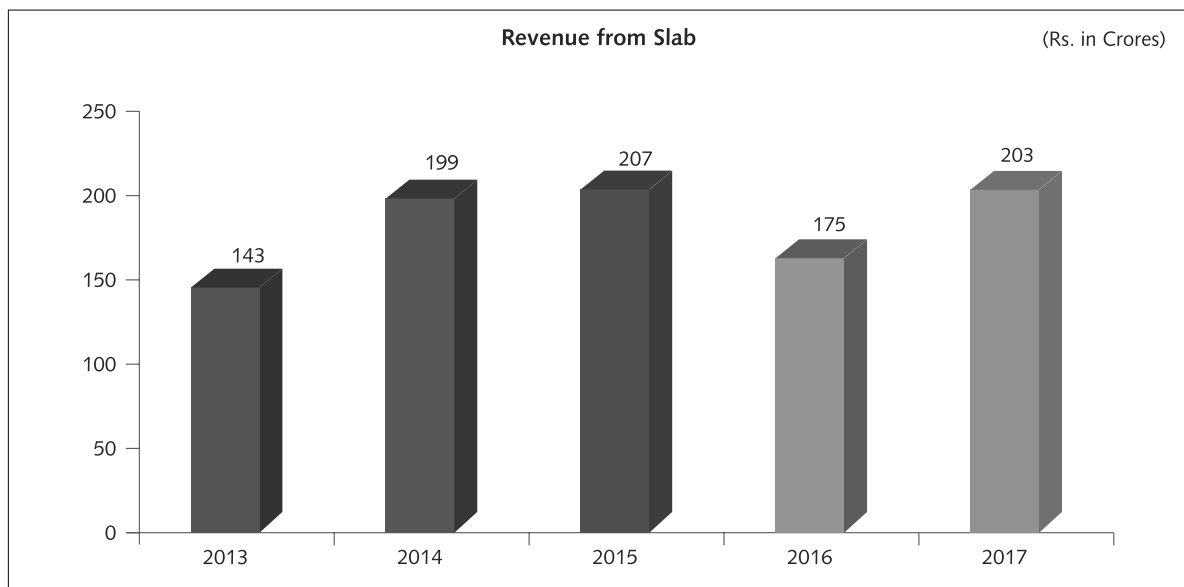
Our warehouse got fully commissioned during the year. The warehouse helped the company perform better than its peers in India. The warehouse has helped by

- **Better display** - Competition in granite industry is very intense. There are dozens of other players with operations near our unit. With such competition supply has exceeded demand. The customers are now more demanding and require ready stock to purchase. Our warehouse has given us edge over competitors as we are able to better display our finished inventory, and dispatch on customers demand.
- **Increased portfolio** - We have increased our products portfolio after commissioning of warehouse. This warehouse has given us flexibility to add products from the CUT-TO-SIZE segment. We have also started displaying high value quartz blocks.
- **Increased efficiency** - We shifted our entire finished stock from production shed to new warehouse. We bought 4 new gang saws in 2012 which were not fully utilised due to shortage of space. Now our processes have streamlined we are able to achieve better efficiency from machines.

Company has 3 major products offering granite slab, granite tiles, and recently started CUT-TO-SIZE granite countertops which is part of slab segment.

Slabs

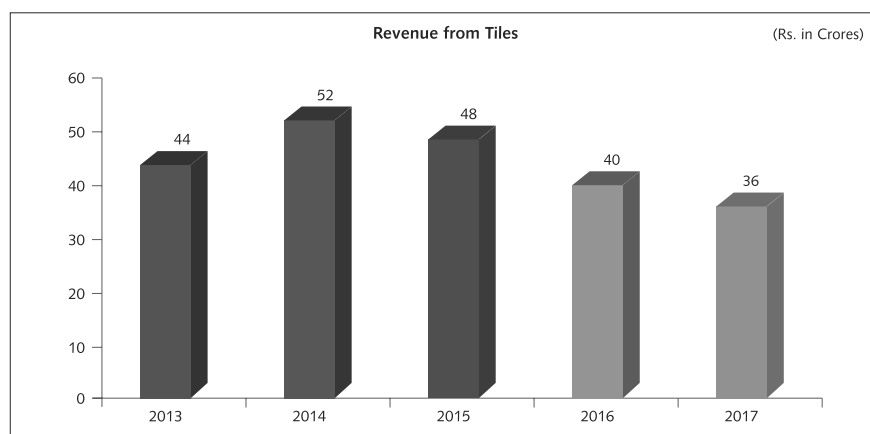
Granite slab is major segment of our business. It contributes around 85% of revenue during the year. We have installed capacity of 5,85,000 sqm p.a of granite slabs. We utilised around 89.41% of capacity during the year.



Tiles

Granite tiles is comparatively smaller segment of our business. It contributed 15% in revenue during the year. We have 3,60,000 sqm p.a of tiles processing facility. We utilised 45.62% of capacity during the year. Capacity utilisation at plant remained lower due to lower demand.

Business in this segment remained challenging. Large part of our business in this segment is in Europe and Japan. Competition in this segment is high from other cheaper products like porcelain and other engineered stones.





CUT-TO-SIZE

This is a new segment that we started last year. Currently we report it as part of our slabs business. Here granite slabs are cut in specific size and shape as per customer requirements at the factory and are shipped ready to use. They can be installed at site without any further processing. In this segment we receive order from large projects like hotels, resorts, airports etc in which contractors orders say 100 bathroom vanities or stairs etc of identical sizes and designs. These products have higher margins than our tradition slab and tiles business as we reduce wastage by processing them at site and also able to utilise smaller size blocks which are cheaper to procure.

During the year the company purchased 2 CNC bridge cutting machines to deliver value added services by supplying ready to install material for projects and homes. We have also bought edge polishing machine which will help us in better finishing and keeping our processing cost lower. We expect this segment to be around 15% of our business in 2 years.

CHALLENGES

Engineered stone

Granite is facing stiff competition from its substitute products with are machine made. Engineered quartz, porcelain ceramics are gaining market share from natural stones like granite and marble. Engineered stone is getting popular in our major markets especially USA. While granite volumes are stable and other substitute products are taking all the incremental growth and hence gaining market share .

Strengthening INR

INR remained very volatile during the year against USD. It started from around 66 levels in April 2016, dropped down to 68 levels in January 2017 and again came down to 64 in March 2017. Of our export sales , 75% are in USD and 25% are in Euros, so a strengthening of rupee Impacts our margins negatively.

Raw material

Availability of raw material remained challenge during the year. Closure of mines continued in the year. We have to source from places far from our processing unit which increased our transportation cost. We expect the situation to improve in coming years as state government- is getting is now realising the amount of revenue losses due to mine closures. GST and Transparency in quarry leasing would also make things better. Meanwhile we will continue to source best material from all over the world. We believe a good quality product will always command a premium and can be sold at a profit.

Outlook

We are very positive on the long term success of the company. The last few years have been challenging in terms of the operating environment, and that impacted our margins and working capital in the short term. We remain positive on the long term prospects of natural granite as a product. We will aim to continually create value for our shareholders. We will aim to expand in new markets and will penetrate further in our existing markets.

CSR Activity

The company takes its responsibility to the community very seriously. It has always strived to provide great work place for its employees and benchmarks itself against the best in the world.

As part of its CSR commitment the company is planning to start a rural health center for all surrounding villages around its processing unit. The dispensary was set up at a cost of Rs. 17.50 lacs which has been borne by AGIL. However the running and financing of the Health Centre will be done by the Aro Charitable Trust.

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company believes in good Corporate Governance, which is an integral part of its business ethics. Through Corporate Governance, the company wants to achieve highest level of transparency, accountability and equity in all its activities and functions. The overall target is to enhance the value of the stakeholders by providing them with all sorts of information with regard to the functioning of the Company and remain committed to the highest level of customer satisfaction and high standard of business ethics in the long run. The Company firmly believes that over a period of time all its operations and actions must serve the underlying goal of enhancing overall shareholders value.

