



# Aro granite industries Ltd.

Regd. Office : 1001, 10th Floor, DLF Tower A, Jasola, New Delhi - 110 025.  
Phone : 91-11- 41686169, Fax : 91-11- 26941984, E-mail : arodelhi@arotile.com

Date: 26.08.2021

Bombay Stock Exchange Limited  
Department of Corporate Services  
Floor 25, P.J. Towers  
Dalal Street  
Mumbai 400001  
**(SCRIP CODE: 513729)**

National Stock Exchange of India Limited  
Listing Department  
5<sup>th</sup> Floor, Exchange Plaza  
Bandra (E)  
Mumbai 400051  
**(SCRIP CODE: AROGRANITE/EQ)**

## **Sub.: Annual Report for the financial year 2020-21 and Notice convening the 33<sup>rd</sup> Annual General Meeting**

Dear Sir,

Pursuant to Clause 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we submit herewith the Annual Report of the Company for the year 2020-21 along with the Notice convening the 33<sup>rd</sup> Annual General Meeting scheduled to be held on 24<sup>th</sup> September 2021. The Annual Report is also available on the Company's website [www.arotile.com](http://www.arotile.com)

Thanking You

Yours faithfully  
For Aro granite industries Ltd.

  
Company Secretary

CORP. OFF. & WORKS :

KONERIPALLI VILLAGE, SHOOLAGIRI (VIA), HOSUR TALUK - 635 117, KRISHNAGIRI DIST. TAMIL NADU, INDIA.  
TEL : 91 - 4344 - 252100 FAX : 91 - 4344 - 252217 E-mail : aro@arotile.com Web : www.arotile.com  
CIN : L74899DL1988PLC031510



# 33<sup>RD</sup> ANNUAL REPORT 2020-21

“  
**Survival  
of the  
Fittest**  
”



***Aro granite industries Ltd.***  
(100% Export Oriented Unit)









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## *From the desk of the* **MANAGING DIRECTOR**

Dear shareholders,

I hope you and your loved ones are safe as we pass through this unprecedented global pandemic of COVID-19. The global economy was significantly impacted, and lockdowns brought the entire world to a standstill in April 2020. Furthermore, closure of non-essential businesses and travel bans across countries have hit economic activity in a big way.

While the First half of FY2021 was quite challenging for the global economy, the lockdown restrictions eased out in the second half, helping the global economy to show a good recovery with businesses returning to pre-COVID-19 activity levels.

Given the scale of the challenges posed by COVID-19 pandemic, we have been very diligent in running our operations and have given priority to health and well-being of our employees. We have strictly followed all the Government mandated guidelines to ensure that our employees are well protected from the COVID-19 Pandemic. We are following a strict regimen of proactive detection of symptoms, testing and quarantine. Where employees with slightest symptoms are home quarantined, they are paid full salaries. We did not deduct salaries and wages of any of our employees and all employees were paid in full on time without any deduction even during lockdown period.



Our business was also significantly impacted due to COVID-19. We had to close down our Hosur and Jaipur plants for 6 weeks in the beginning of FY2021 during the national lockdown. Even after the lockdown was lifted, we had to tackle many challenges. One of the biggest issues we faced was the non-availability of raw material. Mining in granite quarries came to a standstill during lockdown and subsequently their production scaled down significantly due to shortage of labour. Uncertainty and the fear of lockdown forced the migrant labours to move back to their native places.

Our operations in Hosur plant were significantly impacted and our production affected due to shortage of rough blocks, which was further worsened by the extreme shortage of labour. We relied on our finished goods inventory to help us maintain our sales and focused on customers which had more flexibility in the way of working.

The various global lock downs and ever-changing regulations have caused a world shipping crisis. Container costs to various destinations have gone up 2-4x from 2019 level and this is creating huge bottle necks. Even when the drastic increase in freight rates are accepted, finding empty containers and space on cargo ships have been a huge challenge.

Given the challenging times, our performance was reasonably good. Our sales ended at Rs 179.37 Cr in FY2021 as compared to Rs 177.71 Cr in FY2020. Our profitability jumped to Rs 6.05 Cr in FY2021 from Rs 3.61 Cr in FY2020. The jump in profitability was due to lower expenses and increased contribution from Jaipur plant, where the transportation expenses are lower, and the capacity utilization was much better.

Despite the challenges faced in international markets due to container shortage and high shipping costs, we were successful in protecting our market share.

We generated 20% of our revenue from Jaipur plant. Rajasthan has unique colors which are very popular in international market especially in North America. Availability of new colors has helped us in increasing our portfolio of colors and drive capacity utilization in the Jaipur plant.

Initially we had planned to commission our quartz plant at the beginning of 2020, but we were hit with travel bans and lockdowns which made it impossible for the technicians to travel to India and help us in setting up our plant. Due to the prolonged delay, we decided to proceed with remote online commissioning through CCTV and Video Conferencing support. We were able to successfully commission the plant in January 2021. We commenced commercial export to our customers in February 2021. We got good feedback for our initial batches and we are gradually ramping up production. Given the long-term relationships we have with our customers and distributors around the world, we expect to get good traction over time for our quartz products.

A positive for us is that the GST refund process is working smoothly now, and refunds are being processed on time. This in turn has helped us in releasing our working capital.

Overall FY2021 was a challenging year, but we are quite satisfied with our operating and financial performance. Though our operations were impacted, we were able to maintain our revenue in line with previous year and increased our profits.

We are extremely thankful to all our employees who were committed to their job. Inspite of many challenges, their effort helped the Company persevere in these difficult times. With the commissioning of the Quartz plant and increased contribution from Jaipur plant we expect to do well in the coming year.

We thank all our valued shareholders and look forward to their continued support.

**Sunil Kumar Arora**  
Managing Director





# Board of DIRECTORS

Sunil Kumar Arora  
Managing Director

Dinesh Chandra Kothari  
Independent Director

Rahul Gupta  
Independent Director

Sujata Arora  
Director

Vinita Sood  
Independent Director

Sahil Arora  
Whole Time Director

Sundareshwara G. Sastry  
Independent Director

Registered Office  
1001, 10th Floor, DLF Tower A,  
Jasola, New Delhi 11 0 025, India  
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E-mail: [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com)  
Website: [www.arotile.com](http://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

Company Secretary  
Sabyasachi Panigrahi

Chief Financial Officer  
M. Madangopal

Statutory Auditors  
M/s VAPS & Company, New Delhi

Internal Auditors  
M/s Sreekantha & Co., Hosur

Secretarial Auditor  
Ms. Latika Jetley, New Delhi

Bankers  
Bank of Baroda  
HDFC Bank Limited

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



# Financial HIGHLIGHTS

## 10 YEARS AT A GLANCE

(₹ in Lakhs)

Description	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Sales	15,920.80	18,725.68	25,133.83	25,477.97	21,558.84	23,865.18	20,072.15	17,243.65	17,770.99	17,937.43
EBITDA	2,032.76	2,504.25	3,886.82	3,380.55	2,112.09	3,067.70	1,378.25	2,585.20	2,167.70	2,442.78
Depreciation	417.84	470.00	516.13	858.75	912.09	909.55	865.03	825.44	1,052.59	1,106.90
Tax	318.00	380.01	743.83	738.47	312.46	376.02	11.26	281.55	156.72	192.95
Profit After Tax	877.87	1,125.93	2,109.21	1,668.85	586.14	1,262.31	117.33	971.11	360.62	604.81
Gross Block	11,904.24	12,490.33	11,869.22	11,406.51	12,193.88	14,903.85	16,245.57	18,798.24	25,572.75	26,135.60
Net Worth	11,250.54	12,261.87	14,192.08	15,469.12	15,865.93	16,947.42	17,059.77	18,022.47	18,148.68	18,764.10
Reserves & surplus	10,230.54	11,241.87	12,662.08	13,939.12	14,335.93	15,417.42	15,529.77	16,492.47	16,618.68	17,234.10
Equity Share Capital	1,020.00	1,020.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00
Dividend (%)	10	10	10	10	10	10	00	10	00	00
Dividend Payout Ratio (%)	11.62	9.06	7.25	9.17	26.11	12.12	00	15.76	00	00
EPS (₹)	8.61	11.04	17.11	10.91	3.83	8.25	0.77	6.29	2.14	4.02
Book Value Per Share (₹)	110.30	120.21	92.76	101.11	103.70	110.77	110.50	117.29	118.62	122.64
ROCE (%)	8.00	10.89	12.84	8.83	3.70	8.63	0.69	5.17	1.41	5.47
RONW (%)	7.80	9.18	14.86	12.26	3.69	7.45	0.70	5.39	1.99	3.22

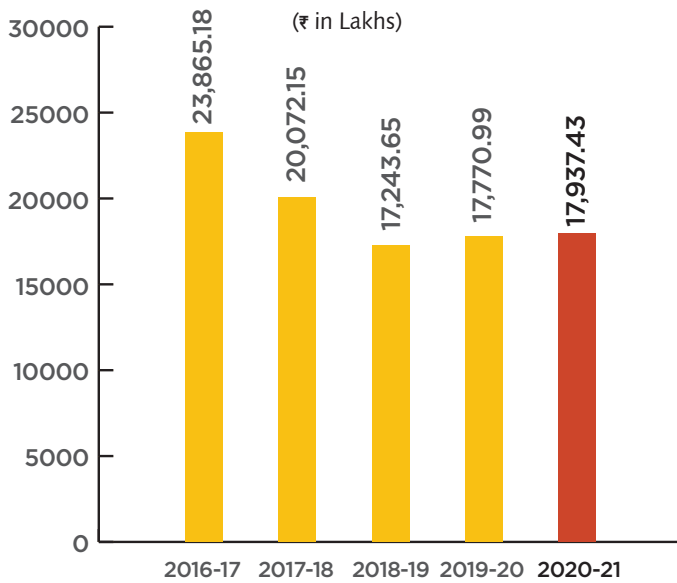




# Financial METRICS

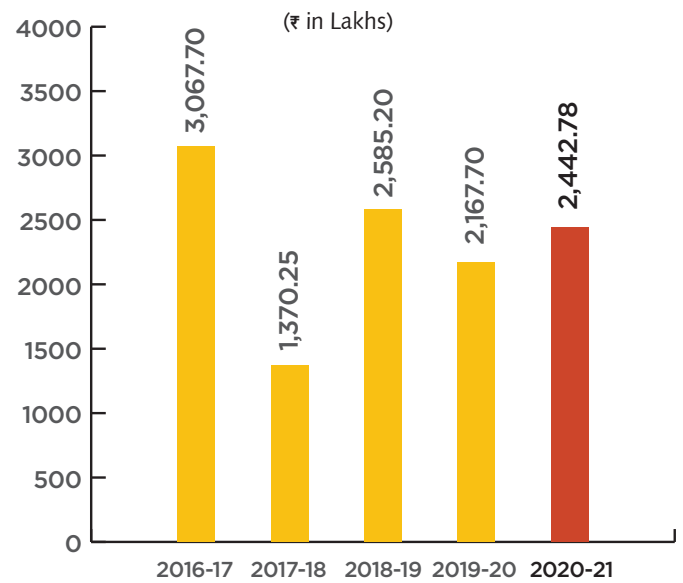
## NET SALES

(₹ in Lakhs)



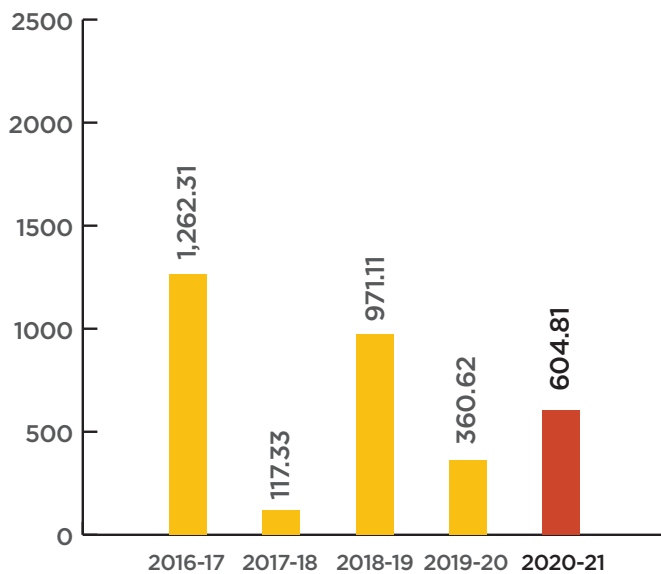
## EBITDA

(₹ in Lakhs)



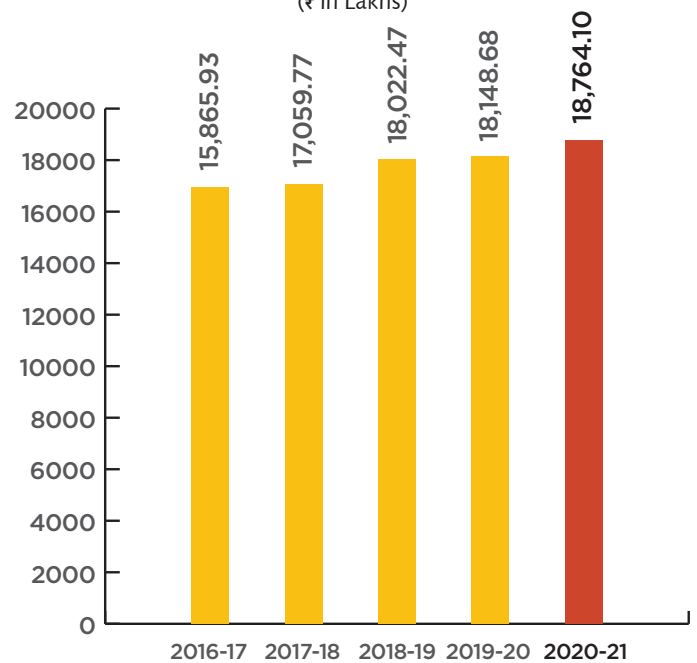
## PROFIT AFTER TAX

(₹ in Lakhs)



## NET WORTH

(₹ in Lakhs)

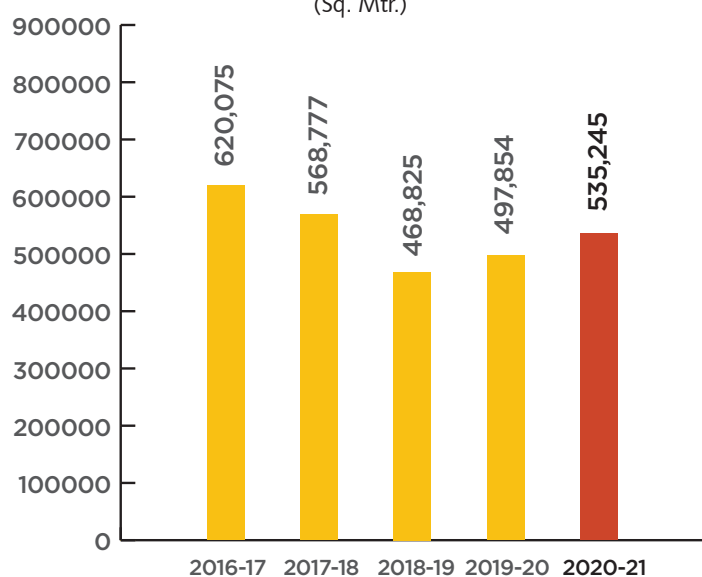




# Operating METRICS

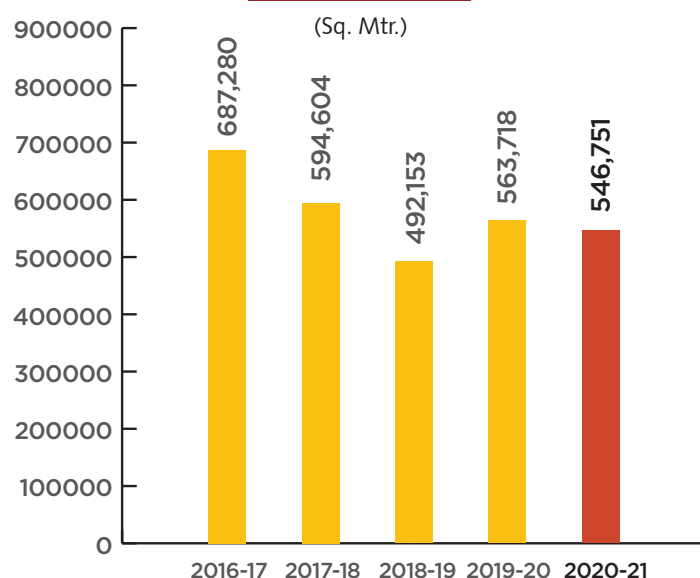
## SALES

(Sq. Mtr.)



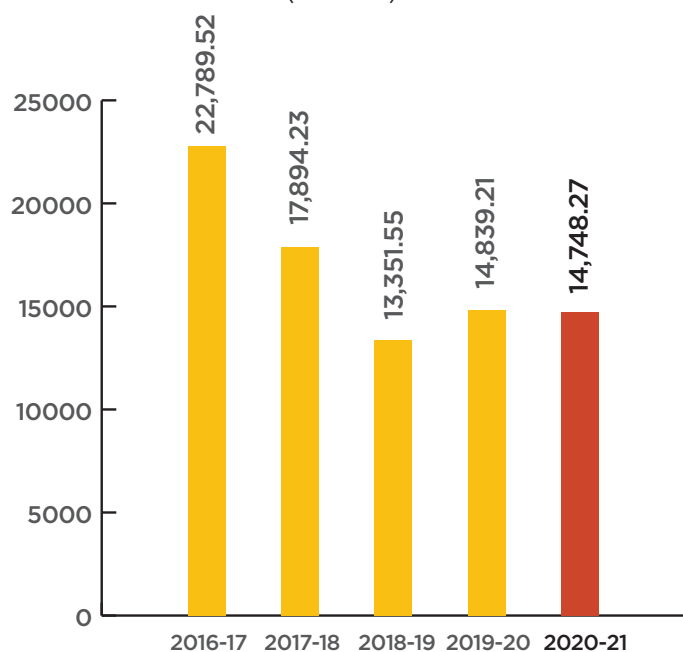
## PRODUCTION

(Sq. Mtr.)

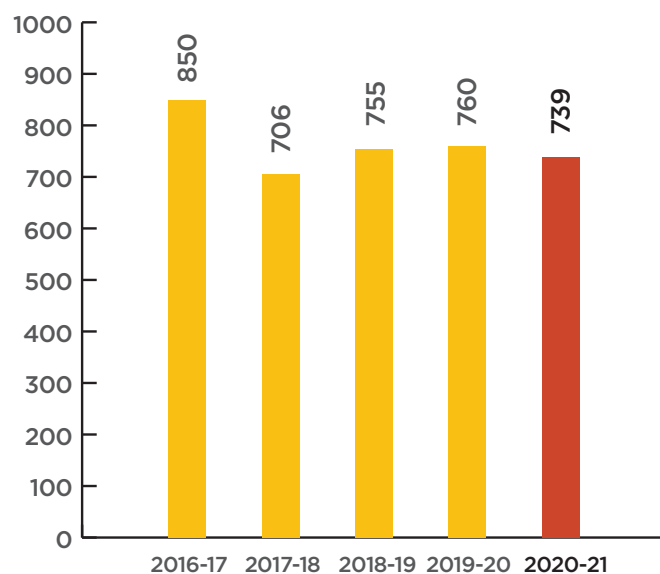


## RAW MATERIAL CONSUMPTION

(Cub. Mtr.)



## NO OF EMPLOYEES ON PAYROLL







# MILESTONES



Initiated Expansion, Doubled Tiling Capacity and added 2 more Gangsaw Machines. **Turnover:** ₹10452.00 lakhs in 2006-07.

Added 2 more Gang saws, with other required machinery, increasing the installed capacity to 295,000 Sq.Mtrs.

Unit I upgraded to ISO 9001:2000 Quality Management Systems. Unit II certified for ISO 9001 : 2000 Quality Management Systems by RWTUV, Germany within 1½ years from starting Commercial Production. Recognised as EXPORT HOUSE.

2006

2004

2002

2007

2005

2003

Listed on National Stock Exchange of India Limited. Received Certificate of Appreciation for best export performance amongst 100 % EOUs from Madras Export Processing Zone (MEPZ) for 2005-06. Turnover : ₹10214.00 Lakhs in 2007-08.

Initiated Implementation of ISO 14000 Environment Management System at Unit II. **Turnover:** ₹ 7,819.00 lakhs in 2005-06

Added one more Gang Saw Machine. **Turnover :** ₹ 6,114.00 lakhs in 2003-04.

Received the STAR EXPORT HOUSE certificate from Ministry of Commerce and Industry

Installation and expansion from 8 to 12 gang-saws. Received Top Export Award from Capexil for 2012-13

Received the STAR EXPORT HOUSE certificate from Ministry of Commerce and Industry. Certificate of Recognition as Star Export House. Received Top Export Award from Capexil for 2014-15

2009

2012-13

2014

2008

2011

2013

**Turnover :** ₹11709.00 Lakhs in 2008-09

CE certification through TUV Nord

ISO 14001:2004 for environment and OHSAS 18001:2007 for Occupational Health and Safety. Received Top Export Award from Capexil for 2013-14



Received CAPEXIL 'Special Exports Awards' 1999-00, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 & 2009-10.

Received Certificates of Merit from CAPEXIL for 3 consecutive years.

Started commercial production in Unit I (Tiles) with a turnover of ₹ 61.17 lakhs in 1990-91.

1999-08

1996-99

1991

2001

1998

1995

Expanded facilities for processing Slabs with 3 Gang Saws. Construction, Erection & Commissioning of Plant & Machinery completed in record time of 6 months. **Turnover** : ₹ 2,971.00 lakhs in 2001-02.

Achieved Certification for ISO 9002 Quality Management Systems.

The Company went Public and expanded Unit I. **Turnover** : ₹ 654.00 lakhs in 1990-91.

Cut-to-size Machine Operational

Jaipur plant started Received Top Export Award from CAPEXIL for the year 2015-16 and 2016-17

2017

2019

2016

2018

2021

Commissioning of Warehouse

Multi-wire Machine Operational

Commercial production of quartz plant started





## Questions & Answers with **SAHIL ARORA**

### WHOLE TIME DIRECTOR

**Q** *In the year gone by the global economy has been ravaged by Covid-19 pandemic. How did this impact the stone industry in general across the globe?*

**A** Initially demand for granite was reduced as there were uncertainties with many customers believing we would be going into a recession. However post the various lock downs around the world, many Governments ramped up Government Spending and ramped up fiscal stimulus. A lot of the Government spending was towards construction and this boosted the demands for construction materials including Natural Stone. Further since many countries supported employers and employees by providing a portion of the Wages and Salaries many homeowners had cash in hand and no avenues to spend it. People locked down in their houses boosted the renovation markets as home owners looked to make home improvement projects a priority.

On the raw material procurement front stone industry had to suffer a huge shortage. Labour working in granite quarries moved back to their native towns after lockdown and it impacted the production from quarries. Even after lifting of lockdown labour were unable to return due to restriction on interstate movement for long periods.

