

# 27<sup>th</sup> Annual Report 2014-15

Leading the way



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









# Board of Directors

**Sunil K Arora**  
Managing Director

**Kasturi Lal Arora**  
Director

**Dinesh Chandra Kothari**  
Director

**Rahul Gupta**  
Director

**Pradeep Kumar Jain**  
Director

**Sujata Arora**  
Director

**K Raghavendra Acharya**  
Executive Director

**Vanita Sood**  
Director

**Kanwaljit Singh**  
Director

**Company Secretary**  
Sabyasachi Panigrahi

**Statutory Auditors**  
M/s Alok Mittal & Associates, New Delhi

**Internal Auditors**  
M/s Sreekantha & Co., Hosur

**Secretarial Auditor**  
Ms. Latika Jetley, New Delhi

**Bankers**  
Bank of Baroda  
The Hongkong and Shanghai Banking Corporation Limited

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Website: [www.arotile.com](http://www.arotile.com)  
CIN: L74899DL1988PLC031510

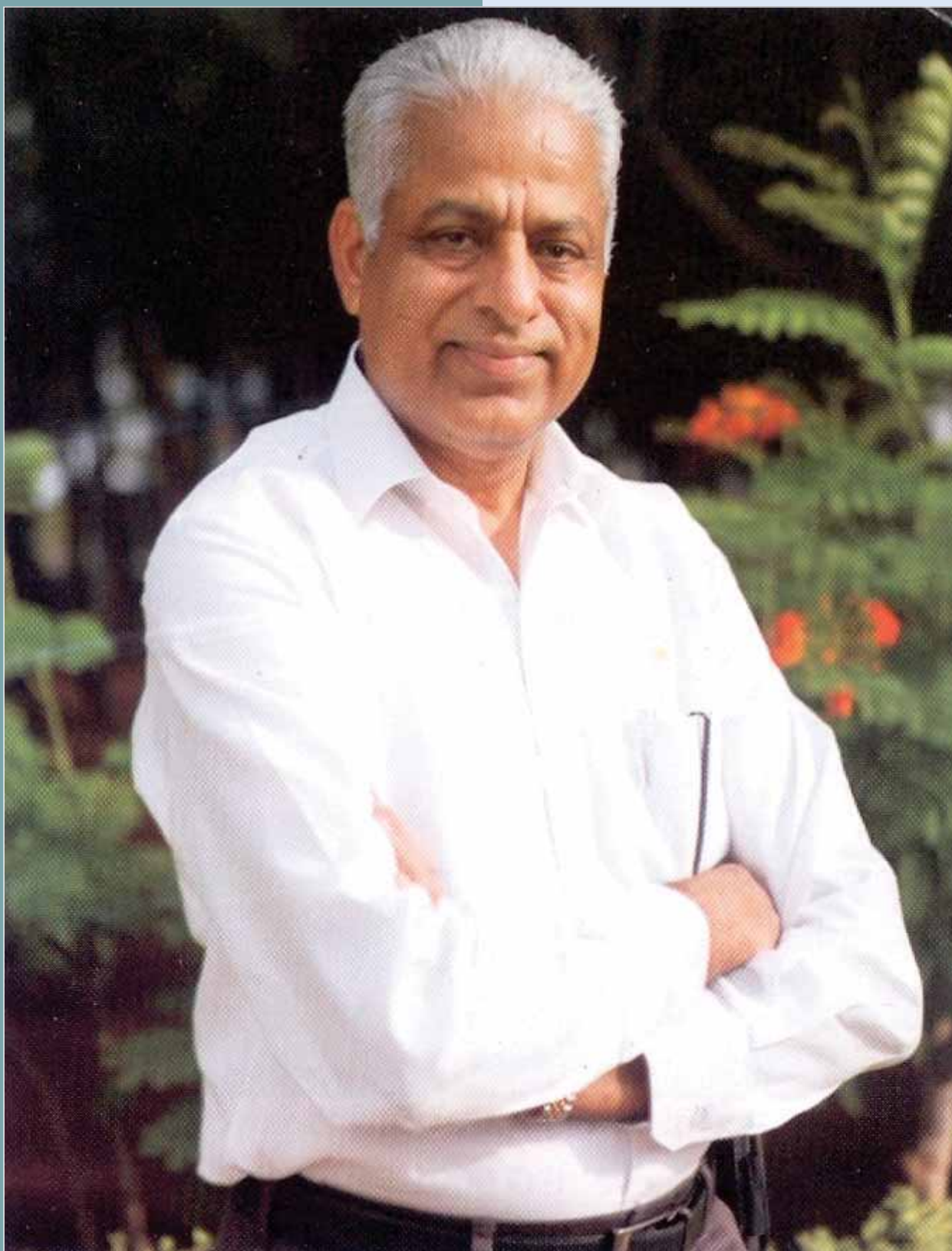
**Corp. Off. & Works**  
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**Registrar & Share Transfer Agent**  
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New Delhi 110055

**Scrip Codes**  
Bombay Stock Exchange Limited: 513729  
National Stock Exchange of India Limited: AROGRANITE/EQ  
ISIN No.: INE210C01013

*From the desk of the*

# *Managing Director*





Dear Shareholders,

Your company had a decent year in FY2015. The year started on a good note with demand reviving in our major exports markets. However the second half of the year was challenging due to Russia, which was a large market for us, being hit by sanctions last year due to Ukraine issue. That demand vanished and with the European countries also struggling to grow, the overall demand scenario has remained weak. The fall in Euro and Brazilian Currency also hit the competitiveness of the Indian granite industry.

Our sales grew by 1.6% to Rs 260.09 Cr in FY2014-15 from Rs 256.01 Cr. Net Profit of the company declined from Rs. 21.10 Cr last year to Rs. 16.69 Crores in FY2015. Last year the profits included the one time gains from the divestment of Unit 1 and so adjusting for that profits grew by 15.83%.

The demand for granite is driven by its durable surface and attractive shades. Its usage as flooring material, countertops and monuments has found increasing acceptability across the world. Natural stone demand is increasing across the world and granite usage is expected to exceed that of ceramic and porcelain in US by 2020.

Globally India competes with Brazil, Italy and China for granite exports. While Brazil benefits from its range of unique colours and proximity to North American markets, China's granite industry competes on costs and volumes and Italy competes as a traditional market, which has locational advantages in the European Market. China has captured a large share of the global granite market. India is ceding its market share to Brazil & China and the government policies need an urgent course correction.

The Federation of Indian Granite and Stone Industry (FIGSI) is urging the government to bring granite under "major" mineral category as it will help lower the royalty outgo on mining and enhance the industry's competitiveness. This will also reduce the discretionary nature of the mines allotment and improve transparency in the entire value chain.