2. BOARD OF DIRECTORS:

The Board of Directors presently consists of Eight Directors comprises of Six Non-Executive Directors (NED) of which Four are Independent. The Board does not have a permanent Chairman. At each Board Meeting, Directors present elect one amongst themselves as the Chairman of the Meeting. Four Board Meetings were held during the Financial Year ended 31st March 2017 on 30th April 2016, 18th July 2016, 20th October 2016 and 25th January 2017. Attendance and other details are given below:

Name of the Director	Category	No. of Board Meetings attended	Whether last AGM Attended (10.09.2016)	Outside Directorships and Committee positions			Shareholding in the Company as on 31.03.2017
				Directorships [#]	Committee Membership [*]	Committee Chairmanship [*]	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Shri Sunil K Arora Managing Director (00150668)	Executive	4	YES	–	–	–	4869315
Shri Kasturi Lal Arora [@] (00150732)	Non-Executive	1	YES	–	2	1	382375
Shri Dinesh Chandra Kothari (00195609)	Non-Executive & Independent	1	YES	2	5	1	NIL
Shri Rahul Gupta (00024732)	Non-Executive & Independent	4	YES	–	2	–	NIL
Smt. Sujata Arora (00112866)	Non-Executive	3	NO	–	–	–	598572
Shri K. Raghavendra Acharya (06923476)	Executive	4	NO	–	–	–	NIL
Smt. Vanita Sood (06926832)	Non-Executive Independent	4	NO	–	–	–	NIL
Shri Kanwaljit Singh (01388140)	Non-Executive Independent	4	NO	–	2	–	NIL

[@] Resigned w.e.f. 25th January 2017.

[#] As per Section 165 of the Companies Act, 2013 and Regulation of 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

^{*} Only covers Memberships/Chairmanships of Audit Committee and Stakeholders Relationship Committee.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non-compliances, if any.

The Company has a Code of Conduct for Management Cadre Staff which is strictly adhered to. In terms of Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 contemporary practices of good corporate governance, a Code of Conduct was laid down by the Board for all the Board Members and Senior Management of the Company. The said code is available on the Company's website (www.aroile.com). All the Board Members and Senior Management Personnel have affirmed compliance with the said Code. This Report contains a declaration to this effect signed by the Managing Director.

3. AUDIT COMMITTEE

The Company has an Audit Committee of Directors. The "Terms of Reference" of the Committee are in conformity with the provisions of Section 177 of the Companies Act 2013 & Rule 6 of Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee is consists of three Non-Executive Directors namely Shri Dinesh Chandra Kothari (Chairman of the Committee), Shri Rahul Gupta and Shri Kanwaljit Singh, all are Independent Directors. Company Secretary acts as the Secretary of the Committee. During the Financial Year ended 31.03.2017, four meetings of the Audit Committee were held. Date of meetings (number of members attended): 30.04.2016(3), 18.07.2016(3), 20.10.2016(2) and 25.01.2017(2).



4. **NOMINATION AND REMUNERATION COMMITTEE**

The Company has a Nomination and Remuneration Committee. The “Terms of Reference” of the Committee are in conformity with the provisions of Section 178 of the Companies Act 2013 & Rule 6 of Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee consists of three Non-Executive Directors namely Shri Dinesh Chandra Kothari, Shri Rahul Gupta (Chairman of the Committee) and Shri Kanwaljit Singh all are Independent Directors. Company Secretary acts as the Secretary of the Committee. During the Financial Year ended 31.03.2017, no meeting of the Nomination and Remuneration Committee was held.

5. **NOMINATION AND REMUNERATION POLICY**

In accordance with the provisions of the Companies Act 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has a Nomination and Remuneration Policy which is disclosed below.

Criteria for recommending a person to become Director:

The Committee shall take into consideration the following criteria of qualification, positive attributes and independence for recommending to the Board for appointment of a Director:

Qualification & Experience:

The incumbent shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, operations, corporate governance, education, community service or other disciplines.

Attributes/Qualities:

The incumbent Director may possess one or more of the following attributes/qualities:

- Respect for and strong willingness to imbibe the Company's Core Values
- Honesty and professional integrity.
- Strategic capability with business vision.
- Entrepreneurial spirit and track record of achievement.
- Ability to be independent and capable of lateral thinking.
- Reasonable financial expertise.
- Have contacts in fields of the business/Corporate World/Finance/Chambers of commerce & industry.
- Can effectively review and challenge the performance of management.

In case the proposed appointee is an Independent Director, he should fulfill the criteria for appointment as Independent Director as per the provisions of the Act, SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws & regulations. “He” or “his” as mentioned in this policy includes any gender.

The incumbent should not be disqualified for appointment as Director pursuant to the provisions of the Act or other applicable laws & regulations.

Director's Compensation

The Committee will recommend to the Board appropriate compensation to Executive Directors subject to the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws & regulations. The Committee shall periodically review the compensation of such Directors in relation to other comparable companies and other factors, the Committee deems appropriate. Proposed changes, if any, in the compensation of such Directors shall be reviewed by the Committee subject to approval of the Board.

Evaluation

The Board will review the performance of a Director as per the structure of performance evaluation.

Board Diversity

The Committee will review from time to time Board diversity to bring in professional performance in different areas of operations, transparency, corporate governance, financial management, risk assessment & mitigation strategy and human resource management

in the Company. The Company will keep succession planning and Board diversity in mind in recommending any new name of Director for appointment to the Board. It will be Committee's Endeavour to have at least one Director from the following fields:

- Accounting and Corporate Finance
- Legal and Corporate Laws
- Business, Management and Corporate Strategy

Eligibility Criteria & Remuneration of Key Managerial Personnel and other Senior Management Personnel

The eligibility criteria for appointment of key managerial personnel and other senior management personnel shall vary for different positions depending upon the job description of the relevant position. In particular, the position of key managerial personnel shall be filled by senior personnel having relevant qualifications and experience.

The Compensation structure for Key Managerial Personnel and other Senior Management Personnel shall be as per Company's remuneration structure taking into account factors such as level of experience, qualification and suitability which shall be reasonable and sufficient to attract, retain and motivate them. The remuneration would be linked to appropriate performance benchmarks.

The remuneration may consist of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has Stakeholder Relationship Committee at the Board Level which consists of Four Directors, namely Shri Sunil K Arora, Shri Dinesh Chandra Kothari, Shri Rahul Gupta (Chairman of the committee) and Shri Kanwaljit Singh. The composition of the committee is in conformity with Regulation 20 of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 read with Section 178 of the Companies Act, 2013. Shri Sabyasachi Panigrahi, Company Secretary is the Compliance Officer of the Committee who oversees the investors grievances including Transfer/Transmission of Equity Shares, De-materialisation/ Re-materialisation of Equity Shares, non-receipt of Dividend, Annual Reports etc. All the complaints received by the Company have been resolved promptly to the satisfaction of the Shareholders. All the valid requests for transfer of Equity Shares in physical form were processed in time and there are no pending transfers of Equity Shares.

7. CSR COMMITTEE

The CSR Committee is comprises of Shri Dinesh Chandra Kothari (Chairman), Smt. Sujata Arora and Smt. Vanita Sood as other members.

8. REMUNERATION OF DIRECTORS

- Executive Directors: The aggregate amount of Salary, HRA paid during the Financial Year ended 31st March 2017 to Shri Sunil Kumar Arora, Managing Director was Rs. 1,70,80,509/- and Shri K. Raghavendra Acharya, Executive Director was paid Salary, HRA & other allowances for Rs.15,21,008/-.
- Non-Executive Directors: During the year 2016-2017, the Company has paid sitting fees of Rs 5,25,000 /- to all the Independent Directors. Other non executive directors Mr. Kasturi Lal Arora & Mrs. Sujata Arora were paid sitting fees of Rs. 1,20,000 and Commission Rs.18,00,000/-.