**Q** *Your sales has been flat during the year but profitability has gone up quite a bit. What has driven this and can the increased margins sustain in the coming year?*





**A** The Government announced lockdown in beginning of FY2021 and we had to shut our plants in Hosur and Jaipur for 6 weeks. Our sales were flat despite losing 6 weeks of sales to the lockdown at the beginning of the year. Further there were many challenges even after the lifting of lockdown. International travel ban impacted visits of foreign customers which impacted the new orders intake. Furthermore shipping costs sharply increased and many customers had to defer purchasing. Availability of granite blocks significantly reduced and we had to operate at lower capacities due to unavailability of raw material especially in our Hosur plant.

Our profitability during the year increased due to reduction in other expenses. We focused on clearing old inventories and worked with only high margin products as there was shortage of labour in Hosur. Our new Jaipur Unit performed extremely well as the impact of Lockdown (labour shortage and Raw Material Shortage) were less severe in Rajasthan.

**Q** *How has the domestic market fared for you? Have you increased your focus on the sales in the domestic market?*

**A** Our sales in domestic market has increased by 40% and has reached 8% of our total sales. We have always maintained a large finished goods inventory. With none of our foreign customers able to visit us, we focused to clear our older inventories in the local market. The DTA (domestic tariff area – Local Market) is segmented into 2 clear categories. The first with larger volumes is the Export Reject market and the second is the Ultra High End and Luxury/Exotic Segment. We have a good break up between both segments and we were able to grow our domestic business in the local market. Having had a good start we are further planning to increase our sales in Ultra high end segment in domestic market.

**Q** *The Jaipur plant has gone into full production last year? How was the performance of the plant?*

**A** Our Jaipur plant has been very successful and is running at very high capacities in a short amount of time. It contributed to 18% of total sales in FY2021. Rajasthan has good availability of semi exotic Natural Stones which are becoming more and more popular in global markets especially in North America. This trend has helped us in increasing our volumes and portfolio of colors with support from our existing buyer network.

**Q** *You were finally able to commission the Quartz plant in January 2021, with the help of your machinery supplier. How is the quality of the first batch of quartz slabs and how is the customer acceptance of the same?*

**A** Yes we successfully set up our Quartz plant in January 2021 with the online support from our machine supplier. We have been lucky with the trial runs and commercial production as the rejections are at a low level. Currently with our extensive customer base we are able to sell Basic and "Carrara design" quartz. We are yet to do large scale production on more complex designs like 'Calacatta Designs'. To achieve this, we may need additional support from the machinery supplier.

**Q** *Sourcing of raw blocks has been major concern for the granite industry? Is there any change in situation given the part scarcity on the same due to closure of Companies?*

**A** Raw material availability was significantly impacted post lockdown due to shortage of labour in granite quarries. The Labour moved back to their native towns as the lockdowns started and subsequently return back at a slow pace. This affected quarries and transportation to a large extent. Quarries were operating at very low capacities and raw material was scarcely available. Our initial post lockdown supplies were restricted and we had to bank on our raw materials and finish goods reserve. The overall scarcity of Raw Material has still an issue in South India.

Our Jaipur unit on the other hand is operating at high capacity due to the abundance of good raw materials. Our Hosur unit is still operating with low inventories as it is difficult to build up our raw material stores again.





**Q** *What is the Term Debt & Working Capital debt in the books as on 31st March 2021? What is the average cost of borrowing?*

**A** During the year our cash flows were initially impacted due to lockdown, shipping delays and delay in commencement of our Quartz plant. We planned to fund our Quartz plant from internal accruals but lockdown impacted our operations and we had to take a term loan to fund the capex. We have a total debt of Rs 168 Cr in our books which includes Rs 49 Cr of term debt and Rs 119 Cr of working capital debt.

Our average cost of borrowing is 2.5 to 3% for WC and 8.25% for the Term Loan. Our cost of borrowing for working capital loan is very low as we only borrow PCFC foreign currency loans which is linked to libor plus 1.5%. Our interest cost is mainly for the term loan which we have borrowed for Jaipur and quartz plant.

**Q** *How is the Cut-to-Size segment performing? Are you planning to further expand capacity in this segment?*

**A** Cut-to-Size is performing extremely well especially in Europe which is a core market for us. At the moment our capacity is fully utilized. However given the current raw material crunch in South India we do not plan to expand. The prospects of doing Cut to Size projects in Quartz is also good and we will explore the Quartz Cut to size market in the coming years.

**Q** *What are the latest trends in the natural stone market globally?*

**A** The latest trend in natural stone market is exotics and rare stones. This is a good segment for growth for us as we pride ourselves in our quality of production. We can tap into this ultra high end, high margin sector once travel is allowed again. We have availability of semi exotic colors in Rajasthan which are very popular in international market, and hope to cash in on the trend in the coming years.

**Q** *The Jaipur plant is doing well and you have recently commissioned the Quartz plant. These are significant milestones for the Company. Given the planned scaleup in these plants the potential opening of closed granite quarries, what are your goals for the Company in the next 3 years?*

**A** For the past few years we have invested heavily in the Companies facilities. Since 2015 we have significantly invested in our Company.

- We have added a 11,000<sup>m</sup><sup>2</sup> showroom.
- We added Cut-to-size segment to target large construction projects.
- We have started to process Quartizite and added a Multiwire to improve our exotics production.
- We have set up a plant in Jaipur to reduce our transport cost and procure more raw material from Rajasthan and north India. We have started the Quartz plant in January 2021.

We are quite confident that these investments will help us grow in the coming years. We plan to concentrate on our core markets and to continue developing the markets for Exotics and Semi exotics (high end) products.



**Aro granite industries Ltd.**

(CIN: L74899DL1988PLC031510)

Regd. Office: 1001, 10<sup>th</sup> Floor, DLF Tower 'A', Jasola, New Delhi – 110025

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

Website: [www.arotile.com](http://www.arotile.com), E-mail: [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com)

## Notice

**NOTICE** is hereby given that the 33<sup>rd</sup> Annual General Meeting of the Members of **ARO GRANITE INDUSTRIES LIMITED** will be held on Friday, the 24<sup>th</sup> September 2021 at **12:30 P.M.** (IST) through Video Conferencing (VC)/Other Audio-Visual Means (OAVM), to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31<sup>st</sup> March 2021 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sujata Arora, who retires by rotation and being eligible, offers herself for re-appointment.

### SPECIAL BUSINESS

3. To consider and, if thought fit to pass, with or without modification(s), the following as **Special Resolution**

**"RESOLVED THAT** pursuant to the provisions of Sections 190,196, 197, 198, 203 and Schedule V and other applicable provisions, if any, of the Companies Act 2013 ("the said Act"), and rules made there under or any statutory modification(s) or re-enactment(s) thereof the re-appointment of Shri Sunil Kumar Arora (DIN 00150668) as Managing Director of the Company for a further period of three years w.e.f. 1st April 2021 be and is hereby approved on the terms of remuneration as recommended by the Nomination & Remuneration Committee of Directors and approved by the Board of Directors and in the event of inadequacy or absence of Profits under Section 198 of the said Act in any financial year or years, the remuneration comprising salary, perquisites, allowances and benefits, as approved herein, be paid as minimum remuneration to the said Managing Director, for a period not exceeding three years in the aggregate subject to requisite approvals under the said Act.

**"RESOLVED FURTHER THAT** the Board of Directors or a Committee thereof be and are hereby authorised to vary and/or revise the terms and conditions of appointment including remuneration of the said Managing Director within the overall limits approved herein and settle any question or difficulties in connection therewith or incidental thereto without any further approval of the Company in general meeting".

4. To consider and, if thought fit to pass, with or without modification(s), the following as **Special Resolution**

**"RESOLVED THAT** pursuant to the provisions of Sections 190,196, 197, 198, 203 and Schedule V and other applicable provisions, if any, of the Companies Act 2013 ("the said Act"), and rules made there under or any statutory modification(s) or re-enactment(s) thereof the re-appointment of Shri Sahil Arora (DIN 07970622) as Wholtime Director of the Company for a further period of three years w.e.f. 1st November 2020 be and is hereby approved on the terms of remuneration recommended by the Nomination & Remuneration Committee of Directors and approved by the Board of Directors and in the event of inadequacy or absence of Profits under Section 198 of the said Act in any financial year or years, the remuneration comprising salary, perquisites, allowances and benefits, as approved herein, be paid as minimum remuneration to the said Wholtime Director, for a period not exceeding three years in the aggregate subject to requisite approvals under the said Act.

**"RESOLVED FURTHER THAT** the Board of Directors or a Committee thereof be and are hereby authorised to vary and/or revise the terms and conditions of appointment including remuneration of the said Wholtime Director within the overall limits approved herein and settle any question or difficulties in connection therewith or incidental thereto without any further approval of the Company in general meeting".

For & on behalf of the Board

Place: Hosur  
Date: 25.06.2021

(Sunil Kumar Arora)  
Managing Director

### NOTES:

1. Statement pursuant to section 102(1) of the Companies Act, 2013 ("Act"), in respect of the Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.
2. In the view of the COVID-19 pandemic, the Ministry of Corporates Affairs ('MCA') has vide its General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 in relation to clarification on holding of annual general meeting ('AGM') through video conferencing ('VC') or other audio visual means ('OAVM') read with the General Circulars No. 14/2020 dated 8<sup>th</sup> April 2020, No. 17/2020 dated April 13, 2020, No. 33/2020 dated September 28, 2020, No.39/2020 dated December 31, 2020 and No.10/2021 dated June 23, 2021 in relation to clarification on passing the ordinary and special resolutions by Companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by COVID -19' and the General Circular No.02/2021 dated January 13, 2021 (Collectively referred to as 'MCA Circulars') and Securities Exchange Board of India ('SEBI') vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 in relation to Additional relaxation in relation to Compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 (Collectively referred to as 'SEBI Circulars') permitted the holding of



Annual General Meeting ('AGM/ the meeting') through VC/OAVM, without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of Companies Act, 2013 ('Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI listing Regulations') and MCA Circulars, the 33<sup>rd</sup> AGM of the Company is being held through VC/OAVM on 24<sup>th</sup> September, 2021 at 12.30 PM IST. The deemed Venue for AGM will be Registered Office of the Company 1001, 10<sup>th</sup> Floor DLF Tower A, Jasola, New Delhi-110025.

3. The AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
4. Corporate Members are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/ Authorization, etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting to the M/s. Alankit Assignments Limited, the Registrar and Transfer Agent of the Company, by e-mail through its registered e-mail address [ramap@alankit.com](mailto:ramap@alankit.com)
5. In line with the General Circulars No. 20/2020 dated May 5, 2020 and No.02/2021 dated January 13, 2021 issued by the MCA and the SEBI Circulars, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company or CDSL / NSDL ("Depositories")/RTA. Members may note that the Notice and Annual Report 2020-21 are also available on the Company's website viz. [www.arotile.com](http://www.arotile.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.
6. Members whose e-mail address are not registered can register the same in the following manner:
  - a. Members holding share(s) in physical mode can send their e-mail ID to the Company in [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com) or to the Registrar and Transfer Agent (RTA) of the Company M/s. Alankit Assignments limited at [ramap@alankit.com](mailto:ramap@alankit.com)
  - b. Members holding share(s) in electronic mode are requested to register / update their e-mail address with their respective Depository Participants ("DPs") for receiving all communications from the Company electronically.
7. The Company has engaged the services of M/s. CDSL as the authorised agency for conducting the e-AGM and providing e-voting facility.
8. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under section 103 of the Companies Act, 2013.
9. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
10. Relevant documents referred to in the accompanying Notice calling the AGM are available on the website of the Company for inspection by the Members.
11. As mandated by SEBI, effective from April 1, 2019, that securities of listed Companies shall be transferred only in dematerialised form. In view of the above and to avail various benefits of dematerialisation, Members are advised to dematerialise share(s) held by them in physical form.
12. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised to not leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified time to time.

**13. Instructions for attending the e-AGM and e-voting are as follows:**

**Instructions for attending the e-AGM:**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the Companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM/EGM will thus be held through video conferencing (VC) or other audio-visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL.
3. The Members can join the EGM/AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.



5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM/EGM has been uploaded on the website of the Company at [www.arotile.com](http://www.arotile.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM/EGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM/EGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of MCA's **General Circular No. 20/2020**, dated 05th May, 2020 and after due examination, it has been decided to allow Companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January, 13 2021.

**THE INTRUCTIONS TO SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM/EGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:**

- (i) The voting period begins on **21.09.2021 at 10.00 A.M. and ends on 23.09.2021 at 5.00 P.M.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date i.e. 17.09.2021** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible Companies where the e-voting is in progress as per the information provided by Company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>



Individual Shareholders holding securities in demat mode with <b>NSDL</b>	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form & physical shareholders.**

- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on "Shareholders" module.
- Now enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any Company, then your existing password is to be used.
- If you are a first-time user follow the steps given below:

	<b>For Shareholders holding shares in Demat Form other than individual and Physical Form</b>
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"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>



Dividend Bank Details	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.
<b>OR</b> Date of Birth (DOB)	<ul style="list-style-type: none"> <li>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 (3).</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN of **Aro granite industries Ltd.**
- (x) 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.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**(xvi) Facility for Non – Individual Shareholders and Custodians –Remote Voting**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

- The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for Remote e-voting.
- The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
- Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **72 hours prior to meeting** mentioning their name, demat account



number/folio number, email id, mobile number at [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com). These queries will be replied to by the Company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

- (xvii) 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. 17<sup>th</sup> September 2021** may follow the same instructions as mentioned above for e-voting.
- (xviii) 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. 17<sup>th</sup> September 2021**.
- (xix) 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.
- (xx) The Scrutinizer shall, immediately after the conclusion of voting at the e-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.
- (xxi) The Result shall be declared after the e-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](http://www.arotile.com) and on the website of CDSL immediately.
14. The Share Transfer Books and Register of Members of the Company shall remain closed from **18.09.2021 to 24.09.2021 (Both days inclusive)**
15. 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.
16. 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. 2) is given hereunder:  
Smt. Sujata Arora is a graduate from Institute of Home Economics, Delhi. She has travelled extensively and has vast knowledge on the product and marketing as well. She does not hold any other Directorship. She holds 589572 (3.91%) Equity Shares in the Company.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013**

**Item No. 3**

Shri Sunil Kumar Arora (DIN 00150668) had been re-appointed as the Managing Director of the Company for a period five years by the Board of the Company on 23.01.2016 and the same was approved by the Shareholder in the General Meeting held on 10.09.2016. The present tenure of Shri Sunil Kumar Arora as the Managing Director expires on 31.03.2021. Considering his depth of knowledge, expertise in the granite business and his contribution for the all-round growth and development of the Company, the Board of Directors in its meeting held on 29.01.2021 re-appointed Mr. Sunil Kumar Arora as Managing Director for a further period of three years w.e.f. 01.04.2021 subject to the approval of the shareholders, in the ensuing Annual General Meeting of the Company



on the following terms of remuneration as approved/recommended by the Nomination and Remuneration Committee of Directors for a period of three years and subject to requisite approvals under the said Act. The resolution is accordingly recommended as Special Resolution for the approval of the shareholders of the Company.

Information pursuant to para (A) of Section II of Part II of the Schedule V to the Companies Act 2013:

**Statement as required under Schedule V of the Companies Act 2013**

**I. General Information**

1. Nature of Industry: Manufacture and Export of Granite Tiles and Slabs.
2. Date or expected date of commencement of commercial production: The Company was commissioned in the year 1988.
3. In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus. **N.A.**
4. Financial Performance based on given indicators:

Particulars for the Financial year ended 31 <sup>st</sup> March 2021	Rs. in Crores
Net Sales and Other Income	180.01
Operating Profits (Before Interest, Depreciation and Tax)	24.43
Profit before Tax	7.98
Profit after Tax	6.05

5. Foreign Investment or Collabourations if any. **N. A**

**II. Information about the Appointee:**

1. Background details: Shri Sunil Kumar Arora, aged 62 years, holds a bachelor's degree in science. He is the founder promoter of Aro granite industries Ltd. He has more than 35 years of experience in the granite industry. He is responsible for the overall management of the Company.
2. Past Remuneration of Shri Sunil Kumar Arora was approved by the Shareholders at Annual General Meeting of the Company held on 10<sup>th</sup> September 2016.
3. Job Profile and his Suitability: Shri Sunil Kumar Arora, Managing Director of the Company is vested with substantial powers of the management under the superintendence, control and direction of the Board of Directors. He is also involved in policy planning, vision and strategy and long-term developmental activities and growth of the Company. He has in-depth knowledge, expertise in the granite business, having more than 35 years of experience, which has evolved the all-round growth of the Company.
4. Remuneration proposed: The Remuneration Committee and Board of Directors of the Company at their respective meetings held on 29<sup>th</sup> January 2021 have approved the following terms of remuneration of Shri Sunil Kumar Arora for a tenure of 3 years w.e.f. 01.04.2021 subject to approval of the shareholders in the next General Meeting, as under
  - a) Salary: Basic Salary Rs.1000000 –1200000
  - b) Commission upto 5% of the net profits of the Company computed under section 198 of the Companies Act 2013 or any statutory modification thereto or any re-enactment thereof subject to a ceiling of 100% Annual Salary
  - c) In addition to the above benefits, the following perquisites will be extended to you.
    - i) Residential accommodation or House Rent Allowance @ 50% of the salary.
    - ii) Expenses pertaining to gas, electricity, water and other utilities will be borne / reimbursed by the Company.
    - iii) Company shall provide such furniture and furnishings as may be required upto a maximum amount of Rs. 10,00,000/- P.A.
    - iv) Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family.
    - v) Reimbursement of all the expenses i.e. travel fare, lodging, boarding, conveyance and other expenses incurred for self and family members during the leave travel holidays period whenever undertaken whether in India or abroad.
    - vi) Subscription or reimbursement fee for clubs in India or abroad including admission and life membership fee. Personal Medical / Accident Insurance of an amount, the annual premium of which shall not exceed Rs. 20,000/- per annum.
    - vii) Any other benefits, facilities, allowances and expenses as may be allowed under Company rules / schemes and available to other employees.
  - d) Contribution to Provident Fund and Superannuation Fund or Annuity Fund Will not be included in the ceiling of perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - e) Gratuity payable shall not exceed half a month's salary for each completed year of service.
  - f) Entitled for leave with full pay or encashment thereof as per the rules of the Company.
  - g) The Board or the Nomination and Remuneration Committee thereof may, from time to time, increase, or vary the salary range, subject to the overall ceiling prescribed under the Companies Act, 2013.



- h) In the event of inadequacy or absence of profits under section 198 of the Companies Act, 2013 in any financial year or years, the Managing Director of the Company shall be entitled to such remuneration as he may be then drawing, as specified above, as minimum remuneration and be also entitled to perquisites mentioned in Paras c, d, e and f above.

No sitting fees will be paid for attending the meetings of the Board of Directors of the Company or committees thereof. Apart from the aforesaid remuneration Mr. Sunil Kumar Arora, Managing Director will be entitled to the reimbursement of expenses incurred in connection with the business of the Company.

None of the Directors except Sunil Kumar Arora, Shri Sahil Arora and Sujata Arora or their relatives or Key Managerial Person or their relatives has any nature of concern, interest, financial or otherwise, directly or indirectly in respect of proposed resolution.

1. Comparative Remuneration profile with respect to industry, Size of the Company, profile of the position and person: The remuneration being paid in the industry to the executives has increased manifold. The Central Government has also from time to time raised the ceilings. The Remuneration Committee of the Directors of the Company had, while approving the remuneration of Shri Sunil Kumar Arora, taken into account the financial position of the Company and trends in the industry, qualification, experience, responsibilities, past performance, past remuneration etc. and the remuneration drawn by the managerial persons in the industry.
2. Pecuniary relations directly or indirectly with the Company or relationship with the managerial personnel, if any: Besides the remuneration proposed herein, Shri Sunil Kumar Arora does not have any pecuniary relationship with the Company. Shri Sunil Kumar Arora is the husband of Smt. Sujata Arora, Director of the Company and father of Shri Sahil Arora, Whole Time Director of the Company.

### III Other Information:

1. **Reasons of loss or inadequate profits:** The Company, being a 100% Export Oriented Unit, is highly effected by global business sentiments. Globally India competes with Brazil, Italy and China for granite exports. The COVID-19 pandemic has affected economy & business around the world and within the Country. Nation-wide lock-down and consequent closure of plants, shortage of raw materials, labour and transportation facilities have further impacted the business. Further there is a change in the trend in usage of natural stones across the globe. New products like engineered stone are making a mark and consumer preference is shifting towards the new products. Due to global economic instability, major currencies across the globe faced high exchange rate volatility against US DOLLAR which affected our order position leading to decline in sales and low profitability.

Apart from the above, non-availability of good quality rough granite blocks because of closure of quarries due to environmental issues, sharp increasing in the prices of rough granite blocks i.e the primary raw materials, high input costs and slowdown of export markets because of several external factors which were beyond our control, the turnover was affected and consequently the profitability was also reduces substantially.

2. **Step taken or proposed to be taken for Improvement and Expected increase in the productivity and profits in the measurable in terms:** Steps are being taken to improve the performance of the Company. Construction of New Display Warehouse, foray into natural quartzite, installation of new machines for value added products, establishment of New plants for granite and quartz, expansion of operations into new geographies, Better inventory and Working Capital Management and Cost optimization are some of the measures being taken to improve the performance of the Company. With these steps the Company is expected to grow at the rate of more than 10% for the FY 2021-22 and will maintain the same for the next few years and profitability wise also, it is expected to maintain adequate profit level.

### Item No. 4

Shri Sahil Arora (DIN 07970622) was appointed as the Whole Time Director for a period of three years with effect from 01.11.2017. The Board of Directors in its meeting held on 30.10.2020, re-appointed Shri Sahil Arora as the Whole Time Director of the Company for a period of three years w.e.f. 01.11.2020 subject to the approval of the shareholders in the ensuing Annual General Meeting on the following term of remuneration as approved/recommended by the Nomination & Remuneration Committee of Directors subject to requisite approvals under the said Act. The resolution is accordingly recommended as Special Resolution for the approval of the shareholders of the Company

None of the Directors except Shri Sahil Arora, Shri Sunil Kumar Arora and Smt. Sujata Arora or their relatives or Key Managerial Person or their relatives has any nature of concern or interest, financial or otherwise, directly or indirectly in respect of proposed resolution.