In 2012 the largest exporter of Granite Rough Blocks, Random Slabs and Modular Tiles was closed down along with a clampdown on more than 175 quarries in Tamil Nadu due to illegal quarrying activities. This created a big dent in the Indian granite industry as many of the popular colours were no longer available. It took many decades to promote these colours and then they suddenly disappeared. Furthermore there was a reduction in the total number of granite blocks available, hence creating an imbalance in the supply and demand.

This coupled with the increase in the number of processing units, drove a dramatic increase in rough block prices. As a company, we faced the situation, by increasing our import of rough blocks.

We have changed our business model, to match the customer needs. The customer is only interested in the existing inventory, as due to the shortage of slab blocks there is no guarantee of their availability in the future. The business has turned into STOCK-AND-SELL market and we have geared ourselves for the same.

Another challenge we are facing is the increasing preference for engineered stone among the end consumers. This segment is gaining market share from the natural stone segment (which includes granite). If this trend continues then it will seriously impact the growth of the natural stone industry in the years to come. We are monitoring these trends carefully and will suitably alter our business model when the time comes.

Later this year we will be commissioning a 110,000 square feet warehouse to better stock and display our inventory. This will help us improve our sales and also move our inventory faster. We have also invested in de-bottlenecking our plant and increase our output by investing in our 3rd gantry crane and have placed the order to replace our 15 year old polishing line.

In these challenging times for the industry we are working on improving our internal efficiencies and improve our productivity. We are optimistic about the future and working towards becoming a leader in the natural stone industry.

I would like to thank all our business partners, suppliers and customers for the support they have provided us. I would also like to thank our employees, without whose commitment and effort we could have achieved nothing. Finally I would thank our shareholders for their support and encouragement all these years.

**Sunil K Arora**  
Managing Director







## 10 Years at a Glance

(₹ in Lacs)

Description	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Sales	7,784.62	10,403.02	10,141.66	11,610.98	13,113.30	15,022.52	15,920.80	18,725.68	25,133.83	25,477.97
EBITDA	1,287.27	2,029.08	1,869.66	2,540.12	2,282.20	2,014.51	2,032.76	2,504.25	3,886.82	3,380.55
Depreciation	233.51	235.92	314.82	427.99	430.48	439.79	417.84	470.00	516.13	858.75
Tax	42.55	45.69	135.21	160.78	235.30	270.17	318.00	380.01	743.83	738.47
Profit after Tax	793.72	1,520.64	800.19	1,198.28	1,063.97	949.42	877.87	1,125.93	2,109.21	1,668.85
Gross Block	4,783.02	4,837.10	9,371.56	9,424.53	9,513.14	9,901.20	11,904.24	12,490.33	11,869.22	11,406.51
Net Worth	5,533.44	6,889.82	7,593.63	9,105.04	9,737.66	10,491.22	11,250.54	12,261.87	14,192.08	15,469.12
Reserves & Surplus	4,858.25	6,214.64	6,891.63	7,996.69	8,701.59	9,471.22	10,230.54	11,241.87	12,662.08	13,939.12
Equity Share Capital	702.00	702.00	702.00	1,108.35	1,036.07	1,020.00	1,020.00	1,020.00	1,530.00	1,530.00
Dividend (%)	15	20	15	10	10	10	10	10	10	10
Dividend Payout Ratio (%)	13.27	9.23	13.16	9.25	9.74	10.74	11.62	9.06	7.25	9.17
EPS (Rs)	11.31	21.66	11.40	10.81	10.27	9.31	8.61	11.04	17.11	10.91
Book Value Per Share (Rs)	78.82	98.15	108.17	82.15	93.99	102.86	110.30	120.21	92.76	101.11
R O C E (%)	13.13	16.4	10.65	13.30	12.02	9.20	8.00	10.89	12.84	8.83
R O N W (%)	15.24	21.81	10.54	13.16	10.93	9.05	7.80	9.18	14.86	12.26





# Content

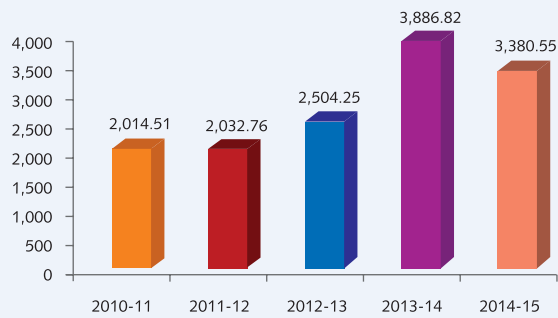
Board of Directors	01		
From the desk of Managing Director	02	Auditors' Certificate on Corporate Governance	49
10 years at a glance	04	Independent Auditors' Report	50
Financial Metrics	06	Balance Sheet	52
Operating Metrics	07	Profit & Loss Account	53
Milestones	08	Cash Flow Statement	54
Q & A with Sahil Arora	10	Notes	55
Notice	18	Significant Accounting Policies	62
Director's Report	26	Notes to Accounts	62
Management Discussion & Analysis	38	Annexure-I	66
Corporate Governance Report	43		



# Financial Metrics

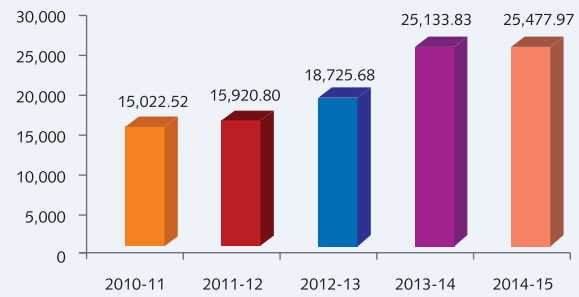
## EBDITA

(₹ in Lacs)



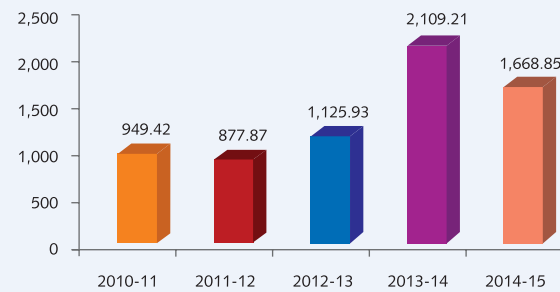
## NET SALES

(₹ in Lacs)