9. GENERAL BODY MEETINGS:

Location and time for the last three Annual General Meetings (AGMs) of the Company were:

Year	Location	Date	Time	Whether Spl. Resolution passed
2013-14	Lakshmipat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi- 110016	6th September 2014	10.30 A.M.	YES
2014-15	Lakshmipat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi- 110016	11th September 2015	10.30 A.M.	YES
2015-16	Lakshmipat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi- 110016	10th September 2016	10.00 A.M.	YES



10. OTHER DISCLOSURES

1. Related party transactions: All transactions entered into with related parties as defined under the Companies Act 2013 and Regulation 23 of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 during the financial year were in the ordinary course of business. These have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link <http://www.arotile.com>
2. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three financial years 2014-15, 2015-16 and 2016-17 respectively: **Nil**
3. The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link <http://www.arotile.com>
4. The Company has also adopted Policy on Determination of Materiality for Disclosures and Policy for Preservation of Documents. The said policy has been also put up on the website of the Company at the following link <http://www.arotile.com>
5. Reconciliation of share capital audit: A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.
6. Code of Conduct: The members of the board and senior management personnel have affirmed the compliance with Code applicable to them during the year ended March 31, 2017. The annual report of the Company contains a certificate by the CEO and Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management.

11. MEANS OF COMMUNICATION

Quarterly, Half-yearly and Annual results are normally published in the leading English newspaper, namely, Financial Express, MINT, Pioneer and Veer Arjun, having wide circulation and promptly furnished to the Stock Exchanges for display on their respective websites. The financial results are also displayed on the Company's website www.arotile.com. "Management Discussion and Analysis" and 'Shareholders Information' forms part of the Annual Report.

12. GENERAL SHAREHOLDERS' INFORMATION

(i) **Registered Office:** 1001, 10th floor, DLF Tower 'A', Jasola, New Delhi 110025 (CIN:L74899DL1988PLC031510)

(ii) Annual General Meeting

(a)	Day & Date	:	Monday, the 18 th September 2017
	Time	:	10.00 A.M.
	Venue	:	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi 110003

- (b) As required under Regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a brief resume and other particulars of the appointment of Directors retiring by rotation at the aforesaid Annual General Meeting and seeking re-appointment are being given in the Notes to Notice convening the said meeting.

(iii) Financial Calendar (Tentative)

Financial Reporting

<ul style="list-style-type: none">• for the quarter ending 30.06.2017• for the half-year ending 30.09.2017• for the quarter ending 31.12.2017• for the year ending 31.03.2018 (If unaudited)• (If audited)	Within 45 days of the end of the quarter
<ul style="list-style-type: none">• Annual General Meeting for the Financial Year ending 2017-18	Between July and September 2018

- (iv) **Date of Book Closure** : From 12.09.2017 to 18.09.2017 (both days inclusive)
- (v) **Dividend Payment Date** : Before 17th October 2017
- (vi) **Listing on Stock Exchange** : The Equity Shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited (NSE). Annual Listing Fee for the Financial Year 2017-18 has been paid to BSE and NSE.
- (vii) **Security Code for Company's Equity Shares** **BSE:** 513729,
NSE: AROGRANITE/EQ
ISIN No.: INE210C01013

(viii) Stock Market Price Data

	Bombay Stock Exchange (BSE)		National Stock Exchange of India Limited (NSE)	
Month (2016-17)	HIGH	LOW	HIGH	LOW
APRIL 2016	49.60	40.10	50.90	40.75
MAY 2016	49.35	41.20	47.45	42.20
JUNE 2016	61.50	42.50	61.65	41.95
JULY 2016	83.00	51.00	82.90	50.60
AUGUST 2016	81.75	67.0	82.00	67.00
SEPTEMBER 2016	83.00	69.75	82.00	69.50
OCTOBER 2016	91.40	73.20	91.50	72.10
NOVEMBER 2016	81.80	60.05	81.85	59.25
DECEMBER 2016	76.20	66.00	77.70	66.15
JANUARY 2017	78.70	66.40	78.45	56.50
FEBRUARY 2017	77.95	70.00	78.70	69.40
MARCH 2017	79.00	70.20	79.40	69.50

(ix) Distribution of Shareholding as on 31ST March 2017

Category (No. of Shares)	No. of Equity Shares	%	No. of Shareholders	%
1-500	1088058	7.111	8480	83.040
501-1000	698633	4.566	908	8.892
1001-5000	1354545	8.853	664	6.502
5001-10000	546821	3.574	76	0.744
10001 and above	11611943	75.895	84	0.823
TOTAL	15300000	100.00	10212	100.00

(x) Shareholding Pattern as on 31ST March 2017

Sr. No.	Shareholders	No of Shares	% of Shareholding
1	Directors & Relatives	6264631	40.945
2	Non-Residents Individuals/OCBs	661516	4.324
3	Private Corporate Bodies	1761154	11.511
4	General Public	6612699	43.220
	Total	15300000	100.00



(xi) **Share Transfer System:**

All valid requests for transfer/transmission of Equity Shares in physical form are processed within a period of 15 days from the date of receipt thereof and the share certificates duly transferred are immediately returned to the transferee/lodger. In the case of Equity Shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.

(xii) **Dematerialisation of Shares & Liquidity:**

Trading in the Equity Shares of the Company is permitted only in dematerialised form. Shareholders may therefore, in their own interest, dematerialise their holdings in physical form, with any one of the Depositories namely NSDL and CDSL. The ISIN No. for Equity Shares of the Company for both the depositories is INE210C01013. As on 31st March 2017, 96.51% the Equity Shares stands dematerialised. It may be noted that in respect of shares held in demat form, all the requests for nomination, change of address, ECS, Bank Mandate and rematerialisation etc. are to be made only to the Depository Participant (DP) of the Shareholders.

(xiii) **Outstanding GDRs/ADRs/Warrants/Options or any convertible instruments, conversion date and it's likely impact on Equity:** *There are no outstanding GDRs/ADRs/Warrants of the Company.*

(xiv) **Corp. Off. & Works**

At: Koneripalli Village, Via: Shoolagiri
Taluk: Hosur, Dist: Krishnagiri
Tamil Nadu 635 117

(xv) **Address for Correspondence regarding share transfers and other matters**

Aro granite industries Ltd.

Regd. Office

1001, 10th Floor

DLF Tower 'A', Jasola

New Delhi 110 025

Phone No.: 91-11-41686169

Fax No.: 91-11-26941984

E mail: investorgrievance@arotile.com

Registrar & Transfer Agent (RTA)

M/s Alankit Assignments Limited

Alankit House, 4E/2,

Jhandewalan Extension

New Delhi 110055

Phone No: 91-11-23541234, 91-11-42541234

Fax No.: 91-11-23552001

E mail: info@alankit.com

13. DECLARATION

This is to confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the code of conduct for Directors and Senior Management adopted by the Board.

Sunil K Arora
Managing Director

Managing Director Certification

To,
The Board of Directors
Aro granite industries Ltd.

- I have reviewed Financial statements and the cash flow Statement of Aro granite industries Ltd for the financial year ended 31st March, 2017 and to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material factor contain any statements that might be misleading;
 - these statements together present true and fair view of the Company's affairs and are in Compliance with the existing accounting standards, applicable Laws and regulations.
- They are to the best of the our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- I accept the responsibility for establishing and maintaining internal controls for Financial reporting and I have evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting. I have not come across any reportable deficiencies in the design or operation of such internal controls.
- I have indicated to the Auditors and Audit Committee:
 - that there no significant changes in internal control over the financial reporting during the year.
 - that there are no significant changes in accounting policies during the year; and
 - that there are no instances of significant fraud of which I have become aware.

(Sunil K. Arora)
Managing Director

Independent Auditors Report

To the Members of M/S ARO GRANITE INDUSTRIES LIMITED.

Report on the Financial Statements

We have audited the accompanying financial statements of **M/S ARO GRANITE INDUSTRIES LIMITED**, which comprise the **Balance Sheet as at March 31, 2017**, the **Profit and Loss Statement and Cash Flow Statement** for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the **Balance Sheet**, of the state of affairs of the Company as at **March 31, 2017**;
- b) in the case of the **Profit and Loss Statement**, of the Profit for the year ended on that date; and
- c) In the case of **Cash Flow Statement**, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

01. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 We give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
02. As required by section 143(3) of the Act, We report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief are necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Profit and Loss Statement, and Cash Flow Statement with by this Report are in agreement with the books of account.



- d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to section 133 of the Companies Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) on the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director under sub-section (2) of Section 164 of the Companies Act, 2013;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report on 'Annexure B' and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and,
 - ii. the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No. 25 (2) (r).