Information pursuant to para (A) of Section II of Part II of the Schedule V to the Companies Act 2013:

### Statement as required under Schedule V of the Companies Act 2013

#### I. General Information

1. Nature of Industry: Manufacture and Export of Granite Tiles and Slabs.
2. Date or expected date of commencement of commercial production: The Company was commissioned in the year 1988.
3. In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus. **N.A.**
4. Financial Performance based on given indicators:

Particulars for the Financial year ended 31 <sup>st</sup> March 2021	Rs. in Crores
Net Sales and Other Income	180.01
Operating Profits (Before Interest, Depreciation and Tax)	24.43
Profit before Tax	7.98
Profit after Tax	6.05



5. Foreign Investment or Collabourations if any. N. A

## II. Information about the Appointee:

1. Background details: Shri Sahil Arora, aged 32 years, holds a Post Graduate Programme in Family Business (MFAB) from Indian School of Business (ISB). He has got more than 12 years first-hand experience in granite industry. He is looking after the International marketing segment as well as the domestic market.
2. Past Remuneration of Shri Sahil Arora was approved by the Shareholders at Annual General Meeting of the Company held on 17<sup>th</sup> September 2018.
3. Job Profile and his Suitability: Shri Sahil Arora, Whole Time Director of the Company is vested with managerial powers of the management under the superintendence, control and direction of the Board of Directors. He is also involved in policy planning, vision and strategy and long-term developmental activities of the Company. He has in-depth knowledge, expertise in the granite business, having more than 12 years of experience, which has evolved the all round growth of the Company.
4. Remuneration proposed: The Remuneration Committee and Board of Directors of the Company at their respective meetings held on 30<sup>th</sup> October 2020 have approved the following terms of remuneration of Shri Sahil Arora for a tenure of 3 years w.e.f. 01.11.2020 subject to approval of the shareholders in the next General Meeting, as under

- a. Salary: Basic Salary Rs.170000 – 20000 – 210000
- b. Commission upto 5% of the net profits of the Company computed under section 198 of the Companies Act 2013 or any statutory modification thereto or any re-enactment thereof subject to a ceiling of 100% Annual Salary
- c. In addition to the above benefits, the following perquisites will be extended to you.
  - (i) Residential accommodation or House Rent Allowance @ 50% of the salary.
  - (ii) Expenses pertaining to gas, electricity, water and other utilities will be borne / reimbursed by the Company.
  - (iii) Company shall provide such furniture and furnishings as may be required.
  - (iv) Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family.
  - (v) Reimbursement of all the expenses i.e. travel fare, lodging, boarding, conveyance and other expenses incurred for self and family members during the leave travel holidays period whenever undertaken whether in India or abroad.
  - (vi) Subscription or reimbursement fee for clubs in India or abroad including admission and life membership fee. Personal Medical / Accident Insurance of an amount, the annual premium of which shall not exceed Rs. 20,000/- per annum.
  - (vii) Any other benefits, facilities, allowances and expenses as may be allowed under Company rules / schemes and available to other employees.
- d. Contribution to Provident Fund and Superannuation Fund or Annuity Fund Will not be included in the ceiling of perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- e. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- f. Entitled for leave with full pay or encashment thereof as per the rules of the Company.
- g. The Board or the Nomination and Remuneration Committee thereof may, from time to time, increase, or vary the salary range, subject to the overall ceiling prescribed under the Companies Act, 2013.
- h. In the event of inadequacy or absence of profits under section 198 of the Companies Act, 2013 in any financial year or years, the Whole time Director of the Company shall be entitled to such remuneration as he may be then drawing, as specified above, as minimum remuneration and be also entitled to perquisites mentioned in Paras c, d, e and f above.

No sitting fees will be paid for attending the meetings of the Board of Directors of the Company or committees thereof. Apart from the aforesaid remuneration Mr. Sahil Arora, wholtime Director will be entitled to the reimbursement of expenses incurred in connection with the business of the Company.

None of the Directors except Shri Sahil Arora, Sunil Kumar Arora and Sujata Arora or their relatives or Key Managerial Person or their relatives has any nature of concern, interest, financial or otherwise, directly or indirectly in respect of proposed resolution.

5. Comparative Remuneration profile with respect to industry, Size of the Company, profile of the position and person: The remuneration being paid in the industry to the executives has increased manifold. The Central Government has also from time to time raised the ceilings. The Remuneration Committee of the Directors of the Company had, while approving the remuneration of Shri Sahil Arora, taken into account the financial position of the Company and trends in the industry, qualification, experience, responsibilities, past performance, past remuneration etc. and the remuneration drawn by the managerial persons in the industry.
6. Pecuniary relations directly or indirectly with the Company or relationship with the managerial personnel, if any: Besides the remuneration proposed herein, Shri sahil Arora does not have any pecuniary relationship with the Company. Shri Sahil Arora is the son of Shri Sunil Kumar Arora, Managing Director and Smt. Sujata Arora, Director of the Company.

## III Other Information:

1. **Reasons of loss or inadequate profits:** The Company, being a 100% Export Oriented Unit, is highly effected by global business sentiments. Globally India competes with Brazil, Italy and China for granite exports. The COVID-19 pandemic has affected economy & business around the world and within the Country. Nation-wide lock-down and consequent closure of



plants, shortage of raw materials, labour and transportation facilities have further impacted the business. Further there is a change in the trend in usage of natural stones across the globe. New products like engineered stone are making a mark and consumer preference is shifting towards the new products. Due to global economic instability, major currencies across the globe faced high exchange rate volatility against US DOLLAR which affected our order position leading to decline in sales and low profitability.

Apart from the above, non-availability of good quality rough granite blocks because of closure of quarries due to environmental issues, sharp increasing in the prices of rough granite blocks i.e the primary raw materials, high input costs and slowdown of export markets because of several external factors which were beyond our control, the turnover was affected and consequently the profitability was also reduces substantially.

2. **Step taken or proposed to be taken for Improvement and Expected increase in the productivity and profits in the measurable in terms:** Steps are being taken to improve the performance of the Company. Construction of New Display Warehouse, foray into natural quartzite, installation of new machines for value added products, establishment of New plants for granite and quartz, expansion of operations into new geographies, Better inventory and Working Capital Management and Cost optimization are some of the measures being taken to improve the performance of the Company. With these steps the Company is expected to grow at the rate of more than 10% for the FY2021-22 and will maintain the same for the next few years and profitability wise also, it is expected to maintain adequate profit level.

#### FOR THE ATTENTION OF THE SHAREHOLDERS

1. Shareholders having multiple folios are requested to write to the Company for consolidation of the Folios to save the administrative or servicing costs.
2. 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, 10<sup>th</sup> Floor, DLF Tower A, Jasola, New Delhi 110025 or e-mail: [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com)**. Please quote your folio no/DP ID/Client ID and number of shares for prompt attention.
3. 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 31.03.2014 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 2014-15 to 2019-20 are requested to send the same for revalidation to the Company at the address given at point No. 2 above.
4. 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. Members are requested to submit the details to their Depository Participants in case the shares are held by them in electronic form and to the Company's Registrar and transfer Agent (RTA) in case the shares are held by them in physical form, quoting their folio Number.
5. Dematerialisation of Share and Liquidity: As per Regulation 40 of SEBI Listing Regulations, as amended, transfer of Securities would be carried out in dematerialized form only with effect from April 1, 2019, except in case of transmission or transposition of securities. However, Members can continue to hold shares in physical form. In view of the same and to eliminate all risks associated with physical shares and ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company's RTA assistance in this regard. Company's ISIN No. is INE210C01013.
6. Pursuant to Section 101 of the Companies Act 2013 and the Rules made there under, the Company is permitted to send various notices/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).
7. 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)



## Directors' Report

The Directors' have pleasure in presenting the 33<sup>rd</sup> Annual Report together with Audited Accounts of the Company for the year ended on 31<sup>st</sup> March 2021.

### FINANCIAL RESULTS

(₹ in Lakhs)

	31.03.2021	31.03.2020
Gross Profit before Depreciation	1904.66	1569.94
Depreciation	1106.90	1052.59
Profit before Tax	797.76	517.35
Provision for Tax		
Current	133.16	86.36
– MAT Credit	(133.16)	(86.36)
– Deferred	192.95	156.72
Surplus available for appropriation	604.81	360.62
Dividend (including Dividend Tax)	-	(184.45)
Amount transferred to General Reserve	-	-
Surplus carried to Balance Sheet	604.81	176.17

### WORKING RESULTS

FY2020-21 had been a Pandemic Year. With COVID-19 cases bringing most of the world to a complete standstill during various and numerous lockdown periods. The pandemic required Companies to think on their feet and adjust quickly to ever changing environment. Despite the challenges of COVID-19 and losing 1.5 months of sales to lockdown our sales grew from Rs. 177.71 Crores (FY19-20) to Rs. 179.37 Crores with our Net Profit After tax increasing by over 68% from Rs. 3.60 Crores in FY 2019-20 to Rs.6.05 Crores in FY 2020-21.

Our new unit in Jaipur has been a resounding success. The semi-exotic shades coming from the north of India and growing in popularity in many countries especially in North America. With the number of colours/shades from the south being limited for the American Markets, the Northern Colours have helped us grow our volumes by increasing our portfolio of colours. Other Countries as well have started to inquire about the new shades coming from India. Jaipur unit contributed to a sale of Rs 36 Crores and contributed 20% to our total sales.

We had planned to commission our quartz plant with a proposed capacity of 180,000m<sup>2</sup> Per Annum by Q42020. The onset of the Pandemic and the restricted travel for the Chinese technicians to come and finalise the setup could not be carried out on time. Seeing the conditions we went ahead with an online setup with Veegoo (machine supplier) helping us through CCTV and Video Conferencing support and we were able to commission the plant in Q42021 with commercial production starting in January 2021. Being an engineered product perfection in quality is demanded. We have been successful in trial production and have started commercial production and exports and gradually scaling up. With the long term association we have with customers around the world, things are looking better for FY21-22 as some customers who have never carried quartz have started to try Quartz Engineered stones only because they have trust in our reliable support and quality

Labour Issues - Once the Country came out of the 45 days of Lockdown there were many issues to be tackled. Primary among those was the acute shortage of Labour. Initially, there was no Rail Service or Road Service and there were many interstate restrictions on travels, hence many of the migrant workers were not able to travel. This shortage of labour not only affected factory operations but also quarry operations, especially in the South of India. This reduced our production capacity in Hosur to a great extent and in Jaipur though to a lesser extent.

Containers - The Labour shortage, Raw material shortage made sales more complicated and to make things worse we went through an unprecedented World Shipping crisis with Containers and Ships in short supply. This led to an exponential increase in container costs. shipping costs (containers) increased by 2-4x to various destinations. Some customers were hesitant to accept these increases, while many accepted the new rates to be the new normal in the short term.

### DIVIDEND

Your Directors have not recommended any dividend for the year 2020-2021.

### INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year amount of Rs 218175/- for the Financial Year 2012-13 transfer to Investor Protection Fund under sub-section (2) of section 125 of the Companies Act 2013 and IEPF (Accounting, Audit, Transfer and Refund) Rules 2016. Shri Sabyasachi Panigrahi, Company Secretary is the Nodal Officer appointed by the Company under the Provisions of the IEPF Act.



## 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 at 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](http://www.arotile.com).

## DIRECTORS

During the year there was no change in the directorship of the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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;
- the annual accounts have been prepared on a going concern basis;
- the internal financial control to be followed by the Company have been laid down and that such internal financial control are adequate and were operating effectively; and
- 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](http://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 VAPS & Company, Chartered Accountants, New Delhi was appointed as the Statutory Auditor of the Company for a period of Five Years from the Conclusion of Twenty Ninth Annual General Meeting. 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 qualifications, reservations or adverse remark.

### (b) Secretarial Auditor

Practising Company Secretary Ms. Latika Jetley (CP No. 3074) was appointed as the Secretarial Auditor by the Board for the financial year 2020-21 to conduct the Secretarial Audit. The Secretarial Audit Report along with the Annual compliance Secretarial Audit Report under SEBI Regulation for the year 2020-21 is annexed herewith as **Annexure II**. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remark.

### (c) Internal Auditor

The Board had appointed M/s Sreekantha & Co., Chartered Accountants, Hosur as the Internal Auditor of the Company for the year 2020-2021. Internal Audit report does not contain any qualifications, reservations or adverse remark.

**COMPLIANCE WITH SECRETARIAL STANDARDS**

Compliance of Secretarial Standards on Meeting of Board of Directors (SS-1) issued by Institute of Company Secretary of India has been adopted by the Company.

**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 Board's Report. The Auditors' Certificate for the year 2020-21 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** and form part of this report and can be accessed at web link [www.arotile.com](http://www.arotile.com) :-

**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 31<sup>st</sup> March 2021.

Employed throughout the financial year, ended 31<sup>st</sup> March 2021 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 Kumar Arora	62 Years	B. Sc.	34 Years	03.05.1988	Managing Director	1,65,64,951/-	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 Kumar Arora, Managing Director	926.141
2	Shri Sundareshwara G Sastry	12.021
3	Shri Dinesh Chandra Kothari	12.021
4	Shri Rahul Gupta	11.461
5	Smt. Sujata Arora	7.548
6	Shri K Raghavendra Acharya, Executive Director	20.146
7	Smt. Vinita Sood	11.461
8	Shri Sahil Arora, Whole Time Director	161.011



2. 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 Kumar Arora, Managing Director	0.07
2	Shri Dinesh Chandra Kothari	22.86
3	Shri Rahul Gupta	-6.82
4	Smt. Sujata Arora	-10.00
5	Shri K Raghavendra Acharya, Executive Director	-77.25
6	Smt. Vinita Sood	127.78
7	Shri Sahil Arora, Whole Time Director	26.26
8	Shri Sundareshwara G. Sastry	-6.52
9	Shri Sabyasachi Panigrahi, Company Secretary	7.90
10	Shri M. Madangopal CFO	8.89

3. The percentage increase in the median remuneration of employees in the financial year: 0.95
4. The number of permanent employees on the roll of Company: 296
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year ended 31<sup>st</sup> March 2021 was 2.54%
6. 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, 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:

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

#### **INTERNAL FINANCIAL CONTROL**

The Company has in place adequate internal financial control with reference to financial statements and no material reportable weakness was observed in the system. Further, the Company has in place adequate internal financial control 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 2021-2022 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 committed 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: 25.06.2021

Sunil Kumar Arora  
Managing Director

Sahil Arora  
Whole Time Director



## ANNEXURE I TO THE BOARD'S REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2020-21.

1.	A brief detail 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.	Composition of Committee				Dinesh Chandra Kothari (Chairman) Smt. Sujata Arora (Member) Smt. Vinita Sood (Member) Shri Sundareshwara G. Sastry (Member)			
3.	Average net profits of the Company for the last three financial years				1898.28 lacs			
4.	Prescribed CSR expenditure (2% of the Average net profits of last three financial years)				12.66 lacs			
5.	<b>Details of the CSR spent during the year</b>							
a	Total Amount spent for the financial year 2020-21				25.91 lacs			
b	Amount unspent, if any,				63.50 lacs			
c	Manner in which the amount was spent during the year							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Sl No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs.)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (Rs.)	Cumulative expenditure upto the reporting period (Rs.)	Amount spent Direct or through implementing agency (Rs.)
	I.	Rural Health Care (Aro Charitable Trust)	Rural Area	Local Area Hosur Krishnagiri District Tamil Nadu	1266,000/-	25,91,169/-	25,91,169/-	NIL

## 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 Kumar Arora  
Managing Director

Dinesh Chandra Kothari  
Chairman, CSR Committee

Place: Hosur  
Date: 25.06.2021



## ANNEXURE II TO THE BOARD'S REPORT

### MR 3

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2021

[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, 10<sup>th</sup> Floor, DLF Tower A  
Jasola, New Delhi 110025.

We have conducted the Secretarial Audit of the compliance of applicable Statutory Provision and the adherence to good corporate practices by M/s **Aro granite industries Ltd.**, (herein after called the 'Company') which is a Listed Company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate/statutory compliances and expressing our opinion thereon.

We 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. We have followed the audit practices and processes those are appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that, the processes and practices we 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 of procedures on test check basis.
- d. We 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 our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion the Company has during the audit period covering the financial year ended on 31<sup>st</sup> March 2021 (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 hereinafter:

We have examined the books, papers, minutes, books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2021 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 Byelaws framed there-under.
- (iv) Foreign Exchange Management Act 1999 and the Rules & Regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. **(Not applicable to the Company during audit period)**
- (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) Regulation Act 2011. **(Not applicable to the Company during 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 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 28<sup>th</sup> 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) Regulation 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)**

We 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 and the Listing Agreement entered into by the Company with Stock Exchanges.

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

**We 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. During the audit period Mr K Raghavendra Acharya, Executive Director of the Company expired. The Company has provided Rs 12.66 Lakhs for CSR and spent Rs 25.91 Lakhs under the Corporate Social Responsibility as per the relevant provisions of the Companies Act 2013. During the year amount remained unspent Rs 63.50 Lakhs. During the year there was related party transactions at an arm's length basis for which omnibus approval had been taken. During the year under audit, the Company has not declared any dividend.

Adequate notice was 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. One Board Meeting was held on shorter notice and notices were given to all the Directors. During the year no extra-ordinary general meeting was held. Annual General Meeting was held through Video Conferencing, and proper Notice were sent to members.

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. All Board Meetings and Committee Meetings were held through Video Conferencing. There are Inter-Corporate Investment as per section 186 of the Companies Act 2013 in the Company. During the year under audit, the Company was sanctioned Rs. 10.00 Crores of working capital limit and Rupee Term Loan Rs. 20.00 Crores from HDFC Bank Limited as per compliance with the provisions of the Act.

We have relied on the Management Representation made by the Managing Director, CFO and Company Secretary for 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.

**We 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  
UDIN: A012120C000512444

Place: Hosur  
Date: 25<sup>th</sup> June 2021



**ANNUAL SECRETARIAL COMPLIANCE REPORT OF ARO GRANITE INDUSTRIES LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

[Pursuant Circular CIR/CFD/CMD1/27/2019 dated February 08, 2019, for the purpose of compliance with Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015]

I have examined

- All documents and records made available to me and explanation provided by **Aro granite industries limited**.
- Filings/submissions made by the listed entity to the stock exchanges
- Website of listed entity
- Any other document /filing as may be relevant, which has been relied upon to make this certification.

for the year ended 31.03.2021 in respect of compliance with the provisions of

- Securities and Exchange Board of India 1992 (SEBI Act) and the Regulations, Circulars/guidelines issued thereunder: and
- Securities Contracts (Regulation) Act 1956 (SCRA) rules made thereunder and the regulations, circulars, guidelines issued by the Securities and Exchange Board of India (SEBI).

The Specific Regulations, whose provisions and the Circulars/guidelines issued thereunder have been examined include:

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015
- The Securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulation Act 2018. **(Not applicable during the year under review)**
- The Securities and Exchange Board of India Exchange (Substantial Acquisition of shares and Takeovers) Regulations 2011. **(Not applicable during the year under review)**
- The Securities and Exchange Board of India (Buyback of securities) Regulations, 2018 **(Not applicable during the year under review)**
- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014. **(Not applicable during the year under review)**
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008. **(Not applicable during the year under review)**
- The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulation 2013. **(Not applicable during the year under review)**
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015 and circulars/guidelines issued thereunder:

And based on the above examination, I/We hereby report that, during the Review Period:

- The Listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder, except in respect of matters specified below:

Sl. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviation	Observations/Remarks of the Practicing Company Secretary
	NIL	NIL	NIL

- The Listed entity has maintained proper records under the provisions of the above regulations and circulars/guidelines issued thereunder insofar as it appears from my/our examination of those records.
- The following are the details of actions taken against the listed entity /its promoters/directors/material subsidiaries either by SEBI or by Stock Exchange(s) (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/guidelines issued thereunder:

Sl. No.	Action taken by	Details of violation	Details of action taken e.g. fines warning letter debarment, etc.	Observations/remarks of the Practicing Company Secretary, if any
	NIL	NIL	NIL	NIL



(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sl. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the Secretarial compliance report for the year ended---	Actions taken by the listed entity, If any	Comments of the Practicing Company Secretary on the actions taken by the listed entity.
	NIL	NIL	NIL	NIL

Latika Jetley  
Practicing Company Secretary  
ACS 12120/ COP 3074  
UDIN: A012120C000476386

Place: New Delhi  
Date: 17<sup>th</sup> June 2021

### ANNEXURE III TO THE BOARD'S 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 31<sup>st</sup> March 2021, 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 M/s VAPS & Company  
Chartered Accountants,  
Firm Reg. No. 003612N

Place: Hosur  
Date: 25.06.2021

(Praveen Kumar Jain)  
Partner M No. 082515  
UDIN No :21082515AAAACV5481

### ANNEXURE IV TO THE BOARD'S 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 energy efficient. Power consumption of the Company is very low. During the year under consideration a total 1,06,32,020 units were consumed and the per Sq. mt. power consumption cost only Rs. 139.92

#### (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

Foreign Exchange earned in terms of actual inflows during the year and Foreign Exchange outgo during the year in terms of actual outflows. The details regarding foreign exchange earnings and outgo are given below.