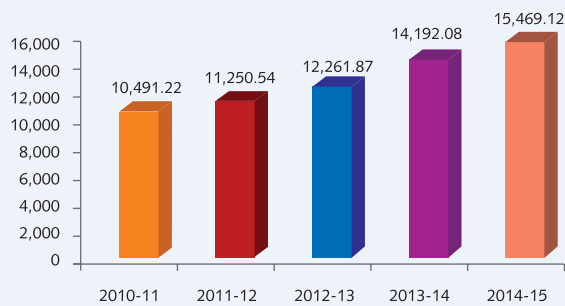
## PROFIT AFTER TAX

(₹ in Lacs)



## NET WORTH

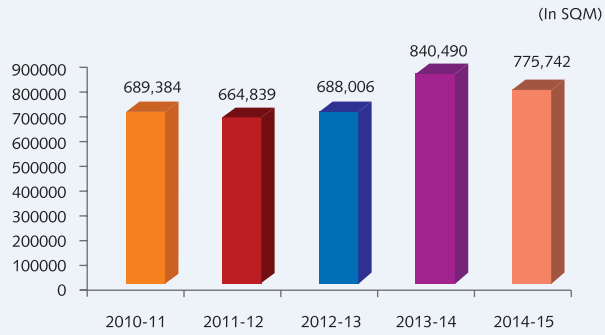
(₹ in Lacs)



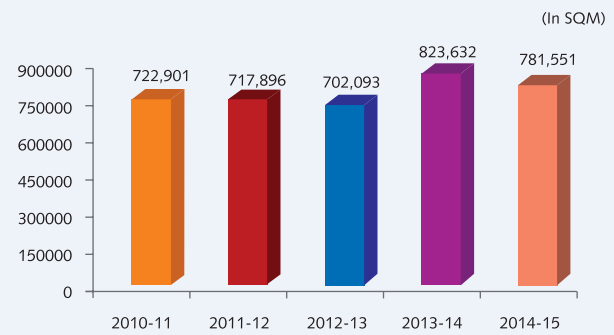


# Operating Metrics

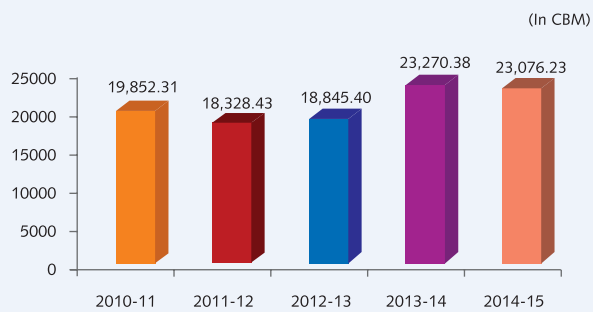
## SALES



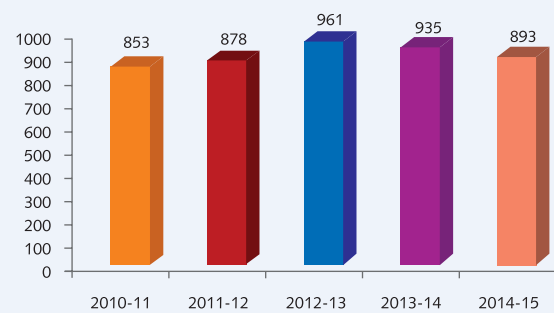
## PRODUCTION



## RAW MATERIAL CONSUMPTION



## NO. OF EMPLOYEES ON PAYROLLS



# Milestones

**2013** ISO 14001:2004 for environment and OHSAS 18001:2007 for Occupational Health and Safety

**2009** Awarded STAR EXPORT HOUSE status

**2007** Listed on National Stock Exchange of India  
Received Certificate of Appreciation for performance amongst 100 % EOUs from Maharashtra Export Processing Zone (MEPZ) for 2005-06. Turnover : Rs. 7,784.62 Lakhs in 2005-06.

**2005** Initiated Implementation of ISO 14000 Environment Management System at Unit II.  
Turnover : Rs. 7,784.62 lakhs in 2005-06

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

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

**1998** Achieved Certification for ISO 9002 Quality Management Systems.

**1995** The Company went Public and expanded Unit I. Turnover : Rs. 654.00 lakhs in 1990-91.

**2002** Unit I upgraded to ISO 9001:2000. Unit II certified for ISO 9001:2000 by TUV NORD Germany within 1½ years from the start of the STAR EXPORT HOUSE.



**2014** Received the STAR EXPORT HOUSE certificate from Ministry of Commerce and Industry Certificate of Recognition as Star Export House

2004 for environment  
Health and Safety

E statu

exchange of India Limited.  
Appreciation for best export  
EOUs from Madras Export  
Turnover : Rs. 10,141.66  
Lakhs in 2007-08.

**2012-13** Installation and  
expansion from 8 to 12 gang saws.

**2011** CE certification through TUV Nord

**2008**  
Turnover : Rs. 11,610.98 Lakhs  
in 2008-09

**2006** Initiated Expansion, Doubled Tiling  
Capacity and added 2 more Gangsaw Machines.  
Turnover : Rs. 10,403.02 lakhs in 2006-07.

**2004** Added 2 more Gang saws, with other required machinery,  
increasing the installed capacity to 295,000 Sq.Mtrs.

upgraded to ISO 9001:2000 Quality Management Systems.  
for ISO 9001 : 2000 Quality Management Systems by RWTUV,  
in 1½ years from starting Commercial Production. Recognised as  
E.

**1999-2008** 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.

**1996-1999** Received Certificates of Merit from CAPEXIL for 3 consecutive years.

**1991** Started commercial production in  
Unit I (Tiles) with a turnover of Rs. 61.17 lakhs in 1990-91.

## 2&A with Sahil Arora

*Corporate Head – International Marketing*



**Q: Can you highlight your achievements in the year gone by?**

A: For Aro granite industries, FY2014-15 started on a good note. We expanded our distribution network and had added a few more countries for exports. Midway through the year, things started slowing down. The standoff between Russia and Ukraine caused western countries to impose sanctions on Russia, which was emerging as a big market for our products. Our exports to Russia came to a standstill because of those sanctions and we had to focus our energy to recover dues for the goods already exported.

We decided to invest in improving the over all operational efficiencies for the future. For this purpose we placed orders for 2 Mono wire, 1 Polishing line to replace the first polishing line which completed 15 years and a 3rd Gantry crane to Load and Unload blocks. These investments were done largely to debottleneck our existing capacity and the effect of these will be seen in the coming years.

**Q: How has your company evolved over the last 5 years?**

A: The economic downturn after the subprime crises of 2008 in the US, hit our business very hard. Till then US market was more than 50% of our sales, and growing at a steady pace. Indian granite was becoming more acceptable in US as Kitchen Counter Tops and Table Tops and most of our energies were focused on growing the market.