For **ALOK MITTAL & ASSOCIATES**

Firm Reg No. - 005717N

CHARTERED ACCOUNTANTS

ALOK K. MITTAL

(PARTNER)

M.No. 071205

Place : HOSUR

Date : 22.04.2017

Annexure - A to the Auditor's Report

Referred to in our report of even date

- (i) The Company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets. All the assets have 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.
- (ii) According to the information available to us that physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies are noticed on physical verification between the physical stocks and the book records.
- (iii) The Company has not granted any loans to the parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act')
- (iv) According to the information and explanations given to us the company has not given any guarantees for loans taken by others from Banks or Financial institutions.
- (v) The Company has not accepted any public deposit, so clause (v) is not applicable.
- (vi) Pursuant to the provision of sub-section (1) of Section 148 of the Companies Act 2013, The company is required to maintain cost records which are being made in respect of the business being carried out.
- (vii) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess are in arrears, as at 31st March, 2017 for a period of more than six months from the date they become payable.
(b) According to the information and explanation given to us, there are no material dues of income tax, custom duty, excise duty, cess which have not been deposited on account of any disputes. However, according to information and explanations given to us the demand and penalty has been raised by Tamilnadu VAT Department of Rs. 1,70,92,190/- for the financial year 2013-14 against which company has deposited Rs. 17,10,000/- and files an appeal to the department against the order of Assistant Commissioner (CT) Hosur of Tamilnadu VAT Department.
- (viii) In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to banks and other financial institution.
- (ix) According to the information and explanations given to us, the company has not issued any preferential allotment and Private Placement offer during the period covered under audit.
- (x) During the period covered under our audit no fraud has been noticed by the company or by its officers and employees.
- (xi) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with schedule V to the Companies Act
- (xii) According to the information and explanations given to us, the company is not a Nidhi Company hence clause (xii) is not applicable.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with section 188 and 177 of Companies Act, 2013 have been disclosed in the Financial Statements etc as required by the accounting standards and Companies Act 2013.
- (xiv) According to the information and explanations given to us, the company has not issued any preferential allotment and Private Placement offer during the period covered under audit.
- (xv) According to the information and explanations given to us, the company has not entered any non-cash transactions with directors or persons connected with him during the period covered under audit.
- (xvi) According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 hence clause (xvi) is not applicable

For **ALOK MITTAL & ASSOCIATES**

Firm Reg No. - 005717N

CHARTERED ACCOUNTANTS

ALOK K. MITTAL

(PARTNER)

M.No. 071205

Place : HOSUR

Date : 22.04.2017



Annexure (B) to the Auditor's Report

Referred to in our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **M/S ARO GRANITE INDUSTRIES LIMITED**. ("the Company") as of **31.03.2017** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance 168 Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31.03.2017**, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **ALOK MITTAL & ASSOCIATES**

Firm Reg No. - 005717N

CHARTERED ACCOUNTANTS

ALOK K. MITTAL

(PARTNER)

M.No. 071205

Place : HOSUR

Date : 22.04.2017

Balance Sheet as at 31.03.2017

(Rs. in Lacs)

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
1	2	3	4
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	1,530.00	1,530.00
(b) Reserves and surplus	2	15,417.42	14,335.96
2 Non-current liabilities			
(a) Long-term borrowings	3	1,065.68	1,500.23
(b) Deferred tax liabilities (Net)		755.49	775.75
(c) Other Long term liabilities	4	28.52	40.67
(d) Long-term provisions	5	180.62	152.86
3 Current liabilities			
(a) Short-term borrowings	6	9,112.47	10,034.75
(b) Trade payables	7	1,616.38	1,763.83
(c) Other current liabilities	8	790.98	509.65
(d) Short-term provisions	9	332.25	281.45
TOTAL		30,829.81	30,925.15
II. ASSETS			
Non-current assets			
1 (a) Fixed assets			
(i) Tangible assets	10	9,056.10	7,255.35
(ii) Capital WIP		246.30	2,066.10
(b) Long-term loans and advances	11	252.69	218.94
2 Current assets			
(a) Current investments	12	1.87	1.87
(b) Inventories	13	11,235.35	11,060.37
(c) Trade receivables	14	8,226.93	8,081.10
(d) Cash and cash equivalents	15	561.14	1,164.33
(e) Short-term loans and advances	16	380.52	335.21
(f) Other current assets	17	868.91	741.88
TOTAL		30,829.81	30,925.15
Notes on Accounts	25		

The Notes referred to above and the disclosure thereon form an integral part of the accounts

This is the Balance Sheet referred in our report of even date.

for **ALOK MITTAL & ASSOCIATES**
FIRM REG NO. 005717N
CHARTERED ACCOUNTANTS

[**ALOK K. MITTAL**]
PARTNER
M No. - 071205
Place: Hosur
Date: 22.04.2017

[**SUNIL K. ARORA**]
MANAGING DIRECTOR
DIN NO. - 00150668

[**SUJATA ARORA**]
DIRECTOR
DIN NO. 00112866

[**S PANIGRAHI**]
COMPANY SECRETARY
FCS NO. 4522

[**S SUNDARARAJAN**]
CFO
CMA No. - 37236



Profit & Loss Statement for the year ended 31st March 2017

(Rs. in Lacs)

Particulars	Refer Note No.	Figures for the current reporting period	Figures for the previous reporting period
1	2	3	4
I. Revenue from operations (Net of Excise Duty Rs. 186.34/- (P.Y. Rs. 201.47/-))	18	23,865.18	21,558.84
II. Other income	19	133.25	117.65
III. Total Revenue (I + II)		23,998.43	21,676.49
IV. Expenses:			
Cost of materials consumed	20	15,524.55	13,391.25
Purchases of Stock-in-Trade		207.60	319.26
Changes in Inventories of finished goods work-in-progress and Stock-in-Trade	21	(1,258.86)	(520.69)
Employee Benefits Expenses	22	1,463.95	1,297.69
Finance Costs	23	519.82	521.77
Depreciation and Amortization Expenses	10	909.55	912.09
Other Expenses	24	4,993.48	5,076.89
Total expenses		22,360.10	20,998.26
V. Profit before tax (III- IV)		1,638.33	678.23
VI Tax expense:			
(1) Current tax Payable		640.22	312.46
Less : Mat Credit Entitlement		243.94	132.39
Net Current Tax Liability		396.27	180.07
(2) Deferred tax		(20.25)	(87.98)
VII Profit (Loss) For the period (V-VI)		1,262.31	586.15
VIII Earnings per equity share:			
(1) Basic		8.25	3.83
(2) Diluted		8.25	3.83
Notes on Accounts	25		

The Note referred to above and the disclosure thereon form an integral part of the accounts

This is the Profit & Loss Account referred in our report of even date.

for **ALOK MITTAL & ASSOCIATES**
FIRM REG NO. 005717N
CHARTERED ACCOUNTANTS

[**ALOK K. MITTAL**]
PARTNER
M No. - 071205
Place: Hosur
Date: 22.04.2017

[**SUNIL K. ARORA**]
MANAGING DIRECTOR
DIN NO. - 00150668

[**SUJATA ARORA**]
DIRECTOR
DIN NO. 00112866

[**S PANIGRAHI**]
COMPANY SECRETARY
FCS NO. 4522

[**S SUNDARARAJAN**]
CFO
CMA No. - 37236

Cash Flow Statement for the period ended 31.03.2017

(Rs. In Lacs)