**(a) Earnings in Foreign Exchange**

	Year ended 31.03.2021 (Rs. in Lakhs)	Year ended 31.03.2020 (Rs. in Lakhs)
Export of Goods (FOB)	15968.23	16334.83

**(b) Expenditure in Foreign Currency**

Value of Imports (CIF)	Year ended 31.03.2021 (Rs. in Lakhs)		Year ended 31.03.2020 (Rs. in Lakhs)	
Capital Goods	247.96	9.07%	3,411.53	61.78%
Raw Materials	782.43	28.61%	770.98	13.96%
Consumables	1436.71	52.53%	1,101.80	19.95%
Stores & Spares	264.90	9.68%	178.44	3.23%
Overseas Business Travelling	-	-	32.25	0.58%
Other Expenses	3.02	0.11%	26.88	0.49%

**Annexure V to the Boards' Report**
**Form No. MGT-9: Extract of Annual Return as on financial year ended 31.03.2021**

[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 of the Company   |
| v. Address of the Registered office and contact details                        | 1001, 10th Floor DLF Tower A Jasola<br>New Delhi 110025<br>Phone No. 011-41686169<br>Fax: 011-26941984<br>E-mail: <a href="mailto:investorgrievance@arotile.com">investorgrievance@arotile.com</a>                                |
| vi. Whether listed Company Yes/ No   | Yes   |
| vii. Name, Address and Contact details of Registrar and Transfer Agent, if any | Alankit Assignments Limited<br>Alankit House, 4E/2, Jhandewalan Extension<br>New Delhi-110055,<br>Phone No. 91-11-23541234, 42541234<br>Fax: 91-11-23552001,<br>E-mail ID: <a href="mailto:info@alankit.com">info@alankit.com</a> |

**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 Product / 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				No. of Shares held at the end of the year				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual /HUF)	6282856	0	6282856	41.06	6282856	0	6282856	41.06	0.00
b) Central Govt/ State Gov(s)	0	0	0	0	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0	0	0	0	0.00	0.00
e) Any Others (specify)	0	0	0	0	0	0	0	0.00	0.00
<b>Sub-total (A) (1)</b>	<b>6282856</b>	<b>0</b>	<b>6282856</b>	<b>41.06</b>	<b>6282856</b>	<b>0</b>	<b>6282856</b>	<b>41.06</b>	<b>0.00</b>
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0.00	0.00
b) Other-Individuals	0	0	0	0	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0	0	0	0	0.00	0.00
e) Any Others (specify)	0	0	0	0	0	0	0	0.00	0.00
<b>Sub-total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>6282856</b>	<b>0</b>	<b>6282856</b>	<b>41.06</b>	<b>6282856</b>	<b>0</b>	<b>6282856</b>	<b>41.06</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0.00	0.00
b) Banks / FI	75	0	75	0.00	0	0	0	0.00	0.00
c) Central Govt	126317	0	126317	0.83	141047	0	141047	0.92	0.09
d) State Govt(s)	0	0	0	0	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>sub-total (B)(1)</b>	<b>126392</b>	<b>0</b>	<b>126392</b>	<b>0.83</b>	<b>141047</b>	<b>0</b>	<b>141047</b>	<b>0.92</b>	<b>0.09</b>
2. Non Institutions									
a) Bodies Corp.									
i) Indian Corp.	854545	12324	866869	5.67	943965	12324	956289	6.25	0.58
ii) Overseas	0	0	0	0	0	0	0	0.00	0.00
b) Individuals	0	0	0	0	0	0	0	0.00	0.00
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	4085985	316523	4402508	28.77	4124249	297161	4421410	28.90	0.13
ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lakh c)	3320498	69035	3389533	22.15	3285774	0	3285774	21.48	-0.68
c) Other (specify)									
NRI/ OCB	214931	16911	231842	1.52	195713	16911	212624	1.39	-0.13
<b>Sub total (b) (2)</b>	<b>8475959</b>	<b>414793</b>	<b>8890752</b>	<b>58.11</b>	<b>8549701</b>	<b>326396</b>	<b>8876097</b>	<b>58.01</b>	<b>-0.10</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)2</b>	<b>8602351</b>	<b>414793</b>	<b>9017144</b>	<b>58.94</b>	<b>8690748</b>	<b>326396</b>	<b>9017144</b>	<b>58.94</b>	<b>0.00</b>
<b>C. Share held by Custodian For GDRS &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>14885207</b>	<b>414793</b>	<b>15300000</b>	<b>100.00</b>	<b>14973604</b>	<b>326396</b>	<b>15300000</b>	<b>100.00</b>	<b>0.00</b>



**(ii) Shareholding of Promoters**

No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% change in share holding during the year
1	Sunil Kumar Arora	4887540	31.95	0	4887540	31.95	0	0
2	Sujata Arora	598572	3.91	0	598572	3.91	0	0
3	Sudershan Arora	186603	1.22	0	186603	1.22	0	0
4	Aman Arora	33	0.00	0	33	0.00	0	0
5	Geeti Arora	1350	0.01	0	1350	0.01	0	0
6	Ravi Kumar Arora	1383	0.01	0	1383	0.01	0	0
7	Sahil Arora	303688	1.98	0	303688	1.98	0	0
8	Shivani Agarwal	303687	1.98	0	303687	1.98	0	0
	<b>TOTAL</b>	<b>6282856</b>	<b>41.06</b>	<b>0</b>	<b>6282856</b>	<b>41.06</b>	<b>0</b>	<b>0</b>

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

Sl. No.		Shareholding at the beginning of the year		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 2020		Shareholding at the end of the year 31st March 2021	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Dilip Kumar Lakhi	1612124	10.54	1441835	9.42
2	Winfin Financial Consultants Pvt Ltd.	381794	2.50	381794	2.50
3	Bharat Pitti	364906	2.39	363906	2.38
4	Archit Exim Pvt Ltd	206791	1.35	206791	1.35
5	Sangeetha S	0	0	200590	1.31
6	Perna Kuhad	127344	0.83	188090	1.23
7	Amit Jain	0	0	150000	0.98
8	Amitabh Singhi	121488	0.79	0	0
9	Surinder Mohan Laroia	84375	0.55	0	0
10	Anil Laroria	0	0	84375	0.55
11	Bharat Pitti	97513	0.64	97513	0.64
12	Rashmi Sharma	67228	0.44	0	0
13	Sapna Dhalwal	0	0	68000	0.44



## (v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of Directors and KMP	Shareholding at the beginning of the year 1st April 2020		Shareholding at the end of the year 31st March 2021	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Sunil Kumar Arora	4887540	31.95	4887540	31.95
2	Sujata Arora	598572	3.91	598572	3.91
3	Sahil Arora	303688	1.98	303688	1.98

## 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	36,57,20,399.00	4,24,33,702.00	0.00	40,81,54,101.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not Due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>36,57,20,399.00</b>	<b>4,24,33,702.00</b>	<b>0.00</b>	<b>40,81,54,101.00</b>
Change in Indebtedness during the financial year				
Addition	25,40,91,081.00	0.00	0.00	25,40,91,081.00
Reduction	12,59,98,566.00	4,24,33,702.00	0.00	16,84,32,268.00
<b>Net Change</b>	<b>12,80,92,515.00</b>	<b>4,24,33,702.00</b>	<b>0.00</b>	<b>8,56,58,813.00</b>
Indebtedness at the end of the financial year				
i) Principal Amount	49,38,12,914.00	0.00	0.00	49,38,12,914.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not Due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>49,38,12,914.00</b>	<b>0.00</b>	<b>0.00</b>	<b>49,38,12,914.00</b>

## 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/WT/Manager			Total Amount
		Sunil Kumar Arora Managing Director	Sahil Arora Whole Time 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	1,62,00,000.00	27,30,000.00	3,60,337.00	1,92,90,337.00
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	3,64,951.00	1,49,847.00	0.00	5,14,798.00
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 the Profit Other, specify Others. Please Specify	0.00	0.00	0.00	0.00
	<b>Total (A)</b>	<b>1,65,64,951.00</b>	<b>28,79,847.00</b>	<b>3,60,337.00</b>	<b>1,98,05,135.00</b>

Ceiling as per the Act: Ceiling as per the Schedule V of the Companies Act 2013.



**B. Remuneration to other Directors**

Sl. No.	Particulars of Remuneration		Name of Directors			Total Amount
		Dinesh Chandra Kothari	Rahul Gupta	Vinita Sood	Sundareshwara G Sastry	
1	Independent Directors					
	• Fees for attending Board/ Committee Meetings	2,15,000.00	2,05,000.00	2,05,000.00	2,15,000.00	8,40,000.00
	• Commission	0.00	0.00	0.00	0.00	0.00
	• Other, Please specify	0.00	0.00	0.00	0.00	0.00
	<b>Total (1)</b>	<b>2,15,000.00</b>	<b>2,05,000.00</b>	<b>2,05,000.00</b>	<b>2,15,000.00</b>	<b>8,40,000.00</b>

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Sujata Arora				
2	• Other Non-Executive Director	1,35,000.00	0.00	0.00	0.00	1,35,000.00
	• Fees for attending Board/ Committee Meetings	0.00	0.00	0.00	0.00	0.00
	• Commission	0.00	0.00	0.00	0.00	0.00
	• Other, Please specify					
	<b>Total (2)</b>	<b>1,35,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,35,000.00</b>
	<b>Total (B)= (1) + (2)</b>					<b>9,75,000.00</b>
	<b>Total Managerial Remuneration (A+B)</b>					<b>2,07,80,135.00</b>

**C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WT D**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	<b>Gross salary</b>				
	(A) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.00	16,38,408.00	23,75,400.00	40,13,808.00
	(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
	<b>Total</b>	<b>0.00</b>	<b>16,38,408.00</b>	<b>23,75,400.00</b>	<b>40,13,808.00</b>

**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

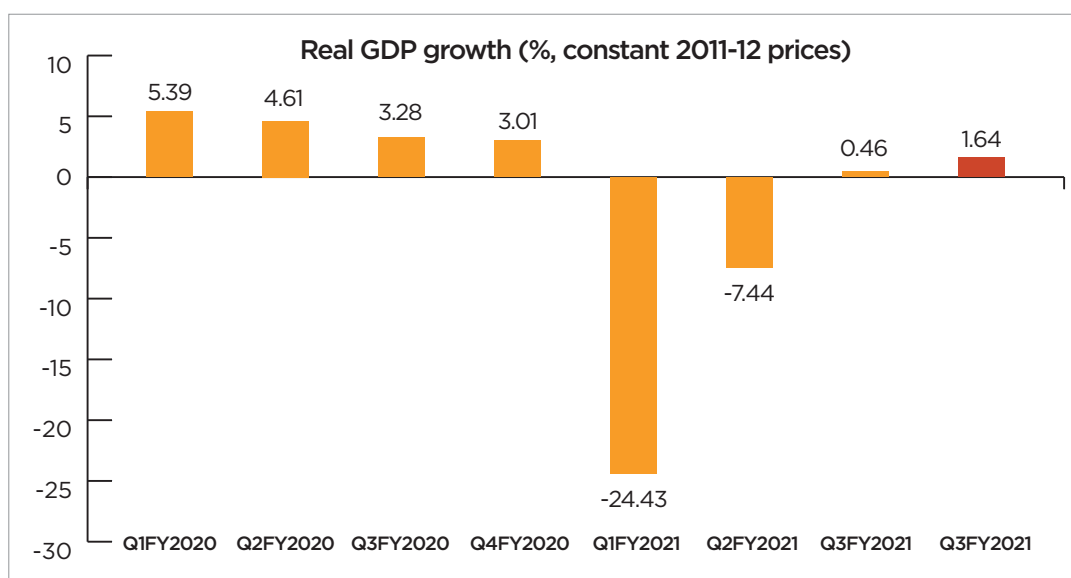
### Global Economy

Covid-19 outbreak has severely impacted the global economy. The outbreak has caused turmoil and hardship across the entire world. The healthcare system was overburdened and entire world has witnessed huge loss of lives. The pandemic had significant impact on economic activities across the world. As the outbreak started, to curb the spread of Covid-19 countries across the world announced lockdown and non-essential businesses closed. This caused disruption in economic activity which negatively impacted trade and commerce and was expected to cause a deep recession. The international travel ban by many countries impacted international trade further and cross border trade took a significant hit. However with the support of Government stimulus and monetary easing across the globe, coupled with timely discovery of vaccines drove a V-shaped recovery and economic activity rebounded sharply in the 2<sup>nd</sup> half of the year. After contracting 3.5% in 2020, the global GDP is expected to increase by 5.6% in FY2021. The recovery in developed economies was even better recoveries due to mass vaccination drives and fiscal stimulus by their respective Government.

### Indian Economy

Government of India imposed a national lockdown from last week of March 2020 and economic activities came to a standstill. Outbreak of Covid-19 significantly impacted Indian economy as all the non-essential economic activities were shut down during lockdown for 6 weeks across the nation. Closure of non-essential businesses resulted in contraction of GDP by 7.3% in FY2021 compare to increase in GDP by 4% in FY2020.

The comprehensive lockdown resulted in closure of many businesses and left millions unemployed posing risk of a recession in country. The Indian GDP in Q1FY2021 and Q2FY2021 declined by 24.43% and 7.44% respectively, due to the lockdown and its after effects. The Government gradually lifted lockdowns across the country and announced fiscal stimulus and economic packages across sectors. This coupled with monetary easing by RBI helped in reviving economic activities across the country. The GDP showed signs of revival and grew by 0.46% and 1.64% in Q3FY2021 and Q4FY2021 respectively. The Indian economy has started showing sign of improvement and GDP is expected to grow by 9.5% in FY2022 as per RBI.



### Granite Industry

Granite is one of the oldest building materials in the world and due to its uniqueness & strength, it is one of the most sought after stone. It has been used for thousands of years by humans in construction. Over the years with the invention of modern tools for molding, grinding and polishing use of granite has found many other applications. Granite stones due to its mirror like polish, high compressive strength, longevity and aesthetics finds applications inside and outside buildings. Its usage in kitchen countertop, bathroom and stairs has significantly increased.

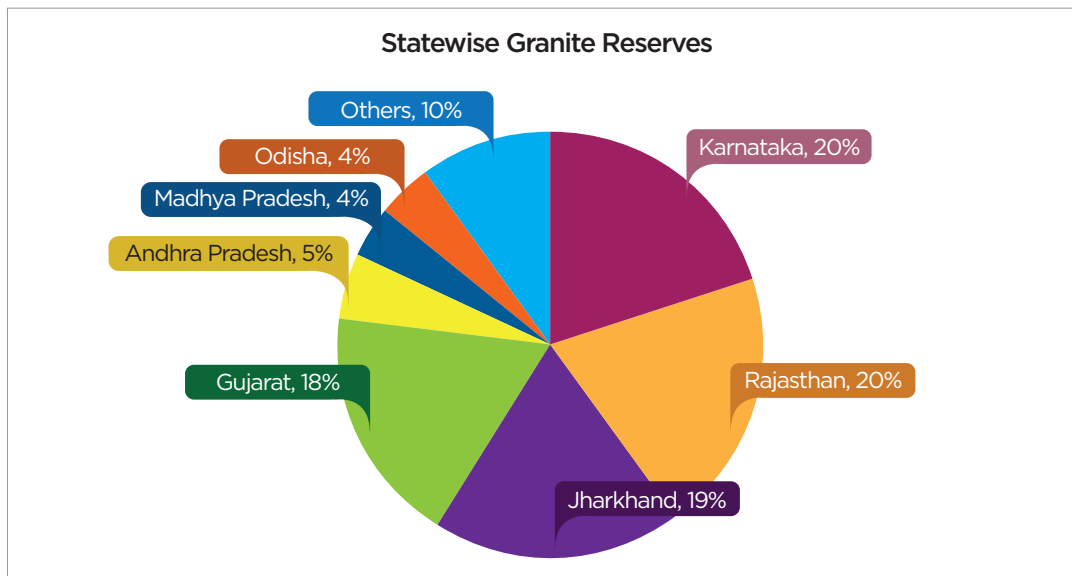
The production of granite is concentrated among few countries with granite reserves, which occur naturally. China, Brazil, India, Saudi Arabia and Italy are top granite producing countries in world. USA is largest consumer of granite stone and its demand is largely fulfilled by imports from Brazil, China and India.

Brazil is the largest exporter of granite to USA and accounts for over 50% of the imports into USA. Brazil has competitive advantage due to its proximity to USA and a depreciated currency making their stone much more competitive.

Natural stones are unique and stone produced from every quarry is different and cannot be reproduced. Granite is natural stone, so no two pieces are exactly alike making each granite countertop, wall and floor different. The shades and design keep varying with every quarry and block. Granite colour which can be found in Indian quarries cannot be found in anywhere else in world. Customer who want certain colors and shade of India has to source it from India only. Similarly the colours available in Brazil are unique to them.



India has huge granite reserves and accounts for around 20% of world's granite reserves. India has a wide variety of granite reserves and has over 200 shades. India has huge range of colors which are very popular across the world. India has over 7% of Black granite reserves which has a huge demand globally.



In India granite is classified as a Minor Mineral under the MMDR Act 1957 and its reserves and leasing regulations are governed by respective states Governments. Indian granite mining has suffered from the bane of illegal mining as state Governments used their discretion to allot quarries. Subsequently a large number of these quarries were shut down due to irregularities. The Indian granite processors had to face challenges of raw material shortage. In addition crackdown on granite quarries lacking environmental clearance (EC) aggravated the problem of raw material shortage. In Tamil Nadu and Karnataka a large number of quarries were shut down due to lack of Environment clearance (EC). Rules for EC are very unclear and were used by quarry owners to suit their needs, resulting in illegal mining. Granite processors in Tamil Nadu and Karnataka have been forced to source granite block from other states and other countries. Sourcing raw blocks from other state has increased their transportation cost and impacted their competitiveness in the international markets.

The processors in South India now operate at a low capacity utilization due to non-availability of raw material and high transportation costs.

#### Impact of Covid-19

Indian granite industry was severely impacted due to Covid-19. The granite processing plants and quarries were closed for 6 weeks during the national lockdown in April and May 2020. The demand for granite also significantly contracted during the initial phase of the lockdown. The industry was further impacted due to local transportation issues and inability of buyers to travel to India.

After lifting of the lockdown the granite processors had to face raw material crunch as production in granite quarries were significantly reduced due to shortage of labour. Migrant labour from Bihar, Uttar Pradesh and Jharkhand moved back to their native places which in turn created huge shortage of manpower especially in south Indian states like Tamil Nadu and Andhra Pradesh, Kerala and Karnataka.

#### Engineered Stone Industry

Engineered stone unlike natural stone is manmade and manufactured from mix of crushed quartz, resin binder, pigments and additives. Engineered stone is manufactured from Quartz which is one of the hardest and abundant mineral on the earth. Engineered stones have gained popularity very fast and have captured significant market share on the expense of other natural stones. One great advantage that engineered stone have over natural stone is consistency. Engineered stone can be manufactured in batches and its colors and design can be replicated in each batch which is not case in natural stone. Engineered stones are becoming very popular choice for Kitchen countertop, Facades, Flooring and Bathroom and capturing market of natural stones.

India has abundance of Quartz stone, and has been declared as minor mineral by the Government of India. Production of Quartz stone is regulated by respective state Governments. Quartz is available in Andhra Pradesh, Chhattisgarh, Gujarat, Rajasthan, West Bengal, Karnataka and Jharkhand. Quartz industry is highly un-organized and most of the production is exported to other countries.

The global engineered quartz surface market size was USD 18.5 billion in 2020. The engineered quartz surface market grew by 8.1% in 2020. Engineered Quartz Surface market is projected to grow from USD 18.50 billion in 2020 to USD 33.50 billion in 2027 at a CAGR of 8.9% in the 2020-2027 period.

USA has been biggest importer of Engineered stone and imported \$1.17 billion worth of engineered stone in 2019. Historically China has been largest exporter of engineered stone in USA due to its large scale manufacturing and lower cost. Lower costs and support of Government helped Chinese exporter in dominating global exports market. Heavy exports from China have impacted Quartz manufacturers in USA, and the prices have substantially declined in past few years. USA levied anti-dumping duty on China for



engineered stone. High dumping duty has created an opportunity for manufacturers in other countries like India, Spain, Vietnam and Canada. Export from other countries have significantly increased after imposing of dumping duty on Chinese export.

### About Company

Aro Granite Industries Ltd is the largest processed granite exporter from India. It has been in granite export business for more than 35 years and exports to more than 50 countries across the world. Company has a 100% EOU located in Hosur, Tamil Nadu. In 2019 it started a new 100%EOU unit in Jaipur, Rajasthan. With the commissioning of its Quartz plant in January 2021 in its existing facility in Hosur it has now also offering engineered stone as one of its product offering.

Company has a wide product portfolio of granite slabs, granite tiles, Quartzite slabs, Cut-To-Size granite tiles and Quartz slabs and tiles. It uses the most modern technology and machinery in its plants for cutting raw blocks and polishing of slabs and tiles. In its Hosur plant, Company cuts raw granite blocks into slabs which at times are also cut into tiles. It has an installed capacity of 7,35,000 square meters per year for granite slabs and 3,60,000 square meters per year for granite tiles. Aro also processes Quartzite stone in its Hosur plant with a production capacity of 50,000 square meters per year. It uses multiwire cutting machines to cut raw blocks for processing Quartzite raw blocks. It has granite processing plant in Jaipur with processing capacity of 1,50,000 square meters of granite slabs per year. Aro has started Quartz manufacturing in its Hosur plant with an initial production capacity of 1,80,000 square meters per year.

### Performance During the year

Year 2021 started with covid-19 induced lockdown across the country. The sales of the Company were significantly impacted as Company had to keep its plant closed for 43 days in April and May 2020. Even after the lifting of lockdown the economic activities were very low. Company being an exporter had to face many challenges in its international market. In granite processing business, customers physically visit the warehouse and select the color and shade of product to place orders. Aro's customers could not visit its warehouse for product selection due to ban on international travel and its order intake was significantly reduced. Company however leveraged its strong relationships with customers and used video conferencing for product selection and order intake.

Company's sales remained flat at Rs 179.37 Cr in FY2021 compare to Rs 177.71 Cr in FY2020, given the challenges Company faced during the year its performance was satisfactory. Profitability of the Company however increased to Rs 6.05 Cr in FY2021 from Rs 3.61 Cr in FY2020. The increase in profitability was largely on account of lower expenses and higher profit contribution from Jaipur plant.

Granite industry had to face raw material shortage as quarrying was significantly reduced due to non-availability of labour. Labours in granite quarries moved to their native towns after the lockdown and return back slowly due to restriction on interstate travel. In the first half of the year granite quarries in south India operated at very low capacities and gradually increased production by December 2020. Sales of the Company was impacted as Aro's Hosur plant operated at very low capacity due to non-availability of raw material.

The economic slowdown in international market and ban on international travel effected the export of Company significantly. Additionally shipping cost increased dramatically due to shortage of shipping containers. In few export destinations of Company cost of shipping increased by two to three times which impacted order intakes as customers delayed the orders.

Company increased its sales in domestic market and cleared older inventory. In India, Company operates in two segments one is export reject and other is high end premium segment. Sales in domestic markets increased by 40% and reached to 8% of the sales during the year. High end premium segment is quite profitable for Company and it aims to increase its business in this segment going forward.

Cut-to-size segment of the Company performed well and running at full capacity utilisation. Demand has been strong from Europe where Company has been participating in various projects. The demand outlook in cut-to-size segment looks promising and Company is expected to perform even better. Company is also planning to add Quartz based Cut-to-size products in its portfolio and expect good demand in this segment.

### Jaipur plant

Company started its granite processing plant in Jaipur in FY2020, and it has been very successful in ramping up production in the unit. The initial thought was to save transportation cost on sourcing of raw blocks from North India and since then the plant has been able to contribute significantly towards Company's topline and bottomline. Rajasthan has over 20% of the granite reserves in India and Jaipur plant has helped in tapping those resources at competitive prices. Colors and shades from Rajasthan have become popular across the world due to their unique colour combinations and semi exotic nature. The plant has a capacity of 1,50,000 square meter of granite slabs per year and it hit full capacity utilization during the year. Jaipur plant has contributed to 18% of the sales during the year, and its share in profits was higher. The plant has further helped the Company to increase its customer base with new range of colors from Rajasthan. Company is optimistic about the future growth in this plant and expects that its contribution to overall sales will grow higher in the coming years.

### Quartz Plant

The Company has successfully started production from its Quartz plant in January 2021. The plant was expected to start production in March 2020 but was delayed due to Covid-19. Veegoo the Chinese supplier of the plant could not send its engineers to commission the plant due to ban on international travel during Covid-19 pandemic which delayed commissioning of plant.