Post the subprime meltdown, the US housing market stalled and our exports to the US market took a big hit. Operating in that environment was a big challenge and our entire operations were put under pressure. Collections of receivables became a big issue. We had to rethink our entire business model and responded by

- Exporting to new countries by establishing relationships with distributors
- Increased focus on collections and ensuring that we did not have bad debts
- Worked on building the range of designs, by





sourcing raw blocks from new mines. We even started importing raw blocks from countries like Brazil, South Africa and Norway

- Built on our finished inventory to reduce our turnaround time and meet customer demands

All these efforts helped us negotiate the tough years without any loss in our balance sheet. The exports to the newer geographies were at lower margins, but we maintained our utilisation levels and that helped us steer through the tough times.

With the business rebounding in 2012, we went for another round of capacity expansion and increased the no of gangsaws from 8 to 12. We had a couple of good years and now things have again become challenging, due to slow recovery in the US housing market, slowdown in Europe, depreciation of Euro last year and sanctions against Russia.

**Q: How has the granite industry changed in the last few years? What are the current challenges faced by the industry?**

**A:** India is one of the leading countries in mining and export of granite and is rich in granite reserves. Geologically, the southern and eastern belts of the Nation are abundant in granite deposits. India has sizeable granite reserves in states such as Tamil Nadu, Andhra Pradesh, Karnataka, Rajasthan and Odisha. Indian granite stone is known not only for its elegance and aesthetic quality, but also for its durability. India currently has over 200 shades of granite, one of the largest such range across the world.

Today, US is biggest export market for Indian granite. The largest use of Granite is in Kitchen Counter Tops and Table Tops. This trend took off about 20 years back.

We were early to catch this trend and had 10 years of good growth, driven by the rising exports to the US. Today we are the largest exporter of processed granite slabs out of India.

Since 2012 the shortage of blocks has changed the business model. Earlier customers would place orders with factories for the next 6 months, if not for the full year, and take delivery as and when the factories produced the materials. There was maximum one week delay in delivery terms which was acceptable to customers. Since 2012, customers can no longer place orders as the availability of rough blocks is not guaranteed, they have decided to buy what is available in stock. They no longer wait for the industry standard 4 weeks for dispatch as they are not sure if the factories will be able to arrange the rough blocks. So now it has become primarily a stock and sell market. This has impacted the working capital requirements of the industry and reduced the overall margins.

**Q: You have been a leading exporter of granite slabs for the last few years? How has your experience been and what are your plans for the future?**

**A:** We expanded our capacity in 2013 by installing 4 more gangsaws. Our total installed capacity now is 585,000 sq mtrs of granite slabs and 360,000 sq mtrs of granite tiles.

We sold our Unit 1 last year, as the size was small and the machinery was outdated. We had already installed a modern Tile Plant in 2007 in unit 2. We utilised the cash flows from that sale to de-bottleneck Unit 2 plant and further streamline our processing capacity.

We have bought a 11 acre parcel about 2KM from our existing plant site, where we shifted and started to dump all the slurry accumulated on a 5 acre site adjoining the factory premises. After clearing up of this land we have started the construction of a new warehouse there. This will be used to store our finished inventory and help us display and sell a larger range of granite slabs. We are also setting up a CUT-TO-SIZE facility, to meet the customized

requirements of our distributors. It will result in better margins and will also help in utilising our inventory better.

This will add a new product range to our portfolio including Larger Format Tiles, Steps and Risers, Window Sills and custom Countertops

**Q: Your sales remained almost flat over the last year, what was the reason behind it, and what are you doing to tackle those headwinds?**

A: Since the last few years, we are seeing a change in trend in usage of natural stone. New products like engineered stones are making a mark, and the consumer preference is shifting towards the same in some markets. This has hit the market share of granite slabs in the developed markets. So the demand for granite slabs in the US housing market is limited despite the recovery in housing market.

Our sales to the Russian market were also sharply hit due to sanctions imposed on them by the developed nations due to Ukrainian standoff. Last year our realisations were also hit by the steep decline in Euro against the dollar, which resulted in sharp decrease in margins. We raised our rates but faced a lot of customer resistance which impacted our sales to the Euro zone countries.

Another trend that hit our sales was the sharp decline in Brazilian currency, which depreciated more than 30% against the US Dollar. This in turn made granite exports more competitive from there and they have gained market share at the cost of Indian Granite exports.

We are closely monitoring these trends and accordingly will fine tune our growth plans.

**Q: What are the new initiatives that you have taken for the year?**

A: We are constructing a new warehouse that will be used to store our finished inventory and help us display and sell a larger range of granite slabs. This warehouse will clear up space in our existing shed which we will use to setting up a CUT-TO-SIZE facility, to meet the customized requirements of our distributors. It will result in better margins as it will help with better recovery from the slab and some value accretion.

This will add a few new product ranges to our portfolio including

- Larger Format Tiles
- Steps and Risers
- Window Sills
- Custom Countertops

**Q: Are you planning to expand your presence in more geographies? How many countries do you export to?**

A: We already export to more than 50 countries currently. Our export strategy is largely driven by two factors. One is that there should be large market for granite slabs within that market. The second driver is that the realisations should be good enough for it to make it worth our while.

We have largely covered most of the countries in the developed world, where people are ready to pay the premium for natural stone over ceramic tile and laminates.

We still look for expanding to newer geographies, and should expand our export basket in the coming years.

**Q: What really differentiates Aro Granite from its competitors?**







A: We have been one of the early exporters of processed granite slabs out of India. Today we are the largest and have won the CAPEXIL Export award for the last 7 years running.

Our products stand out for their quality and consistency of workmanship. If you look at the overall costs of processed granite slab, while 40-45% is the Raw Material cost, we spend another 25-30% on processing the stone. We use the best quality machines, best in class consumables and ensure that our workmanship is world class.

Another aspect we have worked on is honesty and transparency in dealings. We have been very open in our dealings with our customers, and give clear timelines for delivery, and then aim to meet those. We also let go of orders, where we do not have the required inventory of raw blocks as we are not sure of timely delivery.

This helps us dissipate the perception that Asian (Indian & Chinese) suppliers not being reliable and trustworthy.

All this has made us the partner of choice for international customers who appreciate our commitment and quality of products.

**Q: There has been a ban on quarrying in some states? Many mines have been closed? Has that created raw material shortage? How are you dealing with this?**

A: Granite is classified as a minor mineral and the State government has all the powers to make rules and grant mining rights. These are governed by the Mines & Minerals (Development & Regulation) - MMDR Act, 1957 and state specific mining acts.