PARTICULARS	2016-17	2015-16
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary item	1,638.33	678.24
Adjustments For		
Depreciation Provision	909.55	912.09
Loss/(Profit) on sale of assets	0.04	2.82
Interest received	(69.51)	(114.75)
Foreign currency fluctuation (Gain/Loss (unrealised))	(162.84)	358.15
Operating Profit before working capital changes	2,315.57	1,836.55
Adjustment for Working Capital Changes		
Decrease/(Increase) in Inventories	(174.98)	154.93
Decrease/(Increase) in Debtors	(145.83)	379.19
Decrease (Increase) in others current assets	(127.04)	(37.26)
Decrease (Increase) in Loans & Advances	(79.07)	(48.78)
(Decrease)Increase in Current Liabilities	185.25	(49.94)
Cash from Operations	1,973.90	2,234.66
Less : Income Tax & Other Taxes Paid (Net)	377.96	132.41
Cash flow before Extraordinary items	1,595.94	2,102.25
Net cash from operations	1,595.94	2,102.25
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Assets	(891.12)	(2,198.60)
Sale of assets	0.63	18.07
Interest Received	69.51	114.75
Net cash from investing Activities	(820.98)	(2,065.76)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Secured & Unsecured)	(1,356.84)	(357.48)
Payment of Dividend including Dividend Tax	(184.15)	(183.60)
Net Cash from financing Activities	(1,540.99)	(541.08)
D. TOTAL INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENT		
Cash equivalent during the year before adjustment for foreign		
Currency fluctuation (A+B+C)	(766.04)	(504.58)
Adjustment for foreign currency fluctuation (gain)/loss	162.84	(358.15)
Cash equivalent during the year after adjustment for foreign		
Currency fluctuation	(603.19)	(862.74)
Cash & Cash equivalents at the beginning of the year	1,164.33	2,027.07
Cash & cash equivalent at the end of the year	561.14	1,164.33

The above cash flow statement has been compiled from and is based on the audited accounts of Aro Granite Industries Ltd. for the year ended 31ST MARCH 2017 reported upon by me as on 22.04.2017 According to the information and explanation given the aforesaid cash flow statement has been prepared pursuant to clause 32 of the listing agreement with the stock Exchange and their allocation required for purpose are as made by the company.

for **ALOK MITTAL & ASSOCIATES**
FIRM REG NO. 005717N
CHARTERED ACCOUNTANTS

[**ALOK K. MITTAL**]
PARTNER
M No. - 071205
Place: Hosur
Date: 22.04.2017

[**SUNIL K. ARORA**]
MANAGING DIRECTOR
DIN NO. - 00150668

[**SUJATA ARORA**]
DIRECTOR
DIN NO. 00112866

[**S PANIGRAHI**]
COMPANY SECRETARY
FCS NO. 4522

[**S SUNDARARAJAN**]
CFO
CMA No. - 37236

Disclosure Pursuant to Note of Part I of Schedule III to the Companies Act 2013

(Rs. in Lacs)

NOTES	Figures as at the end of current reporting period		Figures as at the end of Previous reporting period		
	Number	Amount	Number	Amount	
1. SHARE CAPITAL					
(a) AUTHORISED					
1,96,00,000 (PY 1,96,00,000) equity shares of Rs. 10 each	1,96,00,000	1,960.00	1,96,00,000	1,960.00	
40,000, 10% Convertible Cumulative Preference Shares (CCPS) of Rs. 100 each (PY 40,000 CCPS)	40,000	40.00	40,000	40.00	
Total	1,96,40,000	2,000.00	1,96,40,000	2,000.00	
ISSUED, SUBSCRIBED AND PAID UP					
1,53,00,000 Equity Shares (PY 1,53,00,000 Equity Shares) of Rs. 10 each	1,53,00,000	1,530.00	1,53,00,000	1,530.00	
Total	1,53,00,000	1,530.00	1,53,00,000	1,530.00	
(b) Disclosure pursuant to Note no. 1 of Part I of Schedule III to the Companies Act, 2013 (Following disclosure should be made for each class of Shares)					
Particulars	Equity Shares				
	Number		Rs in Lacs		
Shares outstanding at the beginning of the year	15,300,000		1,530.00		
Shares Issued during the year	-		-		
Shares bought back during the year	-		-		
Shares outstanding at the end of the year	1,53,00,000		1,530.00		
(c) Shares in the company held by shareholders holding more than 5% of Shares					
Name of Shareholder	Figures as at the end of current reporting period		Figures as at the end of Previous reporting period		
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	
Sunil Kumar Arora	4869315	31.83	4869315	31.83	
Dilip Kumar Lakhi	1164888	7.61	1468628	9.60	
(d) Shares issued for the period of Five Years Immediately preceeding the date of Balance Sheet.(Following disclosure should be made for each class of Shares)					
Particulars	Year (Aggregate No. of Shares)				
	2016-17	2015-16	2014-15	2013-14	2012-13
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	NIL	NIL	NIL	NIL	NIL
Fully paid up by way of bonus shares	NIL	NIL	NIL	51,00,000	NIL
Shares bought back	NIL	NIL	NIL	NIL	NIL

(Rs. In Lacs)

NOTES	Figures as at the end of current reporting period	Figures as at the end of Previous reporting period
2 RESERVE & SURPLUS		
a. Securities Premium Account		
Opening Balance	407.20	407.20
Closing Balance	407.20	407.20
b. General Reserves		
Opening Balance	2,970.68	2,770.68
(+) Current Year Transfer	200.00	200.00
Closing Balance	3,170.68	2,970.68
c. Surplus		
Opening balance	10,958.07	10,761.26
(+) Net Profit/(Net Loss) For the current year	1,262.31	586.15
(-) Proposed Dividends	(153.00)	(153.00)
(-) Dividends Tax	(31.15)	(31.15)
(+) Excess Provision W/back	3.30	(5.18)
(-) Transfer to General Reserves	(200.00)	(200.00)
Closing Balance	11,839.53	10,958.07
Total	15,417.42	14,335.96
3 LONG TERM BORROWINGS		
Secured		
External Commercial Borrowing From Bank of Baroda DIFC Dubai (See Note No.25(2)(a)) Terms of Repayment- Half Yearly	1,065.68	1,500.23
Total	1,065.68	1,500.23
4 OTHER LONG TERM LIABILITIES		
(a) Creditors Payables for Capital Goods	28.52	40.67
Total	28.52	40.67
5 LONG TERM PROVISIONS		
(a) Provision for employee benefits		
Gratuity	158.11	132.81
Leave Encashment	22.51	20.05
Total	180.62	152.86

(Rs. In Lacs)

NOTES	Figures as at the end of current reporting period	Figures as at the end of Previous reporting period
6 SHORT TERM BORROWINGS		
Secured		
(a) Loans repayable on demand		
i) BOB CC Account	158.43	166.87
ii) Packing Credit From BOB	7,553.28	7,488.43
iii) Foreign Bill Discounted from BOB	1,045.53	1,117.20
iv) Packing Credit From HSBC (See Note No. 25 (2)(a))	-	863.18
(b) Buyers Credit Through HSBC Loan Account	-	84.67
(c) External Commercial Borrowing From Bank of Baroda DIFC Dubai (See Note No. 25 (2)(a)) Terms of Repement-Half Yearly	355.23	314.40
Total	9,112.47	10,034.75
7 TRADE PAYABLES		
a) Trade Payable Outstanding more than one year	22.92	25.81
b) Trade Payable Outstanding less than one year	1,593.46	1,738.02
Total	1,616.38	1,763.83
8 OTHER CURRENT LIABILITIES		
(a) Advance From Customers & Others	148.20	85.03
(b) Unpaid dividends	20.04	19.37
(c) Statutory Dues Payable	29.96	54.83
(d) Other Expenses Payable	216.83	350.42
(e) Book Overdraft with Bank	375.95	-
Total	790.98	509.65
9 SHORT TERM PROVISIONS		
(a) Provision for employee benefits		
i) Salary & Reimbursements	32.63	-
ii) Contribution to PF & ESI	9.40	8.12
(b) Leave Encashment	1.19	0.67
(c) Provision For Gratuity	9.04	4.01
(d) Provision For Income Tax	69.52	54.50
(e) Provision For Dividend on Equity	153.00	153.00
(f) Provision For Corporate Dividend Tax	31.15	31.15
(g) Provision For CSR Expenses	26.32	30.00
Total	332.25	281.45

(Rs. in Lacs)