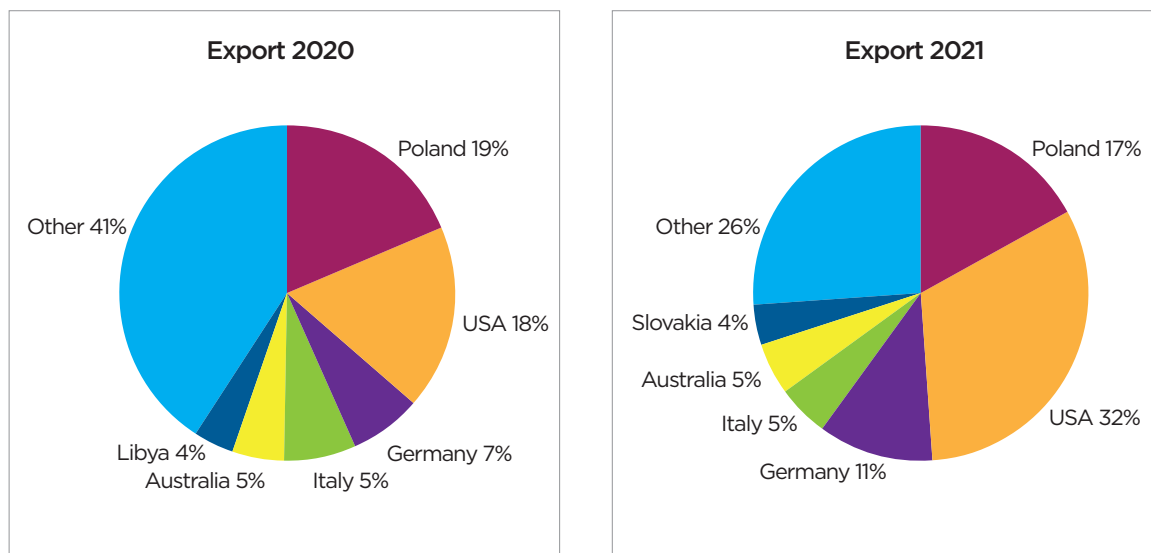
During the year Company decided to proceed with online help through CCTV and video conferencing and it successfully commissioned the plant in January 2021. Company also completed the trial runs with various customers in February and its products are being accepted by customers. Currently the Company is producing basic products and aiming to increase production gradually. Aro is selling



its Quartz products to its existing customers around the world and receiving a good response. The management is optimistic about Quartz segment and expect sales to grow in the coming years.

### Exports

Aro granite is largest processed granite exporter from India. It exports to more than 50 countries across the world. Company has been awarded with "Special Export Award" by CAPEXIL for 7 years in a row. Exports accounted for 92% of revenue in FY2021. Its major exports markets are USA, Poland, Germany, Italy, Australia and Slovakia.



Company's performance in USA significantly improved due to high antidumping and countervailing duties ranging from 311% to 528% on Engineered stone exported from China. High duty on Chinese products curbed the low priced supply and created opportunity for suppliers from other countries. Aro benefited from this opportunity and scaled up its sales in USA.

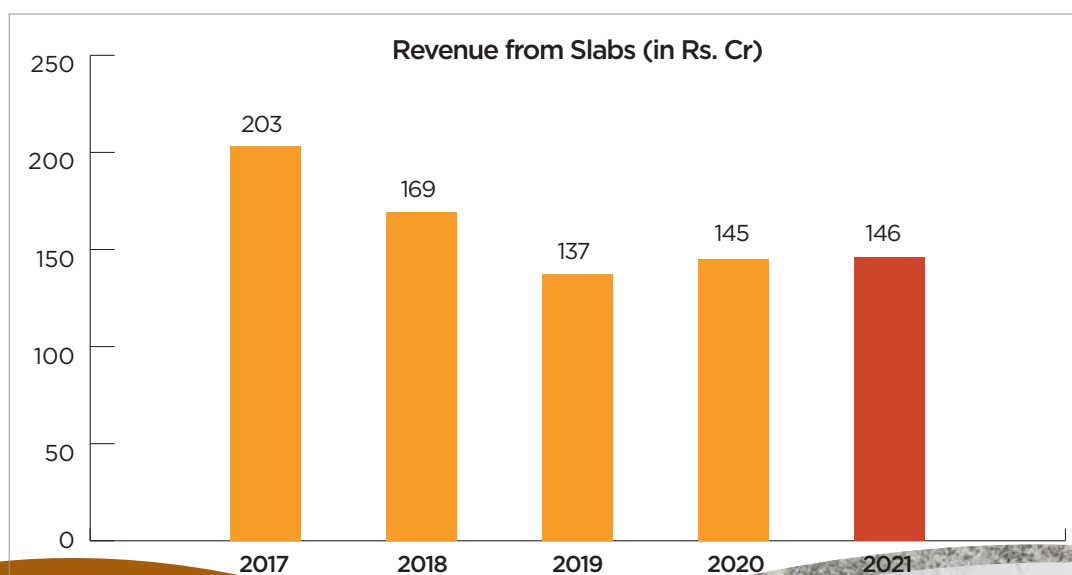
### Segment performance

Company has 2 segments, granite slabs and tiles. Cut-to-size is accounted under tiles segment and Quartzite and Quartz sales are reported under slab segment.

#### Slabs

Slabs are a major part of Aro's business and contributed 82% of its revenue in FY2020-21. Company has an installed capacity of 7,35,000 square meters per year for Granite slabs in Hosur plant and 1,50,000 square meters in Jaipur plant. It has installed capacity of 50,000 square meters per year for Quartzite slabs in its Hosur plant.

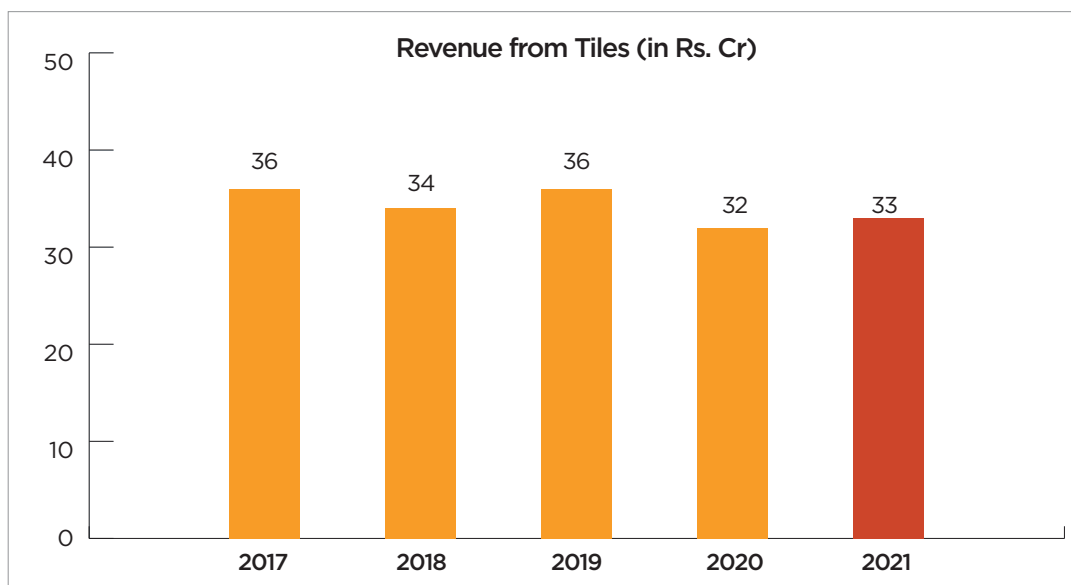
Jaipur plant has significantly contributed to its topline and its contribution increased from Rs 13.62 Cr in FY2020 to Rs 36.19 Cr in FY2021. Aro has also started production from Quartz plant and it contributed Rs 2.3 Cr in FY2021. The slab segment of the Company is expected to perform better with rising sales from Jaipur plant and increased contribution from Quartz plant.





## Tiles

Tiles segment has a smaller contribution in Aro's business. It accounted for 18% of its revenue in the year. Aro has installed capacity of 3,60,000 square meters per year for this segment. It also classify its Cut-to-size revenue in tiles segment.



## Outlook

The outlook for Company looks promising. Company has been operating its Jaipur plant at full capacity utilization and is planning further capacity addition in the coming year. Rajasthan has a wide range of colors which are popular across the world especially in North America. Company is hopeful that the Jaipur plant will contribute significantly going forward.

Company has recently started production from its Quartz plant. Quartz, an engineered stone, is a very popular product and has significantly gained market share over natural stone across the globe. The Company has recently commissioned 1,80,000 square meter of capacity in January 2021. Company has a good relationship with its customer and aims to use its existing sales channel for sales of the Quartz engineered stone. The Quartz sales will contribute significantly to the future growth of the Company.

The shortage of raw granite blocks has remained the biggest concern for the industry. The production in granite quarries significantly reduced during the Covid-19 lockdown. The Company has diversified its procurement and reduced its dependence on South Indian granite by sourcing from other states and also importing granite blocks. Its Jaipur plant has helped in cutting transportation cost significantly, for shades available in North India. Furthermore Tamil Nadu has a new Government and industry has made representation for re-opening of granite quarries. Industry is hopeful that the new Government may take initiatives to open up some of the closed granite quarries after following due process.

Aro has always adapted with industry and kept itself relevant and competitive for more than 35 years. It has regularly invested in its business and has strived to remain competitive in the industry. Its investments in warehouse in Hosur, Cut-to-size processing unit, and the new slab plant Jaipur have helped it maintain its market share over time. Company has now invested in Quartz plant which is emerging as substitute for granite and has captured significant market share globally. Investment in Quartz plant will help the Company to grow its business over time. USA has imposed anti dumping duty on engineered stone from China last year and that has has opened a window of opportunities for manufacturers from other countries like India.

The Company has successfully managed to stay competitive in the industry despite many challenges in the last few years. It will continue to adapt by upgrading its machinery, seeking out new opportunities be the best in class processor in building materials industry.

## Opportunities & Threats

### Opportunities

- Jaipur plant has been successful and will help the Company stay competitive in the industry.
- Quartz plant has started production and shall help in increasing sales and profits of the Company in coming years.
- Cut-to-size business with higher margins is performing well and is operating at full capacity. Now with the commencement of Quartz unit, the Company will also offer Cut-To-Size services for Engineered Quartz stone.
- With the new elected Government in Tamil Nadu, there is renewed hope of re-opening of closed quarries in Tamil Nadu. This can improve utilisation of the Hosur plant and positively impact sales and profits.

## Threats

- Further lockdowns due to Covid-19 impact will have negative impact on the demand for granite stones, and can also result in the closure of the processing units.
- A rise in currency can make its products uncompetitive as compared to those from Brazil and other emerging economies.
- Increasing protectionism by countries with them imposing of Anti Dumping duty can impact the Granite exports out of India.

## Risk & Concern

### Lockdown driven by renewed waves of Covid-19 Pandemic

Covid-19 has impacted the global economy in a big way. In India the second wave hit the country in April 2021 and has continuing as at the time of writing this report. There has been a huge loss of life and it has impacted economy in many ways. Subsequent waves may force the Government to continue imposing lockdowns and this will impact the revenues and margins of the Company.

### Shortage of Raw Material

Raw material shortage has been great concern for the industry over the years. Closure of many mines has caused big shortage in raw material, especially in South India where our Hosur plant is located. Non availability of raw material has a big impact on the overall competitiveness of Indian exports. In our case the Hosur plant is operating below capacity and this has impacted our profitability. To counter the shortage of raw material the Company has opened the Jaipur plant and has started sourcing from new mines in other geographical regions like Rajasthan and Andhra Pradesh. The Company has also started importing raw blocks.

### Adverse Regulatory Policies

The decisions of various state Governments have been not so supportive for granite industry in the recent years. Many granite quarries have closed down over the last few years due to illegal mining, lack of Environmental Clearances or irregularity in the allotment process. This has been compounded by frequent change in rules which have resulted in a grid lock on approval for new granite quarries. This has resulted in reduced availability of raw granite blocks. The closure of mines has resulted in tax revenue loss to the Government, and they should have transparent and well defined mining policies.

### Currency Appreciation

Company generated 92% of its revenue in FY2021 from exports and currency fluctuations can impacts its financials significantly. The relative currency appreciation of INR vis-a-vis competing nations like Brazil has impacted the business negatively.

The Company currently exports to over 50 countries. This helps in diversification of risks and any adverse currency movement in one country will have a lower impact on Company's business. Some shades are only found in India and their demand is relatively inelastic and is not impacted by the currency movements. The Company is focused on exporting such colours and is also aiming to increase its sales in the domestic market.

### Change in Consumer Preference

Stone industry is very dynamic and demand for products, colors and shades keeps changing according to trend in industry. Over the last few years, the demand for engineered stone has increased at the expense of natural stones, which includes granite. The Company is aware of the trend and has started manufacturing engineered stone at its Hosur Unit.





## 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 Seven Directors comprises of Five 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. Five Board Meetings were held during the Financial Year ended 31<sup>st</sup> March 2021 on 26<sup>th</sup> June 2020, 8<sup>th</sup> August 2020, 28<sup>th</sup> August 2020, 30<sup>th</sup> October 2020 and 29<sup>th</sup> January 2021. Attendance and other details are given below:

Name of the Director	Category	No. of Board Meetings attended	Whether last AGM attended (25.09.2020)	Outside Directorships and Committee positions			Directorship in other listed entity (Category of Directorship)
				Directorships#	Committee Membership*	Committee Chairmanship*	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Shri Sunil Kumar Arora@ (Managing Director) (00150668)	Executive (Promoter)	5	Yes	-	-	-	-
Shri Sahil Arora@ Wholtime Director (07970622)	Executive (Promoter)	5	Yes	-	-	-	-
Shri Dinesh Chandra Kothari (00195609)	Non-Executive and Independent	5	Yes	1	1	1	Asian Hotels (North) Limited (Non-executive Independent)
Shri Rahul Gupta (00024732)	Non-Executive and Independent	5	Yes	4	1	1	1. Alfa Transformers Limited (Non-executive Independent) 2. Softtech Engineers Limited (Non-executive Independent)
Smt. Sujata Arora@ (00112866)	Non-Executive (Promoter)	5	Yes	-	-	-	-
Smt. Vinita Sood (006926832)	Non-Executive and Independent	5	Yes	-	-	-	-
Shri Sundareswara G Sastry (00165762)	Non-Executive and Independent	5	Yes	-	-	-	-

# As per Section 165 of the Companies Act 2013 and Regulation 25 of the SEBI (LODR) 2015

\* Only covers Membership/Chairmanship of Audit Committee and Stakeholders Relationship Committee.

@ Sunil Kumar Arora is the husband of Smt. Sujata Arora and father of Shri Sahil Arora

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.

Details of equity shares of the Company held by the Directors as on March 31, 2021 are given below:

Name	Category	No. of Equity Shares
Sujata Arora	Non-independent, Non-Executive	598572

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

International Business	Understanding of the international business dynamics across the globe specifically under various geographical markets and prevailing regulations.
Governance	Experience in driving corporate ethics and values, maintaining board and management accountability, practicing corporate governance of highest standard amongst the stakeholders
Strategy	Understanding of the requirement of long-term strategy and planning taking into account the diversified international business environment.

The Directors appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come. The appointment is mainly dependent on whether the person possesses the requisite skill sets identified by the Board and whether the person has the requisite ability in running a business that is relevant to the Company's business. Being an 100% Export Oriented Unit, Company's business runs across different geographical markets and is global in nature.

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.arotile.com](http://www.arotile.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 consisting of Five Directors namely Shri Rahul Gupta (Chairman of the Committee), Shri Dinesh Chandra Kothari, Smt. Vinita Sood and Shri Sundareshwara G. Sastry, all are Non-Executive Independent Directors and Shri Sunil Kumar Arora Executive Director. Company Secretary acts as the Secretary of the Committee. During the financial year ended 31.03.2021, four meetings of the Audit Committee were held. Date of meetings (number of members attended): 26.06.2020(5), 08.08.2020(5), 30.10.2020 (5) and 29.01.2021(5).

### 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 is consisting of Four Non-Executive Directors namely Shri Rahul Gupta (Chairman of the Committee), Shri Dinesh Chandra Kothari, Smt. Vinita Sood and Shri Sundareshwara G. Sastry all are Independent Directors. Company Secretary acts as the Secretary of the Committee. During the financial year ended 31.03.2021. Three meeting was held. Date of Meeting (number of members attended): 26.06.2020 (4),30.10.2020 (4),29.01.2021 (4).

### 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 Companies Act, 2013 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 Companies Act, 2013, 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:

- a) Accounting and Corporate Finance
- b) Legal and Corporate Laws
- c) 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 Stakeholders Relationship Committee at the Board Level which consists of Four Directors, namely Shri Rahul Gupta (Chairman of the committee), Shri Sunil Kumar Arora, Shri Dinesh Chandra Kothari and Shri Sundareshwara G. Sastry.



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. During the Financial Year ended 31.03.2021, One meeting of the Stakeholders Relationship Committee was held. Date of meeting (number of members attended): 26.06.2020(4).

## 7. CSR COMMITTEE

The CSR Committee is comprising of Shri Dinesh Chandra Kothari (Chairman), Smt. Sujata Arora, Smt. Vinita Sood and Shri Sundareshwara G. Sastry as other members. During the financial year ended 31.03.2021, one meeting was held. Date of Meeting (number of members attended): 26.06.2020 (4)

## 8. REMUNERATION OF DIRECTORS

- Executive Directors: The aggregate amount of Salary, HRA paid during the financial year ended 31<sup>st</sup> March 2021 to Shri Sunil Kumar Arora, Managing Director was Rs. 1,65,64,951/-, Shri Sahil Arora, Whole Time Director was Rs. 28,79,847/- and Shri K. Raghavendra Acharya, Executive Director was paid Salary, HRA & other allowances for Rs. 3,60,337/-
- Non-Executive Directors: During the year 2020-2021, the Company has paid sitting fees of Rs. 8,40,000/- to all the Independent Directors. Other Non-Executive Director Smt. Sujata Arora was paid sitting fees of Rs. 1,35,000/

## 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
2017-2018	Lakshmipat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	17th September 2018	10.00 A.M.	Yes
2018-2019	Lakshmipat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	31 <sup>st</sup> August 2019	10..00 A.M.	Yes
2019-2020	Through VC/OAV means	25 <sup>th</sup> September 2020	12.30 P.M.	Yes

## 10. OTHER DISCLOSURES

- 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>
- 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 2017-18 , 2018-19 and 2019-20 respectively: **Nil**
- 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 behavior. 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>
- 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>
- 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.
- 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<sup>st</sup> 2021. The annual report of the Company contains a certificate by the Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management.



- g) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013:

Sl. No	Particulars	Details
1	Number of Complaints filed during the Financial Year	NIL
2	Number of Complaints disposed off during the Financial year	NIL
3	Number of complaints pending at the end of the Financial year	NIL

- h) Certification from Company Secretary in Practice

Latika Jetley, Practicing Company Secretary has issued a certificate as required under the Listing Regulations, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of Companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority. The Certificate is enclosed with this section as **Annexure A**.

- i) During the year 2020-21, total fees for all services paid by the Company to M/s. VAPS & Company, Statutory Auditors is 5.92 Lakhs.

## 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](http://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 and Date | : | Friday, the 24 <sup>th</sup> September 2021 |
| Time         | : | 12.30 P.M. (IST)                            |
| Venue        | : | VC/OAV Means                                |
- (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)

<ul style="list-style-type: none"> <li>● Financial Reporting</li> <li>● for the quarter ending 30.06.2021</li> <li>● for the quarter ending 30.09.2021</li> <li>● for the quarter ending 31.12.2021</li> <li>● for the year ending 31.03.2022 (If unaudited)</li> <li>● Annual General Meeting for the Financial Year 2021-22</li> </ul>	<p>in 45 days of the end of the quarter</p> <p>Within 60 days of the end of the quarter Between July and September 2022</p>
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- (iv) Date of Book Closure : **From 18.09.2021 to 24.09.2021 (both days inclusive)**
- (v) 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 2021-22 has been paid to BSE and NSE.
- (vi) Security Code for : **BSE: 513729,**  
Company's Equity Shares ISIN No. : **NSE: AROGRANITE/EQ**  
: **INE210C01013**

(vii) Stock Market Data

	Bombay Stock Exchange (BSE)		National Stock Exchange of India Limited (NSE)	
Month (2020-21)	HIGH	LOW	HIGH	LOW
APRIL 2020	26.05	19.50	26.70	19.20
MAY 2020	25.80	19.60	24.80	19.50
JUNE 2020	28.80	21.45	28.50	20.30
JULY 2020	27.70	21.50	28.00	22.25
AUGUST 2020	34.50	22.90	35.00	22.45
SEPTEMBER 2020	29.50	24.25	29.00	24.30
OCTOBER 2020	32.50	23.35	32.45	23.35
NOVEMBER 2020	41.65	26.55	42.40	28.20
DECEMBER 2020	52.05	35.15	52.40	35.15
JANUARY 2021	65.45	43.80	65.50	43.70
FEBRUARY 2021	47.90	42.10	51.70	40.85
MARCH 2021	53.00	39.85	53.50	39.65

(viii) Distribution of Shareholding as on 31<sup>st</sup> March 2021

Category (No. of Shares)	No. of Equity Shares	%	No. of Shareholders	%
1-500	1294345	8.46	8680	80.72
501-1000	856527	5.60	1091	10.15
1001-5000	1692196	11.06	833	7.75
5001-10000	574635	3.76	81	0.75
10001 and above	10882297	71.13	68	0.63
<b>TOTAL</b>	<b>15300000</b>	<b>100.00</b>	<b>10753</b>	<b>100.00</b>

(ix) Shareholding Pattern as on 31<sup>st</sup> March 2021

Sr. No.	Shareholders	No of Shares	% of Shareholding
1	Directors & Relatives	6282856	41.06
2	Non-Residents Individuals/OCBs	212624	1.39
3	Private Corporate Bodies	896798	5.86
4	General Public	7907722	51.68
	<b>Total</b>	<b>15300000</b>	<b>100.00</b>

(x) 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.

(xi) 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 31<sup>st</sup> March 2021, 97.87% 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 Shareholder.





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

(xiii) Corp. Off. & Works

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

(xiv) Address for Correspondence regarding share transfers and other matters

**Aro granite industries Ltd.**

Regd. Office:

1001, 10<sup>th</sup> Floor, DLF Tower 'A', Jasola  
New Delhi 110 025

Phone No.: 91-11-41686169

Fax No.: 91-11-26941984

E mail: [investorgrievance@arotile.com](mailto:investorgrievance@arotile.com)

**M/s Alankit Assignments Limited**

Registrar & Transfer Agent (RTA)

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](mailto: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 Kumar Arora  
Managing Director



## Managing Director Certification

To,  
The Board of Directors  
Aro granite industries Ltd.

1. I have reviewed Financial statements and the cash flow Statement of Aro granite industries Ltd for the financial year ended 31<sup>st</sup> March 2021 and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material factor contain any statements that might be misleading;
  - (ii) 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.
2. There are to the best of 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.
3. I accept the responsibility for establishing and maintaining internal control for financial reporting and I have evaluated the effectiveness of the Company's internal control system pertaining to financial reporting. I have not come across any reportable deficiencies in the design or operation of such internal control.
4. I have indicated to the Auditors and Audit Committee :
  - i. that there are no significant changes in the internal control over the financial reporting during the year;
  - ii. that there are no significant changes in accounting policies during the year; and
  - iii. that there are no instances of significant fraud of which I have become aware.