Mining operations may be curtailed when a quarry is shut down due to environmental concerns or illegal mining activities. Until now the states used to grant leases on first-come-first-served basis and usually such licenses were given to applicants close to the ruling party. There had been allegations of corruption and legal cases had been filed against the lease holders.

Closure of the mines has created a shortage of raw material, resulting in non availability of raw blocks and a sharp increase in price. We have coped with this issue by sourcing raw blocks in larger quantum and also sourcing blocks from other countries. We have also started increasing sourcing from other parts of India like Rajasthan and Telengana.

All these efforts while allowing us to maintain our sales, has resulted in larger inventory levels, and sub optimal utilisation of capital.

While the industry is facing such issues, there are many unexplored mines and hence there is no risk of supply running out in the near future. Geological analysis shows that only 3 per cent of the available resources in India is currently being explored (Source: All India Granites and Stone Association).

India has an estimated 46,230 million cu. m of granite resources, as per a Ministry of Mines report in January 2015.

**Q: Your working capital levels are very high? What are the reasons for the same and what are you doing to reduce it?**



**A:** Our working capital requirements have grown with the needs of the business. As we had pointed out earlier, with the subprime crises of 2008, and the fall in demand, we tweaked our business model to carry more of finished inventory to reduce our turnaround time.

Also in the last few years, many granite quarries have closed down due to withdrawal of environmental clearances, resulting in shortage of good quality raw blocks. This has resulted in us having to buy the blocks in larger lots to ensure availability, which in turn has increased our inventories of raw material.

We have also started to import Raw granite blocks from countries like Brazil, Norway and South Africa to increase our product range and to counter the shortage of raw material due to closure of quarries.

All these factors have collectively worked together to increase our working capital. We are now very conscious of this and have started an effort internally to monitor this and gradually bring it down. We have instituted a internal team which is meeting on a monthly basis to track this and institute ways to bring this down. We should start seeing the results of this effort from next year onwards.

**Q: Why haven't you forayed into granite mining as that is a key raw material? Are there any plans in the future for this?**

**A:** Over the years we have looked at the option of taking granite quarries on lease. While there have been opportunities for the same but it comes with its own set of challenges.

One of the biggest hurdle is the allotment of the mines. There is political patronage and so local

people have an edge over others. There are so many local and environmental clearances required that takes years from the allotment to get the mine operational.

Then there is the issue of successful extraction of blocks. Over 95% of the granite concessions do not become profitable. This could be because of many reasons like difficulty in extracting the large blocks, getting local people to cooperate, the granite design going out of favour and difficulty in securing all the clearances.

Given the low success rate and the high working capital requirements we have over time chosen not to get into this business.

**Q: What is your current employee strength? Could you give the breakup of the skillsets of the employees? How has the employee count increased over the last 5 years?**

**A:** Our employee strength has increased from 195 employees in FY2009-10 to 272 employees in FY2014-15. Besides the employees on our payrolls we have contract employees (unskilled labour). Our contract employees have increased from 809 in FY2009-10 to 893 in FY2014-15.

Over 5% of our employees are at managerial levels, and another 10% are skilled workman, who have specialized skill sets.

Over 85% of our overall employee base is Unskilled and Semi Skilled. We provide them with good working conditions providing them with uniforms, medical checkups and regular leave. We also have a regular food canteen, where food is provided at a subsidized cost, and where the workers eat in the company of the management.

We believe we provide one of the best working conditions and so have among the lowest attrition rates in the industry.

**Q: Your operating cash flows have stagnated over the last few years. What are the reasons for the same?**

**A:** One of the key goal was to increase sales at a steady pace. While we have been able to achieve that, the business needs has resulted in an increase in working capital which in turn has impacted our operating cash flows.

With the recent closure of Granite mines in Tamil Nadu, there has been a shortage of raw blocks so we have to buy larger lots to maintain availability of the required inventory. With the developed markets







demanding different granite designs, we have to import more raw blocks, increasing our inventory levels.

Furthermore our customers are demanding better turnaround times, and that has resulted in maintenance of more finished inventory.

All these factors have resulted in larger Working Capital, which in turn has constrained our cash flows.

We are cognizant of this and now are working towards reducing our working capital. You will see the results of this effort in the coming year.

**Q: You sold Unit 1? What was the reason for the same? How were the sale proceeds used?**

**A:** We sold Unit 1 in 2013 for a total amount of Rs. 13.50 Cr. We earned a total profit of Rs. 7.88 Cr on the entire transaction. The total area of the plot was 4.14 Acre.

The sale was done as the unit largely processed granite tiles, and we done a significant expansion of 360,000 sq mtrs for granite tiles in our Unit 2.

The unit was of a small size and machinery was more than 20 years old. The resulting low productivity and lack of scale had resulted in operating losses in the unit over previous 3 years.

We have deployed the sales proceed in buying machinery (2 Mono wire processors, 1 Polishing line and a Gantry crane to Load and Unload blocks). We also used part of the proceeds to purchase a branch office in DLF Tower at Jasola in Gurgaon.

Overall it turned out to be a good decision, as the company released some cash and cut out the cash losses which would have further aggravated in the current environment.

**Q: What are the key parameters that the investor community should use to track the progress of the company?**

**A:** The biggest parameter that the company tracks is

the overall sales of the company and the volume growth of products sold. We also track our market share and aim to maintain it over the years.

Another key metrics on which you can track the progress of the company are firstly the average realisation per sq feet of our finished inventory.

Another parameter to track is our conversion efficiency i.e. how much of granite raw blocks we are consuming for every square feet of finished good sales. Internally we call this Recovery per CBM (cubic metre). Another productivity parameter we track is sales per employee.

We are also now tracking our working capital, and aim to improve that in the coming years. We also aim to maintain positive operating cash flows.

Our investors can track the company on these parameters to judge the progress we have made. Over time we will aim to share this data in our Annual Report and other investor communications.