Fixed Assets	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1st April 2016	Additions/ (Disposals)	Deletion	Balance as at 31 March 2017	Balance as at 1st April 2016	Depreciation charge for the year	On disposals	Balance as at 31 March 2017	Balance as at 31 March 2016
Tangible Assets									
Land	306.63	-	-	306.63	-	-	-	306.63	306.63
Buildings	2,982.12	2,238.03	-	5,220.15	834.90	114.88	-	949.78	2,147.23
Plant and Equipment	7,919.26	212.07	-	8,131.33	3,615.13	673.15	-	4,288.28	4,304.13
Furniture and Fixtures	36.42	5.81	-	42.23	25.34	4.46	-	29.80	11.08
Electrical Equipment	521.78	227.90	-	749.68	251.01	64.38	-	315.39	270.78
Office equipment	52.55	9.60	-	62.15	43.28	12.42	-	55.70	9.28
Vehicles	362.41	9.06	(0.96)	370.51	160.86	38.60	(0.34)	199.12	201.56
Canteen equipment	12.70	8.46	-	21.16	8.02	1.65	-	9.67	4.67
Total	12,193.87	2,710.93	(0.96)	14,903.85	4,938.54	909.55	(0.34)	5,847.74	7,255.36
Previous Year	11,406.50	819.58	32.21	12,193.87	4,039.04	912.08	12.60	4,938.54	7,368.62
Capital WIP									
Buildings	1,700.66	754.51	2,214.68	240.49	-	-	-	240.49	1,700.66
Plant and Equipment	171.69	33.08	204.77	-	-	-	-	-	171.69
Electrical Equipment	193.75	38.74	226.68	5.81	-	-	-	5.81	193.75
Total	2,066.10	826.33	2,646.13	246.30	-	-	-	246.30	2,066.10
Previous Year	696.63	1,931.90	562.43	2,066.10	-	-	-	2,066.10	696.62

(Rs. In Lacs)

NOTES	Figures as at the end of current reporting period	Figures as at the end of Previous reporting period
11 LONG TERM LOANS & ADVANCES		
a. Capital Advances		
Unsecured, considered good	62.34	74.32
b. Security Deposits		
Unsecured Considered Good	190.35	144.62
Total	252.69	218.94
12 CURRENT INVESTMENT		
Investment in Equity Instrument (Market Value of Shares) Bank of Baroda - 1196 shares @ Rs. 173 Rs. 206908/- Pokarna Ltd - 500 shares @ Rs. 1047 Rs. 523500/-	1.87	1.87
Total	1.87	1.87
13 INVENTORIES		
a. Raw Materials and components (Valued at Actual Cost)	2,726.73	3,954.26
b. Work-in-progress (Valued at Actual Cost)	612.72	378.45
c. Finished goods (Valued at Actual Cost)	6,631.64	5,607.06
d. Stores and spares (Valued at Actual Cost)	488.70	435.31
e. Packing Material (Valued at Actual Cost)	60.08	60.19
f. Consumable (Valued at Actual Cost)	715.48	625.10
Total	11,235.35	11,060.37
14 TRADE RECEIVABLE		
Trade receivables outstanding for a period less than six months from the date they are due for payment (Unsecured considered good)	7,002.62	6,566.17
Trade receivables outstanding for a period exceeding six months from the date they are due for payment (Unsecured considered good)	1,224.31	1,514.93
Total	8,226.93	8,081.10
15 CASH AND CASH EQUIVALENTS		
a. Balances with banks		
This includes:		
Earmarked Balances (eg/- unpaid dividend accounts)	20.65	19.98
Fixed Deposit with Bank	462.32	1,043.64
Cash at Bank	72.74	92.06
b. Cash on hand	5.43	8.65
Total	561.14	1,164.33
16 SHORT TERM LOANS & ADVANCES		
a. Others (specify nature)		
Unsecured, considered good		
Advance For Raw Material Consumables	377.25	329.44
Other Advance	3.27	5.77
Total	380.52	335.21
17 OTHER CURRENT ASSETS		
Prepaid Expenses	26.07	30.63
Material In Transit & others	24.54	20.07
Excise Duty Receivable	2.73	2.75
Interest Accrued But Not Due	0.47	-
Service Tax Receivable	124.76	55.03
Margin money with Banks	531.03	499.31
VAT & Sales Tax Receivable	159.31	134.09
Total	868.91	741.88

Disclosure Pursuant to Note of Part II of Schedule III to the Companies Act 2013

(Rs. In Lacs)

NOTES	Figures for the current reporting period	Figures for the previous reporting period
18 REVENUE FROM OPERATION		
Sales - Export	22,943.45	20,475.24
Sales - DTA	1,108.07	1,285.07
Total	24,051.52	21,760.31
Less:		
Excise duty	186.34	201.47
Total	23,865.18	21,558.84
19 OTHER INCOME		
Interest Income	69.51	114.76
Miscellaneous Income	63.74	2.89
Total	133.25	117.65
20 COST OF MATERIAL CONSUMED		
(A) Raw Material Consumption		
OPENING STOCKS	3,954.26	4,598.71
ADD: PURCHASES	10,816.28	9,754.77
	14,770.54	14,353.48
LESS: CLOSING STOCKS	2,726.73	3,954.26
	12,043.81	10,399.22
(B) Consumable Consumption		
OPENING STOCKS	625.10	675.14
ADD: PURCHASES	2,889.93	2,288.86
	3,515.03	2,964.00
LESS: CLOSING STOCKS	715.48	625.10
	2,799.55	2,338.90
(C) Packing Material Consumption		
OPENING STOCKS	60.19	73.61
ADD: PURCHASES	681.09	639.71
	741.28	713.32
LESS: CLOSING STOCKS	60.08	60.19
	681.20	653.13
Cost of Material Consumed (A+B+C)	15,524.55	13,391.25
21 FINISHED GOODS & WIP		
OPENING STOCKS	5,985.51	5,464.83
CLOSING STOCKS	7,244.37	5,985.51
	(1,258.86)	(520.68)
22 EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages	1,046.07	954.08
Contribution to Provident and Other Funds	56.89	54.67
Staff Welfare Expenses	156.98	131.14
Managerial Remuneration	204.02	157.80
Total	1,463.95	1,297.69

(Rs. In Lacs)

NOTES	Figures for the current reporting period	Figures for the previous reporting period
23 FINANCE COST		
Bank Charges	98.31	71.99
Packing Credit	326.79	324.96
Cash Credit	21.70	20.47
Foreign Bills Discounted / Purchases	73.03	104.35
Total	519.82	521.77
24 OTHER EXPENSES		
Advertisement & Publicity	10.40	5.67
Auditors Remuneration		
- Auditor's Fee	4.73	4.24
- Tax Audit Fee	1.40	1.27
- Other Management Services	0.64	0.58
Bad Dents W/Off	195.50	-
CSR Activity Expenses	26.32	30.00
Donation	0.30	0.73
Freight and Forwarding Charges	993.32	970.77
Insurance Expenses	86.77	83.09
Loss on Sale of Assets	0.04	2.82
Loss on Exchange Fluctuation	(162.84)	358.14
Legal Expenses	8.23	11.49
Membership & Subscription	4.81	3.24
Miscellaneous Expenses	2.25	2.22
Other Manufacturing Expenses	953.63	801.58
Printing & Stationery	20.24	20.90
Prior Period Expenses	0.43	-
Power & Fuel	1,153.90	1,122.17
Professional Service Charges	62.33	35.21
Rent Paid	1.41	6.79
Rates & Taxes	42.14	50.13
Rebate & Discount	187.26	229.44
Repairs to Buildings	83.03	101.28
Repair to Plant & Machinery	213.57	184.09
Repair & Maintenance		
- Electricals	15.35	14.65
- Vehicles	96.77	84.79
- Others	54.02	46.72
Sales Promotion	190.90	215.16
Security Service Charges	57.98	49.61
Stores & Spares Consumptions	472.40	412.85
Telephone & Telex	42.74	44.51
Travelling & Conveyance		
- Employees (Foreign Travel - 23.61 Lacs/-) (P.Y. 21.52 Lacs)	93.23	96.68
- Director (Foreign Travel - 75.31 Lacs (P.Y. 66.79 Lacs)	80.26	86.07
Total	4,993.48	5,076.89