(Sunil Kumar Arora)  
Managing Director

## Annexure A: Certificate from Company Secretary in Practice

### CERTIFICATE

(Pursuant to clause 10 of Part C of Schedule V of LODR)

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of The Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015; (LODR) in respect of Aro granite industries limited (CIN: L74899DL1988PLC031510) I hereby certify that:

On the basis of the written representation/declaration received from the Directors and taken on record by the Board of Directors, as on March 31, 2021, none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of Companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

Date: 25.06.2021  
Place: Hosur

-sd-  
Latika Jetley  
Company Secretaries  
ACS: 12120 / C.P.NO.: 3074  
UDIN NO. A012120C000512477



## Independent Auditors' Report

To the Members of ARO GRANITE INDUSTRIES LIMITED

### Report on the Financial Statements

#### Opinion

We have audited the financial statements of **ARO GRANITE INDUSTRIES LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2021, and profits, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw your attention to Note 41 to the financial statements which explains the management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the COVID -19 pandemic situation. As per the management's current assessment, there is no significant impact on carrying amounts of inventories, tangible assets, trade receivables, investments and other financial assets is expected, and management continue to monitor changes in future economic conditions. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
<b>I. Provisions and contingent liabilities in relation to tax positions</b>	
<p>The Management have made judgements relating to the likelihood of an obligation arising and whether there is a need to recognize a provision or disclose a contingent liability. We therefore focused on this area as a result of uncertainty and potential material impact.</p> <p>Refer Note 36 to the financial statements.</p>	<p>We have involved our experts to gain an understanding of the current status of the tax cases and monitored changes in the disputes by reading external opinions received by the Company if any, where relevant to establish that the tax provisions had been appropriately adjusted to reflect the latest external developments.</p> <p>For Legal, regulatory and tax matters our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Testing key controls surrounding litigation, regulatory and tax procedures.</li> <li>• Performing substantive procedures on the underlying calculations supporting the provisions recorded.</li> <li>• Where relevant, reading external legal opinions obtained by the management</li> <li>• Discussing open matters with the litigation, regulator, general counsel and tax teams</li> <li>• Assessing management's conclusions through understanding precedents set in similar cases.</li> </ul> <p>Based on the evidence obtained, while noting the inherent uncertainty with such legal, regulatory and tax matters, we determined the level of provisioning and disclosure of contingent liabilities as at March 31, 2021 to be appropriate.</p>



## 2. Related Party Transactions

The Company has entered into several transactions with related parties during the year 2020-21. We identified related party transactions as a key audit matter because of risks with respect to completeness of disclosures made in the standalone financial statements including recoverability thereof; compliance with statutory regulations governing related party relationships such as the Companies Act, 2013 and SEBI Regulations and the judgement involved in assessing whether transactions with related parties are undertaken at arms' length.

Refer Note 38 to the standalone financial statements.

*Our audit procedures on related party transactions included:*

- Assessed the key controls to identify and disclose related party relationships and transactions in accordance with the relevant accounting standard.
- Assessed compliances with the listing regulations and the regulations under Companies Act, 2013 including checking of approvals/scrutiny as specified in Sections 177 and 188 of the Companies Act, 2013 with respect to the related party transactions.
- Considered the adequacy and appropriateness of the disclosures in the standalone financial statements, including recoverability thereof, relating to the related party transactions.
- Inspected relevant ledgers, agreements and other information that may indicate the existence of related party relationships or transactions. Further, we also tested completeness of related parties with reference to the various registers maintained by the Company statutorily.
- On a sample basis, tested Company's assessment of related party transactions for arms' length pricing.

### Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially mis-stated.

If, based on the work we have performed, we conclude that there is a material mis-statement of this other information, we are required to report the fact. We have nothing to report in this regard.

### 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments 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 statement that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. That Board of Directors' are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material mis-statement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material mis-statement when it exists. Mis-statements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism through out the audit. We also:

- Identify and assess the risks of material mis-statement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material mis-statement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of mis-statements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified mis-statements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would be reasonably expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. 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 "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and the statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2021 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - 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 in "Annexure B".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. 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) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii) The Company has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

**For VAPS & Company**  
Chartered Accountants  
Firm Registration No.: 003612N

**Praveen Kumar Jain**  
Partner  
Membership No.: 082515

Place: Hosur, Tamilnadu  
Date: June 25, 2021  
UDIN: 21082515AAAAACU2559

## Annexure “A” to the Independent Auditors’ Report

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of ARO GRANITE INDUSTRIES LIMITED of even date)

- i. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such physical verification.
- (c) The title deeds of immovable properties, as disclosed in Note 5 on Property, Plant and Equipment to the Ind AS financial statements, are held in the name of the Company.
- 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 is noticed on physical verification between the physical stocks and the book records.
- iii. The Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us there are no dues of statutory dues pending as on 31.03.2021, on account of any disputes.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank. Further, there were no dues payable to financial institution or Government or debenture holders as at Balance Sheet date.
- ix. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xi. The Company has paid/ provided for managerial remuneration during the year in accordance with the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS Financial Statements as required under





Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xvi) of the order is not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its Directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **VAPS & Company**  
Chartered Accountants  
Firm Registration No.: 003612N

**Praveen Kumar Jain**  
Partner  
Membership No.: 082515

Place: Hosur, Tamilnadu  
Date: June 25, 2021  
UDIN: 21082515AAAAACU2559

## Annexure 'B' to the Independent Auditors' Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aro granite industries Ltd. of even date)

### **Report on the Internal Financial Controls Over Financial Reporting 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 **ARO GRANITE INDUSTRIES LIMITED** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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 March 31, 2021, 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.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company 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. 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, 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance 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 mis-statement of the financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us are sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and Directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



### **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 mis-statements 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.

For **VAPS & Company**  
Chartered Accountants  
Firm Registration No.: 003612N

**Praveen Kumar Jain**  
Partner  
Membership No.: 082515

Place: Hosur  
Date: June 25, 2021  
UDIN: 21082515AAAACU2559



## Balance Sheet as at March 31, 2021

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

PARTICULARS	Note	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	5	16,345.86	12,844.88
Intangible Assets	5	22.20	
Capital Work in Progress	5	97.75	4,155.43
Right of Use Asset	6	1,075.31	1,084.85
Financial assets			
- Investments	7(a)	75.75	80.65
- Other financial assets	7(b)	163.85	130.67
Other non current assets	8	14.94	100.95
<b>Total non current assets</b>		<b>17,795.66</b>	<b>18,397.43</b>
<b>Current Assets</b>			
Inventories	9	13,913.56	12,921.72
Financial Assets			
- Investments	10(a)	11.03	4.50
- Trade Receivables	10(b)	6,402.46	5,881.97
- Cash and Cash Equivalents	10(c)	165.07	36.66
- Earmarked Balances with Bank	10(d)	17.97	20.29
- Bank balances other than cash and cash equivalents	10(e)	814.63	1,000.36
- Loans	10(f)	4.01	0.95
- Other Financial Assets	10(g)	2.44	12.28
Other current assets	11	1,322.08	1,178.50
<b>Total current assets</b>		<b>22,653.27</b>	<b>21,057.23</b>
<b>Total Assets</b>		<b>40,448.93</b>	<b>39,454.66</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity Share Capital	12	1,530.00	1,530.00
Other Equity	13	17,234.10	16,618.68
<b>Total equity</b>		<b>18,764.10</b>	<b>18,148.68</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
- Borrowings	14(a)	4,178.42	2,816.50
Other Liabilities	14(b)	280.71	795.33
Provisions	15	232.60	234.51
Deferred Tax Liabilities (Net)	16	966.58	773.62
<b>Total non-current liabilities</b>		<b>5,658.31</b>	<b>4,619.96</b>
<b>Current Liabilities</b>			
Financial Liabilities			
- Borrowings	17(a)	11,905.13	12,234.84
- Trade Payables	17(b)	2,755.95	2,820.40
- Other Financial Liabilities	17(c)	1,088.20	1,411.47
Provisions	18	38.16	32.82
Other Current Liabilities	19	197.65	180.35
Current Tax Liability (Net)	20	41.41	6.14
<b>Total current liabilities</b>		<b>16,026.51</b>	<b>16,686.02</b>
<b>Total Liabilities</b>		<b>21,684.83</b>	<b>21,305.98</b>
<b>Total Equity and Liabilities</b>		<b>40,448.93</b>	<b>39,454.66</b>

The above balance sheet should be read in conjunction with the accompanying notes 1-41

This is the balance sheet referred to in our report of even date

**For VAPS & Company**

Firm Registration No.: 003612N

Chartered Accountants

For and on behalf of the Board

**Praveen Kumar Jain**

Partner

Membership No.: 082515

**Sunil Kumar Arora**

Managing Director

DIN: 00150668

**Sahil Arora**

Whole Time Director

DIN: 07970622

**S Panigrahi**

Company Secretary

FCS No.: 4522

**M. Madangopal**

CFO

ICAI M. No.: 207947

Place : Hosur

Date : 25.06.2021



# Statement of Profit and Loss for the period ended March 31, 2021

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

PARTICULARS	Notes	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Revenue from Operations	21	17,937.43	17,770.99
Other Income	22	63.22	315.47
<b>Total Income</b>		<b>18,000.65</b>	<b>18,086.46</b>
Expenses:			
Cost of materials consumed	23	10,171.95	11,158.68
Purchase of Stock-in-Trade		182.11	137.49
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	(751.62)	(1,769.75)
Employee Benefit Expense	25	1,748.47	1,535.87
Financial Costs	26	538.12	597.76
Depreciation and Amortization Expense	27	1,106.90	1,052.59
Other Expenses	28	4,206.96	4,856.47
<b>Total Expenses</b>		<b>17,202.89</b>	<b>17,569.11</b>
Profit before exceptional items & Tax		<b>797.76</b>	<b>517.35</b>
Less: Exceptional Items		-	-
<b>Profit/(Loss) before Tax</b>		<b>797.76</b>	<b>517.35</b>
Tax Expenses:	29		
-Current tax		133.16	86.36
Less : Mat Credit Entitlement		(133.16)	(86.36)
-Deferred tax		192.95	156.72
		192.95	156.72
<b>Profit/(Loss) for the period</b>		<b>604.81</b>	<b>360.62</b>
Other Comprehensive Income (Net of Deferred tax)		10.61	(33.27)
<b>Total Comprehensive Income/(Loss)</b>		<b>615.42</b>	<b>327.35</b>
Earning per equity share of ₹ 10 each	30		
Basic		4.02	2.14
Diluted		4.02	2.14
The above Statement of Profit & Loss should be read in conjunction with the accompanying notes	<b>1-41</b>		

This is the Statement of Profit &amp; Loss referred to in our report of even date

**For VAPS & Company**

Firm Registration No.: 003612N

Chartered Accountants

For and on behalf of the Board

**Praveen Kumar Jain**

Partner

Membership No.: 082515

**Sunil Kumar Arora**

Managing Director

DIN: 00150668

**Sahil Arora**

Whole Time Director

DIN: 07970622

**S Panigrahi**

Company Secretary

FCS No.: 4522

**M. Madangopal**

CFO

ICAI M. No.: 207947

Place : Hosur

Date : 25.06.2021

# Statement of Cash Flows For the Year ended March 31, 2021

(All amounts are in Indian Rupees unless otherwise stated)

PARTICULARS	₹ in Lakhs	
	As at March 31, 2021	As at March 31, 2020
<b>A. Cash Flow from operating activities</b>		
Profit before exceptional item and tax	797.76	517.35
Adjustments For		
Depreciation and amortization expense	1,106.90	1,052.59
Finance Cost	538.12	597.76
Foreign currency fluctuation (Gain/Loss)	224.37	804.09
Profit on sale of Property, Plant and equipment	-	(0.27)
Interest Income on FD with banks and others	(52.54)	(60.87)
Operating Profit before working capital changes	<b>2,614.61</b>	<b>2,910.64</b>
Adjustment for Working Capital Changes		
Decrease/(Increase) in Trade receivables	(520.49)	(144.50)
Decrease/(Increase) in other receivables	(85.60)	2,630.45
Decrease/(Increase) in inventories	(991.85)	(1,074.85)
(Decrease )Increase in Provisions	3.43	56.34
(Decrease )Increase in Trade and other payables	(885.04)	2,129.82
Cash generated from Operations	<b>135.05</b>	<b>6,507.90</b>
Taxes paid	(70.35)	(213.85)
Net Cash flow from operating activities	<b>64.70</b>	<b>6,294.05</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and equipment & WIP	(446.59)	(7,834.20)
Sale of Fixed Assets	-	0.38
Interest received	52.54	60.87
Net cash flow from investing Activities	<b>(394.04)</b>	<b>(7,772.94)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long term Borrowings (Secured)	1,361.92	1,444.97
Proceeds from Current Borrowings	(329.71)	1,315.98
Interest paid	(538.12)	(597.76)
Foreign currency fluctuation (Gain/Loss)	(224.37)	(804.09)
Dividend paid	-	(153.00)
Dividend Distribution Tax Paid	-	(31.83)
Net Cash from financing Activities	<b>269.72</b>	<b>1,174.28</b>
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>(59.62)</b>	<b>(304.61)</b>
Opening balance of Cash & Cash equivalents	1,057.31	1,361.92
Closing balance of Cash & cash equivalent	997.68	1,057.31
Cash and cash Equivalents comprises		
Cash in Hand	6.56	15.94
Balance with Scheduled Banks		
-In current Accounts	158.51	20.73
-Earmarked Balances with Bank	17.97	20.29
-In Other Fixed Deposit Accounts	148.82	148.33
-In Fixed Deposit Accounts as Margin Money	665.82	852.02
<b>Total Cash and Cash Equivalents</b>	<b>997.68</b>	<b>1,057.31</b>

i) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard 7, "Statement of Cash flows"

ii) Figures in Bracket indicate cash outgo

iii) The figures for the previous year have been regrouped in order to make them comparable with the current year figures.

This is the cash flow referred to in our report of even date

**For VAPS & Company**

Firm Registration No.: 003612N

Chartered Accountants

For and on behalf of the Board

**Praveen Kumar Jain**

Partner

Membership No.: 082515

**Sunil Kumar Arora**

Managing Director

DIN: 00150668

**Sahil Arora**

Whole Time Director

DIN: 07970622

**S Panigrahi**

Company Secretary

FCS No.: 4522

**M. Madangopal**

CFO

ICAI M. No.: 207947

Place : Hosur

Date : 25.06.2021





# Statement of Changes in Equity for the Year ended March 31, 2021

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

**A. Equity Share Capital**

Particulars	Amount
Balance as at March 31, 2020	1,530.00
Changes during the year ended March 31, 2021	-
Balance as at March 31, 2021	1,530.00

₹ in Lakhs

**B. Other Equity**

Particulars	Reserves and Surplus			Other Comprehensive Income			Total
	General Reserve #	Retained Earnings	Securities Premium Reserve ^	Processing Fees on Bank Loan	Equity Instruments through OCI	Remeasurement of defined benefit Plan	
Balance as at March 31, 2020	3,170.68	13,082.47	407.20	(8.80)	(2.47)	(30.41)	16,618.68
Balance as at April 1, 2020	3,170.68	13,082.47	407.2	-8.8	(2.47)	(30.41)	16,618.68
Prior Period Adjustments	-	-	-	-	-	-	-
Net Balance as at April 1, 2020	3,170.68	13,082.47	407.20	(8.80)	(2.47)	(30.41)	16,618.68
Profit for the year	-	604.81	-	-	-	-	604.81
Other comprehensive income for the year, net of income tax	-	-	-	(0.31)	10.92	-	10.61
Final Dividend Including Dividend Tax	-	-	-	-	-	-	-
Balance as at March 31, 2021	3,170.68	13,687.28	407.20	(9.11)	8.45	(30.41)	17,234.10

**Notes :**

# General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General Reserve is created by the transfer from one component of equity to another and is not an item of other comprehensive income; items included in the General Reserve will not be reclassified subsequently to profit or loss.

^ Securities Premium Reserve is used to record the premium on issue of shares. This is utilized in accordance with the provisions of the Companies Act, 2013.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

This is the statement of changes in equity referred to in our report of even date

**For VAPS & Company**

Firm Registration No.: 003612N  
Chartered Accountants

For and on behalf of the Board

**Praveen Kumar Jain**  
Partner  
Membership No.: 082515

**Sunil Kumar Arora**  
Managing Director  
DIN: 00150668

**Sahil Arora**  
Whole Time Director  
DIN: 07970622

**S Panigrahi**  
Company Secretary  
FCS No.: 4522

**M. Madangopal**  
CFO  
ICAI M. No.: 207947

Place : Hosur  
Date : 25.06.2021

# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

## 1. Corporate Information

Aro Granite Industries Limited incorporated on May 3, 1988 is engaged in the manufacturing and export of Granite Slabs and Tiles. The Company is a public limited Company listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The registered office of the Company is in New Delhi.

The financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorized for issue on June 25, 2021.

## 2. Significant Accounting Policies

This note provides a list of significant accounting policies adopted in the presentation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of Preparation

#### (i) Compliance with Ind AS

The Financial statements (FS) of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') [Companies (Indian Accounting Standards) Rules, 2015, as amended by notification dated March 31, 2016] and other provisions of the Act.

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 'First time Adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP) which was the previous GAAP.

These financial statements are authorized for issue on 25 June 2021 in accordance with a resolution of the Board of Directors. Board of Directors permits the revision to the financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Companies Act, 2013.

The financial statements are presented in Indian Rupees and all amounts disclosed in the financial statements and notes have been rounded off in Rupees (as per the requirement of Schedule III), unless otherwise stated.

#### (ii) Historical Cost Convention

The Financial Statements have been prepared on a historical cost basis, except the following:

- Certain financial assets and liabilities which are measured at fair value / amortized cost
- Defined Benefit Plans- plan assets measured at fair value

#### (iii) Current v/s Non Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities

The operating cycle is the time between the acquisition of assets for processing and its realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.



# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

## 2.2 Property, Plant & Equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognized in profit or loss during the reporting period, in which they are incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a pro-rata basis on the Straight Line method (SLM) over the estimated useful lives of assets, based on the rates prescribed under Schedule II to the Companies Act, 2013, as applicable on the last date of accounting period. The useful life of assets has been used as per Schedule - II of the Companies Act 2013.

Assets	Estimated useful life (Years)
Factory Building	30
Building Other Than Factory	60
Computers	3
Plant and Machinery	15
Electrical Equipment	10
Furniture and Fixtures	10
Office Equipment	5
Vehicles	8

The property, plant and equipment acquired under finance leases and other leasehold improvements are depreciated over the assets' useful life or over the shorter of the assets' useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

The asset's useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount of the asset. These are included in profit or loss within other income.

## 2.3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at historical cost. Intangibles assets have a finite life and are subsequently carried at cost less any accumulated amortization.

Intangible assets with finite lives are amortized over the useful life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

## 2.4 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excludes taxes/ duties collected on behalf of the Government.

### (a) Sale of goods

Revenue from the sale of goods is recognized, when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value



# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

of consideration received or receivable, net of returns and allowances, trade discounts, volume rebates. Accordingly, revenues from sale of goods are stated gross of GST, sales tax and value added tax (VAT) are not received by the Company on its own account but collected on behalf of the Government and accordingly, are excluded from revenue.

(b) Interest income

Interest income is recognized using the time proportion basis, based on the underlying interest rates.

(c) Rental Income

Rental income is recognized on a time-apportioned basis in accordance with the underlying substance of the relevant contract.

(d) Dividend

Dividend is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

## 2.5 Inventories

Inventories are valued at the lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and net realizable value.

The comparison of cost and net realizable value is made on an item-by-item basis.

Raw materials, goods in transit, packing materials and stores and spares are valued at cost. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Finished goods and work-in-progress are valued at lower of cost and net realizable value. Cost is determined on the basis of actual cost and comprises material, labour and applicable overhead expenses including depreciation. The net realizable value of materials in process is determined with reference to the selling prices of related finished goods. Stores and spares are valued at cost.

Traded Goods are valued on actual cost. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## 2.6 Fair Value Measurement

Accounting policies and disclosures require measurement of fair value for both financial and non-financial assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

## 2.7 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

## 2.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial Assets

(a) Initial recognition and measurement:

All financial assets are recognized initially at fair value and, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(b) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two broad categories:

Financial assets at fair value

Financial assets at amortized cost



# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

(c) Classification:

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(d) Financial assets measured at fair value through other comprehensive income (FVTOCI):

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income.

(e) Financial assets measured at fair value through profit or loss (FVTPL):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognized in profit or loss.

## Financial Liabilities

(a) Initial recognition and measurement:

All financial liabilities are recognized initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

(b) Classification & Subsequent measurement:

If a financial instrument that was previously recognized as a financial asset is measured at fair value through profit or loss and its fair value decreases below zero, it is a financial liability measured in accordance with IND AS. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term.

(c) Financial liabilities measured at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. At initial recognition, such financial liabilities are recognized at fair value.

Financial liabilities at fair value through profit or loss are, at each reporting date, measured at fair value with all the changes recognized in the Statement of Profit and Loss.

## Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis to realize the asset and settle the liability simultaneously.

Subsequent recoveries of amounts previously written off are credited to Other Income.

## 2.9 Leases

### As a lessee

The Company's lease asset classes primarily consist of leases for land. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

## 2.10 Employee Benefit

Employee benefits include provident fund, employee state insurance scheme, gratuity, compensated absences and performance incentives.

### (i) Short-term obligations

Liabilities for wages and salaries, including nonmonetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

### (ii) Other long-term employee benefit obligations

The liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### (iii) Post-employment obligations

Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plan

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in the Other Comprehensive Income in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized.

## 2.11 Income Taxes

Tax Expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and current tax.

Current Income Taxes

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 and rules thereunder. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity).

Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.





# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

## Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax liabilities are recognized for all temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Minimum Alternate Tax ("MAT") credit is recognized as an asset only when and to the extent there is convincing evidence that the relevant members of the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting period end and the adjusted based on circumstances then prevailing.

## 2.12 Share Capital and Securities Premium Reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as securities premium reserve.

## 2.13 Earnings per Share

As per Ind AS 33, Earning Per Share, Basic earnings per share are computed by dividing the net profit for the year attributable to the shareholders' and weighted average number of shares outstanding during the year. The weighted average numbers of shares also includes fixed number of equity shares that are issuable on conversion of compulsorily convertible preference shares, debentures or any other instrument, from the date consideration is receivable (generally the date of their issue) of such instruments. Diluted earnings per share is computed using the net profit for the year attributable to the shareholder' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

## 2.14 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## 3. Provisions, Contingent Liabilities, Contingent Assets and Commitments

### (a) General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, the amount of a provision shall be the present value of expense expected to be required to settle the obligation. Provisions are therefore discounted, when effect is material, The discount rate shall be pre-tax rate that reflects current market assessment of time value of money and risk specific to the liability. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

### (b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements.

# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized, but are disclosed in the notes. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

## 4 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

### a) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

#### i) Contingencies:

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

#### ii) Recognition of Deferred tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

### b) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### i) Useful lives of tangible/intangible assets :

The Company reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

#### ii) Defined benefit obligation :

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### iii) Inventories :

The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date.