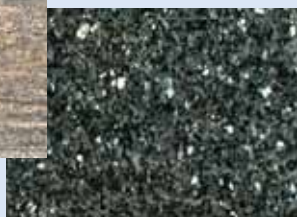




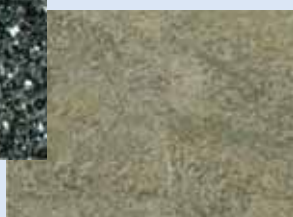
# Tiles



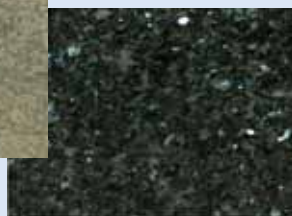
Bash Paradiso



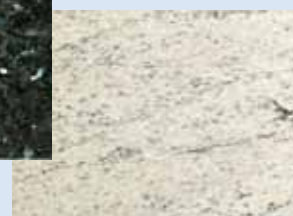
Blue Pearl-GT



Coast Green



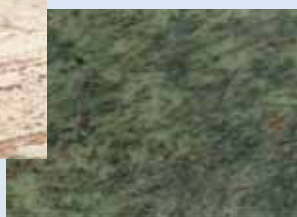
Emerald Pearl-Blue



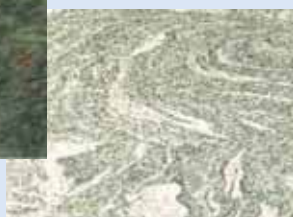
May Flower



Ivory Brown



Tropical Green



Kuppam Green



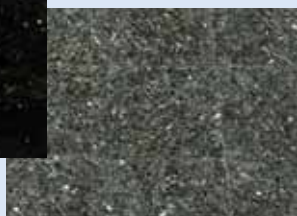
Red Multi Colour



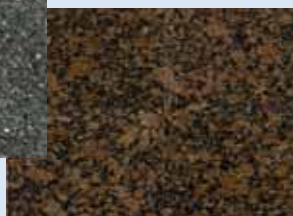
Paradiso



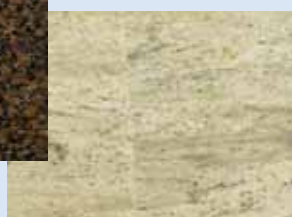
Black Galaxy



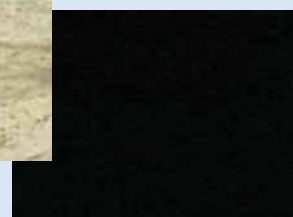
Blue Pearl- SP



Baltic Brown



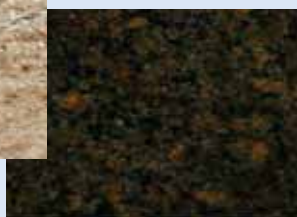
Green Surf



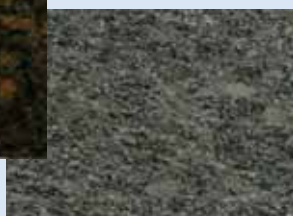
Jet Black



Rose Wood



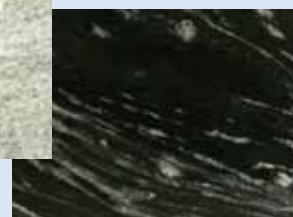
Coffee Brown



Silver Grey Steel Grey



Madanapalli White  
Viscount White



Black Forest MG

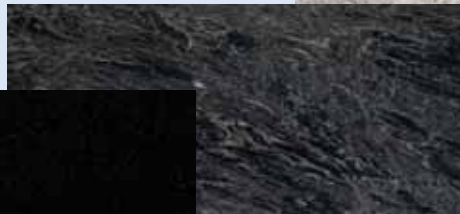
# Granite Slab



Rose Wood - SIG



Bianco Typhoon - TG



Black Forest - SH



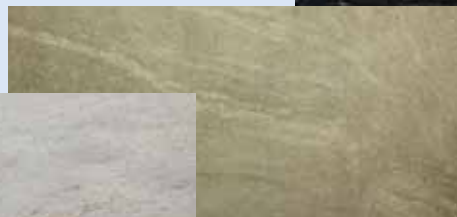
Black Galaxy



Nero Marniacce



Black Forest - MG



Coast Green



Colonial Ivory



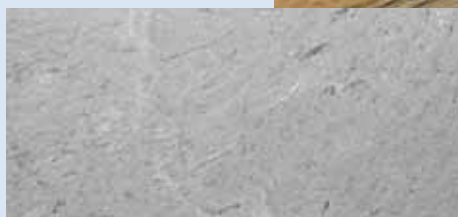
Ghibli - JG



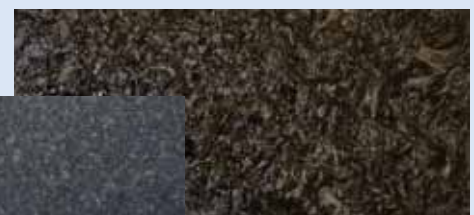
Green Surf



Prado Gold



Viscount White - SR



Kozmus -A



Silver Grey



Colonial Gold - PRP



River White - PRP

## Aro granite industries ltd.

(CIN: L74899DL1988PLC031510)

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

Phone: 011-41686169, Fax: 011- 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 27<sup>th</sup> Annual General Meeting of the members of **ARO GRANITE INDUSTRIES LIMITED** will be held on Friday, the 11<sup>th</sup> September 2015 at **10.30 A.M.** at Lakshmipat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110016 to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31st March 2015 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Kasturi Lal Arora, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit to pass, with or without modification(s), the following as Ordinary Resolution

**"RESOLVED** that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act 2013 (the Act) and the Companies (Audit and Auditors) Rules 2014 including any statutory modification(s) or re-enactment thereof for the time being in force, the Company hereby ratifies the appointment of M/s Alok Mittal & Associates, Chartered Accountants, New Delhi (Firm Registration No. 005717N), as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the twenty-eighth Annual General Meeting to be held in the year 2016 and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending 31<sup>st</sup> March 2016 as may be determined by the Audit Committee in consultation with the Auditors, and that such remuneration as may be agreed upon between the Auditors and the Board of Directors".

#### AS SPECIAL BUSINESS

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

**"RESOLVED** that pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and qualification of Directors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. K. Raghavendra Acharya (DIN 06923476) who was appointed as an Additional Director of the Company with the designation Executive Director pursuant to the provisions of Section 161 of the Companies Act 2013 and who hold the office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a member pursuant to the provisions of Section 160 of the Companies Act 2013 proposing the candidature of Mr. K. Raghavendra Acharya for the office of Director, be and is hereby appointed as a Director of the Company with the designation Executive Director and whose period of office shall not be liable to determination of retirement of Directors by rotation".

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

**"RESOLVED** that pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 (the 'Act') (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the appointment of Shri K Raghavendra Acharya (DIN 06923476) as Wholtime Director of the Company with the designation of Executive Director for a period of three years with effect from 01<sup>st</sup> November 2014 be and is hereby approved on the terms and remuneration as set out in the explanatory statement annexed hereto which shall be deemed to form part hereof, 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 comprises of salary, perquisites, allowances and benefits as approved herein be paid as minimum remuneration to the said Executive Director for a period not exceeding three years in the aggregate subject to requisite approval 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 Executive Director within the overall limits approved herein and settle any question or difficulties in connection with therewith or incidental thereto without any further approval of the Company in general meeting".