NOTE - 25

1. Significant Accounting Policies

- a) **GENERAL** - The accounts are prepared on historical cost basis, and on the accounting principles of going concern. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
- b) **FIXED ASSETS** - Fixed assets are stated at the cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition.
- c) **DEPRECIATION** - Depreciation on fixed assets has been provided on Straight Line Method (SLM) basis on the rates specified in schedule II of the companies Act, 2013, as applicable on the last date of the accounting period.
- d) **INVENTORIES** - Inventories are valued at the lower of the cost or net realizable value. The cost of the inventories is assigned by using At Cost Method. Raw material, Stores & Spares and Packing Materials have been valued at cost. Process Stock is valued at cost, which is determined by taking direct material, labour cost and certain related Factory Overheads, Finished Goods have been determined on full absorption cost basis which includes all direct cost, depreciation, etc.
- e) **REVENUE RECOGNITION** - The Company follows Mercantile System of Accounting and recognizes income and expenditure on accrual basis.
- f) **FOREIGN CURRENCY TRANSACTION:** Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transactions.
The outstanding foreign currency assets and liabilities are restated at the year-end rates. The net profit or loss arising on restatement/ settlement is adjusted to the profit & Loss account.
- g) **BORROWING COSTS:** Borrowing cost that are attributable to the acquisition or constructions of qualifying assets are capitalized as a part of the cost of such assets. A qualifying assets is one that takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- h) **PROPOSED DIVIDEND:** The company provides for the dividend as proposed by the Directors in the books of account, pending approval at the Annual General Meeting.
- i) **CONTINGENT LIABILITIES:** contingent liabilities are not provided and are disclosed by way of notes.
- j) **RETIREMENT BENEFITS** - The Company's contribution in respect of Provident Fund is charged against revenue every year. In respect of Gratuity, Provision for Gratuity & Leave encashment is made by charging Profit & Loss Account by an amount determined by actuarial valuation.
- k) **DEFERRED TAXATION** - Deferred Tax arising from timing difference between book and tax profit is accounted for under the liability method at the current rate of tax, to the extent that the timing difference are expected to crystallize.

2. NOTES TO ACCOUNTS :

(a) **DETAIL OF SECURITIES AGAINST SHORT TERM & LONG TERM BORROWINGS (Refer Note No. 3 and 6)**

(A) **Working Capital From Bank Of Baroda Secured by Way of following : -**

- (i) Charge on the entire Current Assets of the Company.
- (ii) Charge on the of Movable Fixed Assets of the Company, both present and future.
- (iii) Charge on the Company's immovable properties land admeasuring 10.84 acres situated at Kamandoddi Village, Hosur Taluk, Distt. Shoolagiri, Tamil Nadu.
- (iv) Charge on the Company's immovable properties situated at Village: Nallaganakothapalli Taluk: Hosur, Distt: Krishnagiri, Tamil Nadu.
- (v) Pledge of FDR worth Rs.2.50 Crores equivalent to 10% of FBP limit in lieu of waiver of buyer wise ECGC cover; and
- (vi) Joint and Several personal guarantees of (1) Mr. Kasturi Lal Arora, (2) Mr. Sunil K.Arora and (3)Mrs. Sujata Arora.

(B) **EXTERNAL COMMERCIAL BORROWINGS from Bank of Baroda DIFC Dubai is Secured by Way of following : -**

- (i) Charge over all entire fixed assets of the Company (present and future) including land and building at Nallaganakothapalli village in Hosur Taluk, Krishnagiri District.
- (ii) Charge on all current assets of the Company.
- (iii) Charge over DSRA to be maintained for one quarter interest and one installment of the facility.
- (iv) Pledge of FDR i.e. Rs. 2.50 Crores maintained by Company with Bank of Baroda, International Business Branch, 1st Floor, BOB Building, 16 Sansad Marg, New Delhi 110001.
- (v) Charge on the property in the name of company measuring 10.84 acres situated at Kamanadoddi Village, Hosur Taluk, District Shoolagiri.

- (b) i. Bills of Exchange discounted **Rs. 1,045.53 Lacs** (PY. Rs. 1,117.20 Lacs)
- ii. Guarantee & counter Guarantee Outstanding **Rs. 9.61 Lacs** (PY. Rs. 9.61 Lacs)
- iii. Letter of Credit **Rs. 484.98 Lacs** (PY. Rs. 583.60 Lacs)

- (c) In compliance with **Accounting Standard – 22 relating to “Accounting for taxes on Income”** issued by the Institute of Chartered Accountants of India, the company has adjusted the deferred tax liability (net) arising out of timing difference for the period up to 31st March 2017 with the Balance of Deferred Tax Liability (Net) accruing during the year aggregating to Rs. (20.25) Lacs has been recognized in the Profit and Loss Account.

(d) Major components of Deferred Tax Assets and Liabilities arising on account of timing difference are:

	Assets (Rs. In Lacs)	Liabilities (Rs. In Lacs)
Depreciation	–	821.55
	–	(827.83)
Provision for Gratuity & EL	66.05	–
	(52.09)	–

(e) Related Party Disclosure : As per Accounting Standard 18, the disclosures of transactions with the related parties are given below::

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Sl.No.	Name of the Related Party	Relationship
1.	Mr. Sunil K Arora	Key managerial Personnel
2	Mr. K. Raghavendra	Key managerial Personnel
3	Mrs. Sujata Arora	Key managerial Personnel
4	Mr. K.L. Arora	Key managerial Personnel
5.	Shivani Arora	Relative of Key Managerial Personal
6.	Sahil Arora	Relative of Key Managerial Personal
7.	Aro Granite International Inc	Relative of Key Managerial Personal

(ii) Transactions during the year with related parties :

Sl.No.	Nature of Transactions	Relative of Key Managerial Personnel	Rs. In Lacs
		2016-17	2015-16
1.	Revenue From Operation	1,530.92	1,467.22
2.	Payment to Key Managerial Personnel/Relative	232.01	178.75

Disclosure in Respect of Major Related Party Transactions during the year :

Particulars	Relationship	2016-17	2015-16	Rs. In Lacs
1. Revenue from Operations				
	Aro Granite International Inc	1,530.92	1467.22	
2. Payment To Key Managerial Personnel / Relative				
	Mr. Sunil K Arora	170.80	144.00	
	Mr. K. Raghavendra	15.21	14.55	
	Mrs. Sujata Arora	10.63	–	
	Mr. K.L. Arora	7.37	–	
	Mrs. Shivani Arora	11.00	7.28	
	Mr. Sahil Arora	17.00	12.92	

(f) Basic Earning Per Share (EPS) as per AS –20

	2016-17	2015-16
EPS Basic	8.25	3.83
EPS Diluted	8.25	3.83

(g) The Company is into the business of Granite Tiles and Slabs on which company have same degree of risk and return. Their production process is also similar. Further the company's revenue from domestic market is negligible. Thus the Company does not have more than one reportable segment in line with the **Accounting Standard 17 on "Segmental Reporting"** issued by the Institute of Chartered Accountants of India.

(h) There are no Small Scale Undertakings to which Company owes, for more than thirty days and exceeding Rupees One Lac.

(i) **Director's Remuneration :**

	2016-17 (Rs. In Lacs)	2015-16 (Rs. In Lacs)
I Salary	Rs. 117.01	Rs. 107.67
II Rent Free Accom. /HRA	Rs. 54.00	Rs. 50.88
III Commission	Rs. 33.00	Rs.. —

(j) Director's Traveling

	2016-17 (Rs. In Lacs)	2015-16 (Rs. In Lacs)
I. Local	Rs. 4.95	Rs. 19.28
II. Foreign	Rs. 75.31	Rs. 66.79

(k) Additional Information Related to Quantitative Details:

I. Licensed & Installed Capacity and Actual Production :

Class of goods	Unit	Licensed Capacity (Per annum)		Installed Capacity (Per annum)		Production	
		2017	2016	2017	2016	2017	2016
SLAB PLANT Granite Slabs	Sq.Mt	5,85,000	5,85,000	5,85,000	5,85,000	5,23,059	4,68,791
TILE PLANT Granite Tiles	Sq.Mt	3,60,000	3,60,000	3,60,000	3,60,000	1,64,221	2,05,584

(The Installed Capacity has been certified by a Director of the Company on which the Auditors have placed reliance without verification).