#### iv) Fair Value measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets shows at cost.



# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

## Note 5 : Property, Plant and Equipment

### 5. Property Plant and Equipment (A)

	Plant & Equipment	Buidings	Furniture & Fixtures	Office Equipment	Vehicle	Freehold Land	Tangible Assets	Intangible Assets	Capital Work -in Progress	Total
<b>Gross Block</b>										
As at April 1, 2020	9,607.91	5,865.88	55.81	197.56	436.66	306.63	- 16,470.46	-	93.72	16,564.18
Add : Addition	0.71	-	-	1.85	1.95	-	4.50	24.23	4.03	32.76
Less : Diposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	9,608.62	5,865.88	55.81	199.41	438.61	306.63	16,474.97	24.23	97.75	16,596.94
<b>Accumulated Depreciation</b>										
As at April 1, 2020	6,443.94	1,478.91	43.78	107.54	313.81	-	8,387.98	-	-	8,387.98
Add : Charge For the year	534.42	189.11	3.40	8.28	33.81	-	769.02	2.03	-	771.05
Less : Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	6,978.36	1,668.02	47.18	115.82	347.62	-	9,157.01	2.03	-	9,159.04
<b>Net Block</b>										
As at April 1, 2020	3,163.97	4,386.97	12.04	90.02	122.85	306.63	8,082.48	-	93.72	8,176.20
As at March 31, 2021	2,630.26	4,197.86	8.64	83.59	90.98	306.63	7,317.96	22.20	97.75	7,437.91

### 5. Property Plant and Equipment at Jaipur (B)

<b>Gross Block</b>										
As at April 1, 2020	2,686.24	2,020.77	6.75	75.11	31.91	126.08	4,946.86	-	-	4,946.86
Add : Addition	1.70	-	-	-	-	-	1.70	-	-	1.70
Less : Diposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	2,687.94	2,020.77	6.75	75.11	31.91	126.08	4,948.56	-	-	4,948.56
<b>Accumulated Depreciation</b>										
As at April 1, 2020	127.73	44.16	0.36	9.56	2.64	-	184.46	-	-	184.46
Add : Charge For the year	196.99	65.52	0.67	9.37	3.95	-	276.50	-	-	276.50
Less : Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	324.72	109.69	1.03	18.93	6.59	-	460.96	-	-	460.96
<b>Net Block</b>										
As at April 1, 2020	2,559.51	1,975.61	6.38	65.55	29.27	126.08	4,762.40	-	-	4,762.40
As at March 31, 2021	2,363.22	1,911.09	5.72	56.18	25.32	126.08	4,487.60	-	-	4,487.60

### 5. Property Plant and Equipment at Quartz Plant (C)

<b>Gross Block</b>										
As at April 1, 2020	-	-	-	-	-	-	-	-	4,061.72	4,061.72
Add : Addition	2,729.53	1,856.36	3.24	0.96	-	-	4,590.09	-	-	4,590.09
Less : Diposals	-	-	-	-	-	-	-	-	4,061.72	4,061.72
As at March 31, 2021	2,729.53	1,856.36	3.24	0.96	-	-	4,590.09	-	-	4,590.09
<b>Accumulated Depreciation</b>										
As at April 1, 2020	-	-	-	-	-	-	-	-	-	-
Add : Charge For the year	37.47	12.25	0.04	0.04	-	-	49.79	-	-	49.79
Less : Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	37.47	12.25	0.04	0.04	-	-	49.79	-	-	49.79
<b>Net Block</b>										
As at April 1, 2020	-	-	-	-	-	-	-	-	4,061.72	4,061.72
As at March 31, 2021	2,692.06	1,844.11	3.20	0.92	-	-	4,540.30	-	-	4,540.30
<b>GROSS TOTAL (A+B+C) As at March 31, 2020</b>	5,723.47	6,362.58	18.42	155.57	152.12	432.71	12,844.88	-	4,155.43	17,000.32
<b>GROSS TOTAL (A+B+C) As at March 31, 2021</b>	7,685.54	7,953.05	17.56	140.69	116.30	432.71	16,345.86	22.20	97.75	16,465.81



# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

## SEGMENT WISE REVENUE, ASSETS & LIABILITY

₹ in Lakhs

Particulars	QUARTZ DIVISION	GRANITES DIVISION	Total	Unallocable	Grand Total
<b>(1) Revenue from Operations</b>					
Domestic Sales	-	1,624.53	1,624.53	-	1,624.53
Export Sale	230.08	16,082.82	16,312.90	-	16,312.90
Misc. Income	0.01	63.21	63.22	-	63.22
Grand Total	<b>230.09</b>	<b>17,770.56</b>	<b>18,000.65</b>	-	<b>18,000.65</b>
<b>(2) Expenses</b>					
(i) RM Consumption					
Opening Stock	-	1,239.58	1,239.58	-	1,239.58
Purchase	365.71	7,038.57	7,404.28	-	7,404.28
	365.71	8,278.14	8,643.86	-	8,643.86
Closing Stock	(114.15)	(1,268.85)	(1,382.99)	-	(1,382.99)
	<b>251.57</b>	<b>7,009.30</b>	<b>7,260.86</b>	-	<b>7,260.86</b>
(ii) Consumption of Packing Material					
Opening Stock	-	58.30	58.30	-	58.30
Purchase	9.44	498.20	507.64	-	507.64
	9.44	556.51	565.94	-	565.94
Closing Stock	(6.48)	(59.82)	(66.30)	-	(66.30)
	<b>2.95</b>	<b>496.69</b>	<b>499.64</b>	-	<b>499.64</b>
(iii) Consumption of Consumable					
Opening Stock	-	646.19	646.19	-	646.19
Purchase	57.77	2,422.54	2,480.31	-	2,480.31
	57.77	3,068.74	3,126.51	-	3,126.51
Closing Stock	(30.91)	(684.15)	(715.06)	-	(715.06)
	<b>26.86</b>	<b>2,384.58</b>	<b>2,411.44</b>	-	<b>2,411.44</b>
(iv) Consumption of Store and Spares					
Opening Stock	-	555.71	555.71	-	555.71
Purchase	3.00	462.48	465.48	-	1,005.84
	3.00	1,018.19	1,021.19	-	1,561.55
Closing Stock	(2.59)	(573.07)	(575.65)	-	(575.65)
	<b>0.41</b>	<b>445.13</b>	<b>445.54</b>	-	<b>445.54</b>
(v) Purchase of Stock In Trade	-	182.11	182.11	-	182.11
(vi) Changes of Inventory in Finished Goods and Work-In-Process	(152.74)	(598.88)	(751.62)	-	(751.62)
(vii) Finance Cost	57.38	480.74	538.12	-	538.12
(viii) Depreciation	49.79	1,057.10	1,106.90	-	1,106.90
(ix) Employee Benefit Expenses					
Salaries, Wages & Bonus	25.63	1,287.79	1,313.42	-	1,313.42
Contribution to provident and other funds	1.00	65.97	66.97	-	66.97
Gratuity	-	35.93	35.93	-	35.93
Compensated Absences	-	6.02	6.02	-	6.02
Staff welfare expenses	2.99	323.14	326.13	-	326.13
	<b>29.63</b>	<b>1,718.84</b>	<b>1,748.47</b>	-	<b>1,748.47</b>
(x) Other Expenses					
Advertisement & Publicity	-	3.47	3.47	-	3.47
Auditors Remuneration	-	-	-	-	-
- Auditor's Fee	-	5.92	5.92	-	5.92
Bad Debts W/off	-	0.40	0.40	-	0.40
CSR Activity Expenses	-	12.66	12.66	-	12.66
Donation	-	1.58	1.58	-	1.58
Freight and Forwarding Charges	2.93	790.45	793.38	-	793.38
Insurance Expenses	2.11	60.27	62.38	-	62.38
Loss on Exchange Fluctuation	5.35	202.79	208.13	-	208.13
Legal Expenses	-	9.90	9.90	-	9.90
Membership & Subscription	-	3.48	3.48	-	3.48
Miscellaneous Expenses	-	5.39	5.39	-	5.39
Other Manufacturing Expenses	7.51	748.58	756.09	-	756.09
Printing & Stationery	1.25	15.11	16.36	-	16.36
Power & Fuel	17.30	833.09	850.39	-	850.39
Professional Service Charges	0.29	70.01	70.30	-	70.30
Rent Paid	-	6.44	6.44	-	6.44



# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

## SEGMENT WISE REVENUE, ASSETS & LIABILITY

₹ in Lakhs

Particulars	QUARTZ DIVISION	GRANITES DIVISION	Total	Unallocable	Grand Total
Rates & Taxes	-	30.24	30.24	-	30.24
Custom Duty on Domestic Sales	-	25.90	25.90	-	25.90
Rebate & Discount	-	69.20	69.20	-	69.20
Repairs to Buildings	-	81.86	81.86	-	81.86
Repair to Plant & Machinery	4.63	336.54	341.17	-	341.17
Repair & Maintenance					
- Electricals	-	5.63	5.63	-	5.63
- Vehicles	-	105.35	105.35	-	105.35
- Others	0.19	111.01	111.20	-	111.20
Sales Promotion	-	34.06	34.06	-	34.06
Security Service Charges	-	44.45	44.45	-	44.45
Telephone & Telex	-	20.97	20.97	-	20.97
Travelling & Conveyance	-	11.39	11.39	-	11.39
- Employees (Foreign Travel - NIL)	-	69.17	69.17	-	69.17
(P.Y. 2.62 Lacs)					
- Director (Foreign Travel - NIL Lacs)	-	4.55	4.55	-	4.55
(P.Y. 42.70 Lacs)					
	41.54	3,719.88	3,761.42	-	3,761.42
<b>Total Cost</b>	<b>307.40</b>	<b>16,895.49</b>	<b>17,202.89</b>	<b>-</b>	<b>17,202.89</b>
(3) Profit Before Tax	(77.31)	875.07	797.76	-	797.76
(4) Segment Assets					
Property, Plant and Equipment	4,540.30	11,805.56	16,345.86	-	16,345.86
Capital Work-in-Progress	-	97.75	97.75	-	97.75
Intangible Assets	-	22.19	22.19	-	22.19
Right of Use Asset	-	1,075.30	1,075.31	-	1,075.31
Financial assets					
(a) Investments	-	75.75	75.75	-	75.75
(b) Other financial asset	-	163.85	163.85	-	163.85
Other non current assets	10.00	4.94	14.94	-	14.94
Current Assets					
Inventories	306.86	13,606.70	13,913.56	-	13,913.56
Financial Assets					
(a) Investments	-	11.04	11.04	-	11.04
(b) Trade Receivables	228.45	6,174.02	6,402.46	-	6,402.46
(c) Cash and Cash Equivalent	0.09	164.98	165.07	-	165.07
(d) Bank balances other than (c) above	-	832.61	832.61	-	832.61
(e) Loans	-	4.01	4.01	-	4.01
(e) Other financial assets	0.50	1.94	2.44	-	2.44
Other current assets	15.21	1,306.87	1,322.08	-	1,322.08
<b>Total</b>	<b>5,101.41</b>	<b>35,347.51</b>	<b>40,448.92</b>	<b>-</b>	<b>40,448.92</b>
Less : Transfer from Inter Segment	(2,648.88)	2,648.88	-	-	-
<b>Total Assets</b>	<b>2,452.52</b>	<b>37,996.39</b>	<b>40,448.92</b>	<b>-</b>	<b>40,448.92</b>
(5) Segment Liabilities					
Non-current Liabilities					
Financial Liabilities					
(a) Borrowings	1,692.31	2,486.11	4,178.42	-	4,178.42
(b) Other Financial Liabilities	280.71	-	280.71	-	280.71
Provisions	-	232.60	232.60	-	232.60
Deferred Tax Liabilities (Net)	144.95	821.62	966.58	-	966.58
Current Liabilities					
Financial Liabilities					
(a) Borrowings	-	11,905.13	11,905.13	-	11,905.13
(b) Trade Payables	124.03	2,631.92	2,755.95	-	2,755.95
(c) Other Financial Liabilities	412.32	675.87	1,088.20	-	1,088.20
Provisions	-	38.16	38.16	-	38.16
Other Current Liabilities	20.46	218.60	239.07	-	239.07
<b>Total Liabilities</b>	<b>2,674.79</b>	<b>19,010.02</b>	<b>21,684.84</b>	<b>-</b>	<b>21,684.82</b>

## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

<b>Note 6: Right to use Asset</b>		As at March 31, 2021	As at March 31, 2020
Particulars	Land	Land	
Opening Balance	1,084.85	-	
Re-classified on adoption of IND-AS 116		1,094.39	
Additions	-	-	
Deductions	-	-	
Depreciation/Amortisation	9.55	9.55	
Balance as at March 31, 2021	1,075.31	1,084.84	

₹ in Lakhs

### Note 7(a) : Investments

Particulars	Paid Up Value	As at March 31, 2021		As at March 31, 2020	
		Number of Shares	Amount	Number of Shares	Amount
Investment in Equity Instruments at FVOCI					
Tulip Renewable Powertech Pvt. Ltd.	10 each	757,525	75.75	806,500	80.65
		757,525	75.75	806,500	80.65

\* (The Company has made investment in TRPL in line of agreement and the investment has been taken at cost i.e face value of equity share)

### Note 7(b) : Other Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Security Deposits	163.85	130.67
<b>Total</b>	<b>163.85</b>	<b>130.67</b>

### Note 8 : Other Non Current Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good:		
Capital Advances	14.94	100.95
<b>Total</b>	<b>14.94</b>	<b>100.95</b>

### Note 9 : Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
Raw Materials	1,382.99	1,239.58
Finished Goods/Semi Finished Goods	11,173.55	10,421.93
Packing Materials	66.30	58.30
Stores and Spares	575.65	555.71
Consumables	715.06	646.19
<b>Total</b>	<b>13,913.56</b>	<b>12,921.72</b>

### Note 10(a) : Investments

Particulars	Paid Up Value	As at March 31, 2021		As at March 31, 2020	
		No .of Shares	Amount	No .of Shares	Amount
Investment in Equity Instruments					
I. Quoted- Others (at fair value through OCI)					
Bank of Baroda	02 each	5980	4.44	5,980	3.20
Pokarna Limited	02 each	2500	6.59	2,500	1.30
			11.03		4.50





# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

## Notes to the Financial Statements

### Note 10(b) : Trade Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Outstanding for a period less than 6 months from the date they are due for payment	5,643.38	4,629.81
Others Receivables	759.08	1,252.16
<b>Total</b>	<b>6,402.46</b>	<b>5,881.97</b>

### Note 10(c) : Cash & Cash Equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with Banks		
-In Current Account	158.51	20.73
Cash in Hand	6.56	15.93
<b>Total</b>	<b>165.07</b>	<b>36.66</b>

### Note 10(d) : Earmarked Balances with Bank

Particulars	As at March 31, 2021	As at March 31, 2020
Unclaimed dividend deposited in Bank	17.97	20.29
<b>Total</b>	<b>17.97</b>	<b>20.29</b>

### Note 10(e) : Bank Balances other than Cash & Cash Equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances in fixed deposit accounts with original maturity more than 3 months but less than 12 months	139.45	8.89
Balances in fixed deposit accounts with original maturity more than 12 months	9.37	139.45
Balances with the Banks to the extent held as margin money or security against the borrowings, guarantees & other commitments	665.82	852.02
<b>Total</b>	<b>814.63</b>	<b>1,000.36</b>

### Note 10(f) : Loans

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good:		
Loan to Employees	4.01	0.95
<b>Total</b>	<b>4.01</b>	<b>0.95</b>

### Note 10(g) : Other Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Security Deposits	2.44	12.28
<b>Total</b>	<b>2.44</b>	<b>12.28</b>

### Note 11 : Other Current Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good:		
Prepaid Expenses	92.89	82.29
Advance to Suppliers	487.74	307.44
Indirect Tax Balances/recoverable/credits	473.53	676.41
Material In Transit	22.39	-
Income Tax Receivables	26.00	26.00
MAT Credit Entitlement	219.52	86.36
<b>Total</b>	<b>1,322.08</b>	<b>1,178.50</b>

# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

## Note 12: Equity Share Capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
<b>Share Capital</b>				
(a) Authorised :				
Equity shares of the par value of ₹ 10/- each	19600000	1,960.00	19600000	1,960.00
40,000, 10% Convertible Cumulative Preference Shares (CCPS) of Rs. 100 each (PY 40,000 CCPS)	40000	40.00	40000	40.00
	<b>19640000</b>	<b>2,000.00</b>	<b>19640000</b>	<b>2,000.00</b>
(b) Issued and subscribed:				
Outstanding at the end of the year	15300000	1,530.00	15300000	1,530.00
	<b>15300000</b>	<b>1,530.00</b>	<b>15300000</b>	<b>1,530.00</b>

## a) Reconciliation of Number of Shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	15300000	1,530.00	15300000	1,530.00
Additions during the year	-	-	-	-
Deletion during the year	-	-	-	-
Balance as at the end of the year	<b>15300000</b>	<b>1,530.00</b>	<b>15300000</b>	<b>1,530.00</b>

## b) Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## c) Shareholders holding more than 5% share in the Company are set out below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	% of Shares	Number of Shares	% of Shares
Sunil Kumar Arora	4887540	31.95	4,887,540	31.95
Dilip Kumar Lakhi	1441835	9.42	1612124	10.54

## Note 13 : Other Equity

Particulars	As at March 31, 2021	As at March 31, 2020
Retained earnings	13,687.28	13,082.47
General Reserve	3,170.68	3,170.68
Securities premium account	407.20	407.20
Other comprehensive income	(31.06)	(41.68)
<b>Total</b>	<b>17,234.10</b>	<b>16,618.68</b>

## Note 14 (a) : Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Secured</b>		
Term Loan from Banks	4,939.68	3,657.21
Less: Current Maturities of Long Term Debt	761.26	840.71
<b>Total</b>	<b>4,178.42</b>	<b>2,816.50</b>

Description of Loan	Term of Repayment	As at March 31, 2021	As at March 31, 2020
FCNRB - BOB A/C NO 21000600000816	Quarterly	2,938.13	3,248.30
HDFC Bank Term Loan	Quarterly	2,000.00	-
External Commercial Borrowing From Bank of Baroda DIFC	Half Yearly	-	408.90



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

### Description of Loan

#### Secured

#### Note: Secured Loans

Working Capital	1. First charge on entire current assets of the Company.
	2. Extension of charge over entire fixed assets of the Company, both present and future including land & building at Nallaganakothapalli village in Hosur Taluk, Krishnagiri District, Tamil Nadu and Land & Building at Kamandoddi Village, Hosur.
ECB	1. Exclusive First Charge over entire fixed assets of the Company, both present and future.
	2. Charge on Debt Service Reserve Account (DSRA) to be maintained for one quarter interest and one installments of the facility (for ECB facility only).
	3. Extension of charge on all current assets of the Company.
Term Loan (FCNR B) for Jaipur Unit	1. Exclusive charge on entire fixed assets of the Company proposed to be created out of said term loan.
	2. Extension of First Charge over entire fixed assets of the Company, both present and future including land & building at Nallaganakothapalli village in Hosur Taluk, Krishnagiri District, Tamil Nadu and Land & Building at Kamandoddi Village, Hosur which has been provided as collateral security.
	3. Charge on Debt Service Reserve Account (DSRA) to be maintained for one quarter interest and one installment of the facility
All facilities	1. First charge on the property in the name of Company measuring 10.41 acres situated at Kamandoddi Village, Hosur Taluk, District Shoolagiri.
	2. EM of Office premises at 1001, 10 <sup>th</sup> floor, DLF Tower A, Jasola, New Delhi.
	3. Pledge of FDR i.e. Rs. 2.50 Crores equivalent to 10% of FBP limit in lieu of waiver of buyer-wise ECGC cover.
	4. Personal Guarantee of Mr. Sunil Kumar Arora, Ms. Sujata Arora and Mr. Sahil Arora.
HDFC Bank Limited: Term Loan for Quartz Plant of Rs. 20,00,00,000	Primary:
	1. First Pari-passu charge on all the Land & Building of the Company at i) Hosur - 2 locations (35 acres Land&Building at Nallagothpalli Village, Koneripalli Panchayat and a 10.41 acres land at Kamanadoddi Village) and ii) 1 unit at Jaipur, Rajasthan. Containing a value of 788.1 Mn
	2. Exclusive Charge on the Entire Movable Fixed Assets of the Proposed Quartz unit, valued at Rs. 262 Mn(WIP, estimated value), both present and future.~262 Mn
HDFC Bank Limited: Export Credit/Pre-Post Shipment for Working Capital Purposes for Rs. 10,00,00,000/-	Secondary:
	3. Personal Guarantees of Promoters - Mr. Sunil Kumar Arora (Rs. 588.25 Mn), Mr. Sahil Arora (Rs. 128.89 Mn) and Mrs. Sujata Arora (Rs. 21.49 Mn) as per FY20 filings.~738.63 Mn
	Primary:
HDFC Bank Limited: Export Credit/Pre-Post Shipment for Working Capital Purposes for Rs. 10,00,00,000/-	1. First Pari-passu charge on the entire Current Asset of the Company, both present and future ₹ 2105.72 Mn
	Secondary:
	2. First Pari-passu charge on all the Land & Building of the Company at i) Hosur - 2 locations (35 acres Land&Building at Nallagothpalli Village, Koneripalli Panchayat and a 10.41 acres land at Kamanadoddi Village) and ii) 1 unit at Jaipur, Rajasthan. Containing a value of 788.1 Mn
	3. Exclusive Charge on the Entire Movable Fixed Assets of the Proposed Quartz unit, valued at Rs. 262 Mn
HDFC Bank Limited: Export Credit/Pre-Post Shipment for Working Capital Purposes for Rs. 10,00,00,000/-	4. Personal Guarantees of Promoters - Mr. Sunil Kumar Arora (Rs. 588.25 Mn), Mr. Sahil Arora (Rs. 128.89 Mn) and Mrs. Sujata Arora (Rs. 21.49 Mn) as per FY20 filings.~738.63 Mn

₹ in Lakhs

#### Note 14 (b) : Other Liability

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Creditors (Against Byers Credit From Veegoo Tech Co. Ltd)	280.71	795.33
<b>Total</b>	<b>280.71</b>	<b>795.33</b>

#### Note 15 : Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision For Leave Encashment	24.55	18.82
Provision for Gratuity	208.05	215.69
<b>Total</b>	<b>232.60</b>	<b>234.51</b>



# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

## Note 16 : Deferred Tax Assets/ Liabilities (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred Tax Assets</b>		
Provision for Gratuity & Leave Encashment	75.33	74.37
OCI Adjustments	(2.96)	12.83
	72.37	87.20
<b>Deferred Tax Liabilities</b>		
Depreciation	1,038.95	860.82
OCI Adjustments	-	-
	966.58	773.62
<b>Deferred Tax Assets(Net)</b>	-	-
<b>Deferred Tax Liabilities(Net)</b>	966.58	773.62

## Note 17(a) : Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Secured</b>		
Loan repayable on demand from Banks	11,905.13	11,810.50
<b>Unsecured</b>		
Loan From Related Parties		
Loan from Directors	-	424.34
<b>Total</b>	<b>11,905.13</b>	<b>12,234.84</b>

## Note 17(b) : Trade Payables

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues to Micro, Small and Medium Enterprises	-	24.25
Total outstanding dues to other than Micro, Small and Medium Enterprises	2,755.95	2,796.15
<b>Total</b>	<b>2,755.95</b>	<b>2,820.40</b>