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

**"RESOLVED** that pursuant to the provisions of Sections 149, 150 and 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment there of for the time being in force) read with Schedule IV to the Companies Act 2013 and Clause 49 of the Listing Agreement Ms. Vanita Sood (DIN 06926832), Director of the Company in respect of whom the Company has received a notice in writing pursuant to the provisions of Section



160 of the Companies Act 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years with effect from 31st October 2014".

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

**"RESOLVED** that pursuant to the provisions of Sections 149, 150 and 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act 2013 and Clause 49 of the Listing Agreement Mr. Kanwaljit Singh (DIN 01388140), Director of the Company in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 160 of the Companies Act 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years with effect from 25th April 2015".

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

**"RESOLVED** that pursuant to provisions of Revised Clause 49(VII) of the Listing Agreement, entered into with the Stock Exchanges (including any statutory modification(s) or amendments or re-enactment thereof for the time being in force), approval of the members be and is hereby accorded to the Material Related Party Transactions estimated / to be entered into and to be carried out in the ordinary course of business and at arm's length price with Aro Granite International Inc, U.S.A. a 'Related party' as defined under Section 2(76) of the Companies Act, 2013 and Clause 49(VII) of the Listing Agreement for export of granite tiles and slabs for an amount aggregating upto Rs 50.00 Crores in any financial year".

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle and execute such documents/ deeds/ writings/ papers/agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to resolve any question, difficulty or doubt that may arise in relation thereto or otherwise considered by the Board to be in the best interest of the Company"

For & on behalf of the Board

Place: Hosur

Date: 18<sup>th</sup> July, 2015

(Sunil K. Arora)

Managing Director

#### NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.
3. The Share Transfer Books and Register of Members of the Company shall remain closed from **05.09.2015** to **11.09.2015** (Both days inclusive).
4. The Dividend @ 10% (Re. 1/- per Equity Share of Rs. 10/- each) as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those Members whose name shall be borne on the Company's Register of Members on 11.09.2015 or to their mandatees. In respect of the shares held in dematerialised form, dividend will be paid on the basis of details of beneficial ownership to be received from the Depositories for the purpose.
5. 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
6. **Voting through electronic means (E-Voting)**

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement with Stock Exchanges, the Company is pleased to provide members facility to exercise their right to vote at the 27th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). E-voting is optional.

The instructions for members for voting electronically are as under:-

- (i) The voting period begins on 08<sup>th</sup> September 2015 at 10.00 a.m. and ends on 10<sup>th</sup> September at 05.00 p.m. During this period shareholders of the Company holding shares either in physical form or in dematerialised form as on cut off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" tab.
- (v) Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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 voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat hareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <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 (v).</li> </ul>

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

[www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

- 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 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.

(xix) 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 04<sup>th</sup> September 2015 may follow the same instructions as mentioned above for e-voting.

(xx) 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 of 4<sup>th</sup> September 2015**.

(xxi) 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.

(xxii) The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witness not in the employment of the Company and make a Consolidated Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

(xxiii) The Results shall be declared after the AGM of the Company. The results 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 within two days of passing of the resolutions at the AGM of the Company.

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

7. Brief resume of Shri Kasturi Lal Arora, whose appointment as Director liable to retire by rotation (proposed at Item No. 3) is given hereunder:

**Shri Kasturi Lal Arora** is commerce graduate of 1953 batch from University of Delhi having more than 50 years of in construction material business, marketing activities and vast knowledge & experience in granite industry. He does not hold any other directorship. He holds 382375 (2.5) Equity Shares in the Company.

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

##### Item No 5

Pursuant to provisions of section 161 of the Companies Act 2013, Mr. K. Raghavendra Acharya (DIN 06923476) was appointed as an Additional Director of the Company with the effect from 31<sup>st</sup> October 2014. Accordingly Mr. K. Raghavendra Acharya would hold office up to the date of this Annual General Meeting. A notice has been received from a Member of the Company proposing his candidature for being appointed as a Director of the Company with the designation Executive Director, and whose period of office shall not be liable to determination of retirement of Directors by rotation.

K. Raghavendra Acharya, aged 48 years, is a Commerce Graduate from Bangalore University having done Post Graduation in Foreign Trade Management from International Institute of FTM affiliated to Bangalore University (IIFTM). He has a total professional experience over 23 years in the Granite industry in the field of International Sales & Procurement under the Management Cadre. Has handled the overseas sales operations and have travelled extensively around the globe in promotion of the natural Granite Slabs and Tiles. With professional experience behind, he has also been carrying out the job of procuring overseas natural granites/ Quartzite in the block form from different parts of the world.

None of the Directors except Mr. K. Raghavendra Acharya 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.

##### Item No 6

Pursuant to provisions of section 161 of the Companies Act 2013, Mr. K. Raghavendra Acharya (DIN 06923476) was appointed as an Additional Director of the Company with the effect from 31<sup>st</sup> October 2014. Subsequent the Board of Directors had appointed him as a Wholtime Director of the Company with the designation Executive Director for a period of three years with effect from



01.11.2014 subject to the approval of the shareholders in the ensuing Annual General Meeting on the following terms of remuneration as approved/recommended by the Nomination and Remuneration Committee of Directors subject to requisite approvals, under the said Act. The resolution is accordingly recommended as Ordinary Resolution for the approval of the shareholders of the Company

- A. **Salary:** Basic Salary of 55000/- per month with such increments as may be decided by the Board/Nomination and Remuneration Committee of the Directors of the Company from time to time in the Salary grade of Rs. 55,000-5500- 66,000 per month.
- B. **Perquisites, allowances and benefits:** Perquisites comprising provision of residential accommodation or house rent allowance in lieu thereof Conveyance allowance, Education allowance, Children Education Allowances, Uniform Maintenance Allowances, Books & Magazine Allowances, Medical Reimbursement and Special Allowance. Premium on personal accident insurance, car(s) with driver, telephone etc., and other perquisites, allowances and benefits as per the schemes, policies and the rules of the Company as applicable from time to time subject to any change as may be decided by the Board/ Nomination and Remuneration Committee of the Directors of the Company. The perquisites shall be evaluated as per the actual cost or Income tax Rules, as applicable.
- C. Contribution to Provident Fund as per rules of the Company.
- D. Gratuity at the rate of 15 days Salary for each completed year of service.
- E. Encashment of unavailed leave as per rules of the Company.
- F. 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.
- G. In the event of inadequacy or absence of profits under Section 198 of the Companies Act, 2013 in any financial year or years, the Executive Director of the Company shall be entitled to such remuneration as he may be then drawing, as specified in paras A and B above, as minimum remuneration and be also entitled to perquisites mentioned in paras C, D and E above.