II. Particulars in respect of Sales :

Class of Goods	Quantity In Sq.M.		(Rs. In Lacs)	
	Year Ended 31.03.2017	Year Ended 31.03.2016	Year Ended 31.03.2017	Year Ended 31.03.2016
Slab Plant	4,61,959	4,49,663	20,257.69	17,525.50
Tile Plant	1,58,116	1,97,249	3,607.50	4,033.34

(l) Details of Finished Goods

Class of Goods	Quantity (In Sq. M)		(Rs. In Lacs)	
	Year Ended 31.03.2017	Year Ended 31.03.2016	Year Ended 31.03.2017	Year Ended 31.03.2016
I. Details of Opening Stock :				
- Slab Plant	2,05,557	1,86,429	4,299.66	3,900.32
- Tile Plant	1,06,389	98,054	1,307.41	1,187.36
II. Details of Closing Stocks :				
- Slab Plant	2,66,657	2,05,557	5,220.26	4,299.66
- Tile Plant	1,12,494	1,06,389	1,411.39	1,307.41

(m) Details of Raw materials consumed during the year :

SLAB PLANT				
Rough Blocks	Cub. Mtr.	Cub. Mtr	(Rs. In Lacs)	
Indigenous	16,483.994	13,048.560	8,378.96	6,396.79
Imported	2,401.784	2,609.498	2,342.47	2,592.07
Stores, Spares, Consumables & Packing			3,277.23	2,683.76
Imported			1,532.98	1,277.15
Indigenous			1,744.25	1,406.61
TILE PLANT				
Rough Blocks	Cub. Mtr.	Cub. Mtr	(Rs. In Lacs)	
Indigenous	3,717.636	3,960.324	1,173.41	1,298.50
Imported	186.104	169.209	148.96	111.86
Stores, Spares, Consumables & Packing			675.95	721.11
Imported			84.34	96.90
Indigenous			591.61	624.21

(n) **Earning in Foreign Exchange :**

	Year ended 31.03.2017 (Rs. In Lacs)	Year ended 31.03.2016 (Rs. In Lacs)
Export of Goods (FOB)	22,753.95	20,196.42

(o) **Expenditure in Foreign Currency :**

	Year ended 31.03.2017 (Rs. In Lacs)		Year ended 31.03.2016 (Rs. In Lacs)	
Value of Imports (CIF)				
Capital Goods	112.21	3.59%	707.14	15.67%
Raw Materials	1,073.27	34.34%	1,845.48	40.89%
Consumables	1,475.06	46.04%	1,303.81	28.89%
Stores & Spares	361.12	11.55%	501.54	11.11%
Overseas Business Travelling	102.03	3.26%	104.67	2.31%
Other Expenses	38.16	1.22%	50.16	1.13%

(p) **Auditors Remuneration:** (Including Service Tax)

	Year ended 31.03.2017 (Rs. In Lacs)	Year ended 31.03.2016 (Rs. In Lacs)
Audit Fee	5.40	4.87
Tax Audit Fee	1.61	1.43
Other Management Services	0.74	0.63
	7.75	6.93

(q) Previous years figures have been regrouped wherever necessary to confirm to this years classification, in terms of our report of even date.

(r) Disclosure as per schedule III of companies Act 2013

Details of specified Bank notes (SBN) held and transaction during the period 08/11/2016 to 30/12/2016

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1,35,500	5,14,478	6,49,978
(+) Cash withdraw from bank	-	4,88,000	4,88,000
(+) Permitted receipts	-	8,88,772	8,88,772
(-) Permitted payments	71,000	13,05,529	13,76,529
(-) Amount deposited in banks	64,500	-	64,500
Closing cash in hand as on 30.12.2016	-	5,85,721	5,85,721

(s) Figures shown in bracket are related to Previous year in the Financial statement and are in INR (In Lacs)

for **ALOK MITTAL & ASSOCIATES**
FIRM REG NO. 005717N
CHARTERED ACCOUNTANTS

[ALOK K. MITTAL]
PARTNER
M No. - 071205
Place: Hosur
Date: 22.04.2017

[SUNIL K. ARORA]
MANAGING DIRECTOR
DIN NO. - 00150668

[SUJATA ARORA]
DIRECTOR
DIN NO. 00112866

[S PANIGRAHI]
COMPANY SECRETARY
FCS NO. 4522

[S SUNDARARAJAN]
CFO
CMA No. - 37236

REFERRED TO IN PARAGRAPH 4 TO THE ACCOUNTS IN SCHEDULE 15 AND FORMING
PART OF THE BALANCE SHEET

BALANCE SHEET EXTRACT AND COMPANY'S GENERAL BUSINEES PROFILE

Registration No : 55-31510 State Code: 55

Balance Sheet Date	31	03	2017
	Date	Month	Year

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

Sources of Funds

Total Assets	Total Liabilities
3,082,981	3,082,981
Paid up Capital	Reserve & Surplus
153,000	1,541,742
Secured Loans	Unsecured Loans
1017815	Nil
Net Fixed Assets	Investments
930240	187
Net Current Assets	Misc. Expenditure
942264	Nil
Accumulated Loss	
Nil	

Turnover	Total expenditure
2405152	2236010
Profit/Loss before Tax	Profit/Loss after Tax
163833	126231
Earning Per Share	Dividend Rate
8.25	10%

Generic Name of the Three Principal Product of the Company
(As per monetary terms)

ITC code No.

680233

Product Description

Granite Tiles & Slabs



Aro granite industries ltd.

(CIN: L74899DL1988PLC031510)

1001, 10th Floor, DLF Tower 'A', Jasola, New Delhi - 110025

Phone: 91-11-41686169, Fax: 91-11- 26941984

Website: www.arotile.com, E-mail: investorgrievance@arotile.com



ADMISSION SLIP

Folio No. / DP ID / Client ID #	
No. of Equity Shares held	

I/We hereby record my/our presence at the 29th Annual General Meeting of the Company being held at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi 110003 on Monday, the 18th September 2017 at 10.00 A.M.

Name of the Shareholder (in block letters)
Name of Proxy / Authorised Representative attending* (in block letters)

Signature of the attending Shareholder/Proxy/Authorised Representative*

Note: Please produce this Admission Slip duly filled and signed at the entrance of the meeting hall.
Shareholders intending to appoint a proxy may use the Proxy Form given below.

#Applicable for shareholders holding shares in dematerialised form.

*Strike out which is not applicable

Aro granite industries ltd.

(CIN: L74899DL1988PLC031510)

1001, 10th Floor, DLF Tower 'A', Jasola, New Delhi - 110025

Phone: 91-11-41686169, Fax: 91-11- 26941984

Website: www.arotile.com, E-mail: investorgrievance@arotile.com

PROXY FORM

Name of the member(s):	
Registered Address:	
E-Mail ID:	
Folio No./DPID/Client ID:	

I/We being the member(s) of Aro granite industries limited, holding shares hereby appoint :

(1) Name: Address:

E Mail ID: Signature: or failing him/her;

(2) Name: Address:

E Mail ID: Signature: or failing him/her;

(3) Name: Address:

E Mail ID: Signature: or failing him/her;

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company to be held on Monday, the 18th September 2017 at 10.00 A.M. at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi 110003 and at any adjournment thereof in respect of the resolutions as are indicated overleaf:



Resolution Number	Resolution
ORDINARY BUSINESS	
1	Adoption of Audited Financial Statements for the year ended 31st March 2017.
2	Declaration of Dividend for the year ended 31st March 2017.
3	Appointment of Smt. Sujata Arora, Director who retires by rotation and being eligible offers herself for re-appointment.
4	Appointment of M/s VAPS & Co. Chartered Accountants, New Delhi in place of retiring Auditor M/s Alok Mittal & Associates, Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of 29th Annual General Meeting till the conclusion of 34th Annual General Meeting.

Signed this _____ Day of _____ 2017

Signature of Shareholder

Signature of Proxy holder(s)

Affix
revenue
stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at 1001, 10th Floor, DLF Tower 'A', Jasola, New Delhi - 110025, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.



Aro granite industries ltd.

(100% Export Oriented Unit)

Tel: 91-4344 252100

Fax: 91-4344 252217

Email: aro@arotile.com

Website: www.arotile.com