## Note 17(c) : Other Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Current Maturities of Long Term Debt	759.71	840.70
Contribution to PF & ESI	10.95	9.75
Expenses Payable	154.87	175.24
Provision for CSR Expenses	31.39	31.06
Interest on PCFC Payable	13.87	166.28
Capital Creditors	100.03	168.76
Unclaimed Dividend	17.37	19.68
<b>Total</b>	<b>1,088.20</b>	<b>1411.47</b>

## Note 18 : Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Gratuity	34.52	30.01
Provision for Compensated Absences	3.64	2.81
<b>Total</b>	<b>38.16</b>	<b>32.82</b>

## Note 19 : Other Current Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Advances from customers	129.21	91.83
Retention Money	17.12	50.91
Statutory liabilities	51.33	37.61
<b>Total</b>	<b>197.65</b>	<b>180.35</b>



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### Note 20 : Current Tax Assets/ Liabilities (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Taxation	133.16	86.36
Less: Advance Tax & TDS	91.75	80.22
<b>Current Tax Liabilities (Net)</b>	<b>41.41</b>	<b>6.14</b>
<b>Current Tax Assets (Net)</b>	<b>-</b>	<b>-</b>

### Note 21 : Revenue from operations

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Sale of Products		
Finished Goods:		
Outside India	16,312.90	16,639.23
within India	1,624.53	1,131.76
<b>Total Sales</b>	<b>17,937.43</b>	<b>17,770.99</b>

### Note 22 : Other Income

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Interest Income earned on financial assets that are not designated as at FVTPL		
Bank & Financial Institutions Deposits	52.54	55.14
Other Interest Income	-	5.74
Other Income		
Profit on Sale of Property, Plant & Equipment	-	0.26
Misc. Income	10.67	254.33
<b>Total</b>	<b>63.22</b>	<b>315.47</b>

### Note 23 : Cost of Materials Consumed

Particulars	For the Year ended March 31, 2021	For the year ended March 31, 2020
(A) Raw Material Consumption		
Opening Stock of Raw Material	1,239.58	1,874.71
Add: Purchases of Raw Material	7,404.28	7,502.15
Less: Closing Stock of Raw Material	(1,382.99)	(1,239.58)
<b>Total (A)</b>	<b>7,260.86</b>	<b>8137.28</b>
(B) Packing Material Consumption		
Opening Stock of Packing Material	58.30	57.73
Add: Purchases of Packing Material	507.64	556.22
Less: Closing Stock of Packing Material	(66.30)	(58.30)
<b>Total (B)</b>	<b>499.64</b>	<b>555.65</b>
(C) Consumable Consumption		
Opening Stock of Consumable	646.19	701.71
Add: Purchases of Consumable	2,480.31	2,410.23
Less: Closing Stock of Consumable	(715.06)	(646.19)
<b>Total (C)</b>	<b>2,411.44</b>	<b>2,465.75</b>
<b>Total (A+B+C)</b>	<b>10,171.95</b>	<b>11158.68</b>

## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### Note 24 : Changes in inventories of finished goods, WIP & stock-in-trade

Particulars	For the Year ended March 31, 2021	For the year ended March 31, 2020
<b>Opening Stock</b>		
Finished/Semi Finished Goods	10,421.93	8,652.18
(A)	10,421.93	8,652.18
<b>Closing Stock</b>		
Finished/Semi Finished Goods	11,173.55	10,421.93
(B)	11,173.55	10,421.93
<b>Total (A-B)</b>	<b>(751.62)</b>	<b>(1,769.75)</b>

### Note 25 : Employee Benefit Expenses

Particulars	For the Year ended March 31, 2021	For the year ended March 31, 2020
Salaries, Wages & Bonus	1,313.42	1280.05
Contribution to provident and other funds	66.97	67.43
Gratuity	35.93	32.12
Compensated Absences	6.02	15.93
Staff welfare expenses	326.13	140.34
<b>Total</b>	<b>1,748.47</b>	<b>1535.87</b>

During the Year, the Company recognized an amount of ₹ 199.39 Lakhs (Year ended March 31, 2020 ₹ 145.62 Lakhs) as remuneration to key managerial personnel. The details of such remuneration is as below

- Short term employee benefits	199.39
- Post employment benefits	-
<b>Total</b>	<b>199.39</b>

### Note 26 : Financial Costs

Particulars	For the Year ended March 31, 2021	For the year ended March 31, 2020
<b>Interest expense:</b>		
Bank Charges & Interest	238.99	140.01
Packing Credit	240.45	360.44
Foreign Bills Discounted / Purchases	58.68	97.31
<b>Total</b>	<b>538.12</b>	<b>597.76</b>

### Note 27 : Depreciation and amortization

Particulars	For the Year ended March 31, 2021	For the year ended March 31, 2020
Tangible assets	1,097.35	1,043.04
ROU Asset Amortisation	9.55	9.55
<b>Total</b>	<b>1,106.90</b>	<b>1,052.59</b>





## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

**Note 28 : Other Expenses**

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Advertisement & Publicity	3.47	14.30
Auditors Remuneration		
- Auditor's Fee	5.92	5.60
Bad Debts W/off	0.40	0.55
CSR Activity Expenses	12.66	20.13
Donation	1.58	0.43
Freight and Forwarding Charges	793.38	827.68
Insurance Expenses	62.38	73.70
Loss on Exchange Fluctuation	208.13	804.09
Legal Expenses	9.90	11.62
Membership & Subscription	3.48	3.34
Miscellaneous Expenses	5.39	8.51
Other Manufacturing Expenses	756.09	752.28
Printing & Stationery	16.36	18.99
Power & Fuel	850.39	888.16
Professional Service Charges	70.30	80.35
Rent Paid	6.44	13.86
Rates & Taxes	30.24	29.12
Custom Duty on Domestic Sales	25.90	21.38
Rebate & Discount	69.20	53.32
Repairs to Buildings	81.86	104.47
Repair to Plant & Machinery	341.17	178.25
Repair & Maintenance		
- Electricals	5.63	3.68
- Vehicles	105.35	94.02
- Others	111.20	65.10
Sales Promotion	34.06	128.95
Security Service Charges	44.45	49.83
Stores & Spares Consumptions	445.54	359.71
Telephone & Telex	20.97	27.48
Travelling & Conveyance	11.39	-
- Employees (Foreign Travel - NIL) (P.Y. 2.62 Lacs)	69.17	146.38
- Director (Foreign Travel - NIL Lacs (P.Y. 42.70 Lacs)	4.55	71.22
<b>Total</b>	<b>4,206.96</b>	<b>4,856.47</b>

₹ in Lakhs

**Note 29 : Tax Expenses**

## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

Particulars	For the Year ended March 31, 2021	For the Year ended March 31,2020
Income Tax		
Current Tax on profits for the year	133.16	86.36
MAT Credit Entitlement	(133.16)	(86.36)
Total current tax expense (A)	-	-
Deferred Tax		
(Decrease) / increase in deferred tax liabilities	192.95	156.72
Total deferred tax expense/(benefit) (B)	192.95	156.72
Total	192.95	156.72
The reconciliation of estimated income tax to income tax expenses is as below :		
Profit before tax as per standalone statement of profit and loss	797.76	517.35
Income calculated as per MAT of 16.692% (March, 31 2019 : 16.692%)	133.16	86.36
Adjustment	-	-
Tax Expenses Reported	133.16	86.36

### Note 30 : Earnings Per Share

Particulars	For the Year ended March 31, 2021	For the year ended March 31, 2020
<b>a) Basic</b>		
Net Profit after Tax attributable to shareholders ( Amount in ₹)	615.42	327.35
Basic Earnings per share of ₹10/- each (March 31,2020: ₹ 10/- each)	4.02	2.14
<b>b) Diluted</b>		
Net Profit after Tax attributable to shareholders ( Amount in ₹)	615.42	327.35
Weighted Average number of equity shares of ₹ 10/- each ( March 31,2020: ₹ 10/- each) outstanding at the end of the year	4.02	2.14
Diluted Earnings Per share of ₹ 10/- each (March 31,2020: ₹ 10/- each)		

The Company does not have any potential equity shares and thus, weighted average number of shares for computation of basic EPS and diluted EPS remains same.

### Note: 31 Transition to IND AS 116

As a lessee The Company's lease asset classes primarily consist of leases for land. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021:

Particulars	Category of ROU Asset -Land	Total
Balance as at April 1, 2020	-	-
Reclassified on adoption of Ind AS 116	1,084.85	1,084.85
Additions	-	-
Deletions	-	-
Depreciation	9.55	9.55
Balance as at March 31, 2021	1,075.30	1,075.30

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

### Note 32 : Payable to MSMED

Based on the details regarding the status of the supplier obtained by the Company, the amount payable to the supplier covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). This has been relied upon by the auditors.

### Note 33: Segment Information

The Company is engaged in the business of two segments i.e. 1) Manufacturing of Engineered Quartz Stone Slabs and 2) manufacturing of Natural Stone Granites Slab and Tiles. Information is reported to and evaluated regularly by the Operational Decision Maker (CODM) i.e. Managing Director for the purpose of resource allocation and assessing performance focuses on the business as whole. The CODM reviews the Company's performance focuses on the analysis of profit before tax at an overall entity level.

### Note 34: Corporate Social Responsibility

The Corporate Social Responsibility (CSR) obligation for the year as computed by the Company and relied upon by the auditors is ₹ 12.66 (for the year ended March 31, 2020: ₹ 20.13 Lakhs CSR amount spent during the year is ₹ 12.22 Lakhs (For the year ended March 31, 2020: ₹ 10.80 Lakhs)

### Note 35 : Employee Benefits Plan

#### a. General description of the employee Benefit Plan

The Company has an obligation towards gratuity, unfunded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days/ one month salary, as applicable, payable for each completed year of service or part thereof in excess of six months in terms of Gratuity scheme of the Company or as per payment of Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service.

b. Plan typically exposes the Company to actuarial risks such as : investment risks, interest rate risk, longevity risk and salary risk.

#### Investment Risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount risk which is determined by reference to market yields at the end of the reporting period on government bonds. Currently, for the plan in India, it has relatively balanced mix of investments in Insurance related products.

#### Interest Rate Risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt.

#### Longevity Risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

#### Salary Risk

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to the employees.

In respect of the plan in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2021 by an actuary. The present value of the defined benefit obligation were carried out as at March 31, 2021 by an actuary. The present value of the defined benefit obligation, and the related current service cost and the past service cost, were measured using the projected unit credit method.



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

### Details of defined benefit plan -As per Actuarial valuation are as follows:

#### Defined Contribution Plans

The Company has a defined contribution plan in respect of provident fund. Contributions are made to Provident Fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered Provident Fund administered by the Government. The obligation of the group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

During the year, the Company has recognized the following amounts towards defined contribution plan in the Statement of Profit and Loss –

₹ in Lakhs

Particulars	For the Year ended March 31, 2021	For the year ended March 31, 2020
Employer's Contribution to Provident Fund	66.97	67.43
Included in 'Contribution to provident and other funds' under Employee Benefits Expense (Refer Note 25)		

#### (i) Change in present value of obligation Gratuity

Particulars	For the Year ended March 31, 2021	For the year ended March 31, 2020
Present value of obligation as at the beginning of the period	245.70	189.96
Acquisition adjustment	-	-
Interest cost	17.20	13.30
Service cost	18.73	18.82
Past service cost including curtailment Gains/ Losses	-	-
Benefits paid	(16.25)	(8.85)
Total Actuarial (Gain)/Loss on obligation	(22.81)	32.47
Present value of obligation as at the end of period	242.57	245.70

#### (ii) Liabilities recognized in the Balance Sheet

Particulars	For the Year ended March 31, 2021	For the year ended March 31, 2020
Net defined benefit liability at the start of the period	245.70	189.96
Acquisition Adjustment	-	-
Total Service Cost	18.72	18.82
Net Interest cost (Income)	17.20	13.30
Re-measurements	35.92	32.12
Contribution paid to the fund	-	-
Benefit paid directly by the enterprise	(16.25)	(8.85)
Net defined benefit liability at the end of the period	242.57	245.70
Net Asset/(Liability) recognized in Balance Sheet	<b>242.57</b>	<b>245.70</b>
Recognized Under :		
Short Term Provision	34.52	30.01
Long Term Provision	208.05	215.69
Total	<b>242.57</b>	<b>245.70</b>

#### (iii) Expense recognized in the Statement of Profit and Loss

Particulars	For the Year ended March 31, 2021	For the year ended March 31, 2020
Total service cost	18.72	18.82
Interest cost	17.20	13.30
Expenses recognized in the Statement of Profit & Losses	35.92	32.12



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

### (iv) Other Comprehensive Income (OCI)

₹ in Lakhs

Particulars	For the Year ended March 31, 2021	For the year ended March 31, 2020
Net cumulative unrecognized actuarial gain/ (loss) opening	33.37	0.91
Actuarial gain/ (loss) for the year on PBO	(22.81)	32.47
Actuarial gain/ (loss) for the year on Assets	-	-
Unrecognized actuarial gain/ (loss) for the year	10.56	33.37

### (v) Principal Actuarial assumptions

Particulars	For the Year ended March 31, 2021	For the year ended March 31, 2020
Discount Rate per annum	0.07	0.07
Salary Escalation rate per annum	0.05	0.05
Retirement age	58 Years	58 Years
Mortality tables	IALM [2012-2014]	IALM [2012-2014]

### Note 36 : Contingent Liabilities

#### Letters of Credit

Letter of Credit – Rs.121.50 Lacs (PY – Rs. 93.42 Lacs)

#### Contingent liabilities and commitments (to the extent not provided for)

Bills of Exchange Discounted Rs.431.52 Lacs (PY- Rs. 1752.64 Lacs)

Guarantee & counter guarantee outstanding – Rs. 9.61 Lacs (PY – Rs.9.61 Lacs)

### Note 37 : Auditor's Remuneration

Particulars	For the Year ended March 31, 2021	For the year ended March 31, 2020
Certification Charges	0.17	-
Statutory Audit Fees Excluding GST	5.75	5.60

### Note 38 : Information on Related Party Transactions as required by Ind AS 24 - 'Related Party Disclosures' for the Year ended March 31, 2021

#### Details of related parties:

#### a) Key Managerial Personnel:

Name	Designation
Mr. Sunil Kumar Arora	Managing Director
Mr. K. Raghavendra Acharya	Key managerial personnel
Mrs. Sujata Arora	Key managerial personnel
Mr. Sahil Arora	Key managerial personnel
Mrs. Shivani Agarwal	Relative of Key managerial personnel
Aro Granite International Inc., USA	Relative of Key managerial personnel

#### b) Relatives of Key Managerial Personnel

Name	Relation
Mrs. Shivani Agarwal	Daughter of Sunil Kumar Arora
Aro Granite International Inc., USA	Relative of Key managerial personnel

## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### Transactions with Related Parties

Particulars	Relationship	For the Year ended March 31, 2021	For the year ended March 31, 2020
Sale of Goods			
Aro Granite International Inc., USA	Relative of Key managerial personnel	1,152.26	638.96
Employee Benefit Expenses			
Mr. Sunil Kumar Arora	Managing Director	165.64	164.73
Mr. K. Raghavendra Acharya	Key managerial personnel	3.60	18.64
Mrs. Sujata Arora	Key managerial personnel	1.35	1.50
Mr. Sahil Arora	Key managerial personnel	28.80	25.20
Mrs. Shivani Agarwal	Daughter of Sunil Kumar Arora	9.11	9.74
Interest Paid			
Mr. Sunil Kumar Arora	Managing Director	16.54	6.63
Loans/Advances Received			
Mr. Sunil Kumar Arora	Managing Director	-	424.34

Balance Outstanding at the end of  
Accounting Year

Particulars	Relationship	For the Year ended March 31, 2021	For the year ended March 31, 2020
Trade Receivables			
Aro Granite International Inc., USA	Relative of Key managerial personnel	1152.26	768.41

₹ in Lakhs

### Note 39 : Financial Instruments

#### Financial Instruments by Category

Particulars	As at 31 March, 2021			As at 31, March, 2020		
	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost
<b>Financial Assets</b>						
Investments	11.04	75.75	-	4.50	80.65	-
Trade receivable	-	-	6,402.46	-	-	5,881.97
Cash and Bank Balances	-	-	979.71	-	-	1,037.02
Loans	-	-	4.01	-	-	0.95
Other Financial Assets	-	-	166.29	-	-	142.95
<b>Total Financial Assets</b>	<b>11.04</b>	<b>75.75</b>	<b>7,552.48</b>	<b>4.50</b>	<b>80.65</b>	<b>7,062.89</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	16,083.55	-	-	15,051.34
Trade Payables	-	-	2,755.95	-	-	2,820.40
Other Financial Liabilities	-	-	1,088.20	-	-	1,411.47
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>19,927.69</b>	<b>-</b>	<b>-</b>	<b>19,283.21</b>
<b>Fair Value hierarchy</b>						

The following table provides an analysis of financial instruments that are measured at fair value and have been grouped into Level 1, Level 2 and Level 3 below:





## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

As at March 31, 2021	Level 1	Level 2	Level 3
<b>Financial Assets</b>			
Financial Investments at FVTPL			
Quoted equity instruments	11.04	0	0
Financial Investments at FVOCI			
Unquoted equity instruments	0	0	75.75
<b>Total Financial Assets</b>	<b>11.04</b>	<b>0</b>	<b>75.75</b>
<b>As at March 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial Assets</b>			
Financial Investments at FVTPL			
Quoted equity instruments	4.5	0	0
Financial Investments at FVOCI			
Unquoted equity instruments	0	0	80.65
<b>Total Financial Assets</b>	<b>4.5</b>	<b>0</b>	<b>80.65</b>

**Level 1:** Quoted prices in the active market. This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market. This category consists of quoted equity shares and debt based open ended mutual funds.

**Level 2:** Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly. This level of hierarchy consists of debt based close ended mutual fund investments and over the counter (OTC) derivative contracts.

**Level 3:** Valuation techniques with unobservable inputs. This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data. The main item in this category are unquoted equity instruments.

The fair value of the financial assets are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

Investments in debt mutual funds: Fair value is determined by reference to quotes from the financial institutions, i.e.. Net asset value (NAV) for investments in mutual funds declared by mutual fund house.

Quoted equity investments: Fair value is derived from quoted market prices in active markets.

Unquoted equity investments: Fair value is derived on the basis of income approach, in this approach the discounted cash flow method is used to capture the present value of the expected future economic benefits to be derived from the ownership of these investments.

### Note 40: Financial Risk Management

The Company's management monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The management reviews cash resources, implements strategies for foreign currency exposures and ensuring market risk limit and policies.

#### (a) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements can not be normally predicted with reasonable accuracy.

#### (i) Foreign currency risk

The Company's functional currency in Indian Rupees (INR). The Company undertakes transactions denominated in the foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's revenue from export markets and the costs of imports, primarily in relation to raw material. The Company is exposed to exchange rate risk under its trade and debt portfolio.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency result's in the increase in the Company's overall debt positions in Rupee terms without the Company having incurred additional debt and favorable movements in the exchange rates will conversely result in reduction in the Company's receivable in foreign currency.

# Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

Details of derivative instruments and unhedged foreign currency exposure :-

(1) The position of foreign currency exposure of loans to the Company as at the end of the year are as follows :

Foreign Currency Outstanding	Buy/Sell	As at March 31, 2021	As at March 31, 2020
USD	Buy	108.39	116.92
Equivalent amount in Rupees	Buy	7966.67	8756.04
EURO	Buy	45.74	91.27
Equivalent amount in Rupees	Buy	3938.21	7500.70

## (b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

## (C) Liquidity Risk

The Company has a liquidity risk management framework for managing its short term, medium term and long term sources of funding vis-à-vis short term and long term utilization requirement. This is monitored through a rolling forecast showing the expected net cash flow, likely availability of cash and cash equivalents, and available undrawn borrowing facilities.

## Note 41: Capital management

### (a) Risk management

The Company's capital requirement is mainly to fund its capacity expansion, repayment of principal and interest on its borrowings and strategic acquisitions. The principal source of funding of the Company has been, and is expected to continue to be, cash generated from its operations supplemented by funding from bank borrowings. The Company is not subject to any externally imposed capital requirements.

The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and elongate the maturity of its debt portfolio, and closely monitors its judicious allocation amongst competing capital expansion projects and strategic acquisitions, to capture market opportunities at minimum risk.

The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, Bank balances other than cash and cash equivalents.

Particulars	As at March 31, 2021	As at March 31, 2020
Non current borrowings	4,178.42	2,816.50
Current maturities of non current borrowings	761.26	840.71
Current borrowings	11,905.13	12,234.84
Less: Cash and cash equivalents	165.07	36.66
Less: Bank balances other than cash and cash equivalents	814.63	1,000.36
Total Debts	15,865.10	14,855.03
Total Equity	18,764.10	18,148.68
Gearing Ratio	84.55	81.85

Equity includes all capital and reserves of the Company that are managed as capital.



## Notes to the Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

₹ in Lakhs

### (b) Dividends

Particulars	As at March 31, 2021	As at March 31, 2020
Final dividend for the year ended March 31, 2021 of RS. - NIL (March 31, 2020 - RS. - 1,53,00,000/-)	-	153.00
Dividend not recognised at the end of the reporting	-	-
Dividend distribution tax	-	31.45

The Board of Directors has not recommended any dividend for the financial year 2020-21,

This is the balance sheet referred to in our report of even date

### For VAPS & Company

Firm Registration No.: 003612N  
Chartered Accountants

For and on behalf of the Board

**Praveen Kumar Jain**

Partner

Membership No.: 082515

**Sunil Kumar Arora**

Managing Director

DIN: 00150668

**Sahil Arora**

Whole Time Director

DIN: 07970622

**S Panigrahi**

Company Secretary

FCS No.: 4522

**M. Madangopal**

CFO

ICAI M. No.: 207947

Place : Hosur

Date : 25.06.2021



**ANNEXURE – I**

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 BUSINESSES PROFILE

**I. Registration Details**

Registration No.: L74899DL1988PLC031510(CIN) State Code: 55

Balance Sheet Date:	31	03	2021
	Date	Month	Year

**II. Capital Raised during the year (Amount in thousands)**

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

**III. Position of Mobilisation and Development of Funds (Amount in thousands)**

Sources of Funds

<b>Total Assets</b>	<b>Total Liabilities</b>
40,44,893	40,44,893
Paid up Capital	Reserve & Surplus
153000	1876410
Secured Loans	Unsecured Loans
493813	NIL
Net Fixed Assets	Investments
1644361	8678
Net Current Assets	Misc. Expenditure
662676	NIL
Accumulated Loss	NIL

**IV. Performance of the Company (Amount in thousands)**

Turnover	Total expenditure
1793743	1720289
Profit/Loss before Tax	Profit/Loss after Tax
79776	60481
Earning Per Share	Dividend Rate
4.02	NIL

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

ITC Code No.	Product Description
680233	Granite Tiles & Slabs & Engineered Quartz Stone Slabs
6810990	Quartz (Engineered) Stone









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