None of the Directors except Mr. K. Raghavendra Acharya 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.

#### Item No. 7

Pursuant to provisions of section 161 of the Companies Act 2013, Ms Vanita Sood (DIN 06926832) was appointed as an Additional Independent Director of the Company with the effect from 31<sup>st</sup> October 2014. Accordingly Ms. Vanita Sood would hold office up to the date of this Annual General Meeting. A notice has been received from a Member of the Company proposing her candidature for being appointed as a Director of the Company.

Vanita Sood is an academic consultant with XSEED Education. XSEED is an integrated curriculum and professional development program to improve the quality of teaching and learning in schools and has been featured in the MIT Innovations Journal. At XSEED, she is committed to working towards building a positive transformation in the way that teacher teaches and students learn with great focus on experiential learning. Prior to this, she worked for International NGO, Education Development Centre developing technology tools for teaching and training for the various State Governments in India. She also worked with a leading newspaper of Bangalore, as their consultant for their program, Deccan Herald in education. Vanita started her career with Educomp Pvt Ltd where she worked as a content developer and teacher trainer to re-skill the teachers to bring in quality in education. Vanita completed her Masters degree in Science and her B.Ed from Bangalore University.

Ms Vanita Sood has given requisite declaration that she meets the criteria of Independence as prescribed both under section 149(6) of the Companies Act 2013 and has give her consent to act as an Independent Director of the Company. Ms Vanita Sood is also not disqualified from being appointed as Director in terms of Section 164 of the Companies Act 2013. In the opinion of the Board Ms Vanita Sood fulfills the conditions of her appointment as an Independent Director of the Company specified in the Act and Rules made thereunder. Ms Vanita Sood being eligible and offering herself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term up to 30<sup>th</sup> October, 2019."

None of the Directors except Ms. Vanita Sood 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.

#### Item No. 8

Pursuant to provisions of section 161 of the Companies Act 2013, Mr Kanwaljit singh (DIN 01388140) was appointed as an Additional Independent Director of the Company with the effect from 25<sup>th</sup> April 2015. Accordingly Mr Kanwaljit Singh would hold office up to the date of this Annual General Meeting. A notice has been received from a Member of the Company proposing his candidature for being appointed as a Director of the Company.

Kanwaljit Singh is the founder of Fireside Ventures, a family office fund focusing on early stage consumer businesses. He has over 28 years of experience in the areas of venture investing, marketing and business development across multiple sectors in India. Prior to Fireside, Kanwal was a co-founder and Senior Managing Director of Helion. In the past 15 years as an investor he has invested in and

been closely involved with several marquee companies and brands like Paper Boat, [Yepme.com](http://Yepme.com), Lifecell, ID Special, Mast Kalandar, Hokey Pokey, Fashionara, YLG and Simplilearn etc. Prior to Helion, Kanwal spent four years as a director and co-head of The Carlyle Group's India venture operations. Before this, he worked as Head of Marketing for Intel South Asia. He joined Intel from Hindustan Unilever Ltd. where he spent over 10 years in various functions including sales, marketing and product innovation. Kanwal has a Bachelor's degree in Electrical Engineering from Punjab University and an MBA in marketing and finance from the Faculty of Management Studies, New Delhi.

Mr Kanwaljit Singh has given requisite declaration that he meets the criteria of Independence as prescribed both under section 149(6) of the Companies Act 2013 and has give his consent to act as an Independent Director of the Company. Mr Kanwaljit Singh is also not disqualified from being appointed as Director in terms of Section 164 of the Companies Act 2013. In the opinion of the Board Mr Kanwaljit singh fulfills the conditions of his appointment as an Independent Director of the Company specified in the Act and Rules made thereunder. Mr Kanwaljit Singh being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term up to 24<sup>th</sup> April, 2020."

None of the Directors except Mr. Kanwaljit Singh 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.

#### Item No 9

As a part of its regular business, the Company exports granite tiles and slabs to Aro Granite International Inc, U.S.A. a company promoted by relatives of the promoters Shri Sunil K Arora, Shri Kasturi Lal Arora. The Audit Committee in its meeting held on 18<sup>th</sup> July 2015 has reviewed and after due consideration, accorded its omnibus approval for the estimated transaction value for an amount aggregating upto Rs 50.00 Crores in any financial year. Aro Granite International Inc, U.S.A. is a related party as per the definition under section 2(76) of the Companies Act 2013 and clause 49 of the Listing Agreement entered into the Stock Exchanges. The Securities and Exchange Board of India (SEBI) vide Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 has amended Clause 49 (VII) of the Equity Listing Agreement with effect from October 1, 2014. Under the said amendment, all Related Party Transactions (RPTs) shall require approval of the shareholders by a special resolution. The said amendment further provides definition of the term "Material" as follows:

*"A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual turnover as per the last audited financial statements of the company."*

As per the aforesaid provisions, based on past trend, the transactions as described above are likely to exceed 10% of the annual turnover of the Company as per the last audited financial statements of the Company(2014-15) and may exceed the materiality threshold as prescribed under Clause 49. Thus, in terms of Clause 49, these transactions would require the approval of the members by way of a Special Resolution.

As per Clause 49(VII) of the Listing Agreement, all entities falling under the definition of related parties shall abstain from voting on the resolution and accordingly, the promoters will not vote on Item No. 9.

Particulars	Information
Name of the Related Party	Aro Granite International Inc, U.S.A.
Nature of Relationship	Company promoted by relatives of the promoters Shri Sunil K Arora, Shri Kasturi Lal Arora
Name of Director(s) or Key Managerial Personnel who is related	Shri Sunil K Arora, Shri Kasturi Lal Arora and Smt Sujata Arora
Nature and particulars of transactions with Aro Granite International Inc, U.S.A.	Export of granite tiles and slabs. These transactions are in the ordinary course of business and are on arm's length basis.
Material terms of the transactions	Transactions are in the ordinary course of business and on arm's length basis.
Estimated monetary values of such Related Party Transactions	For an amount aggregating upto Rs 50.00 Crores in any financial year.
Whether the transactions have been approved by the Audit Committee	The proposed Related Party Transactions(RPTs) are in accordance with the RPT policy of the Company.
Any other information relevant or important for the members to make a decision on the proposed transactions	None

The proposed RPTs are in the ordinary and normal course of business and on Arms' Length basis and play a significant role in the Company's business operations and accordingly the Board recommends the Special resolution set forth in item No. 9 of the Notice for the approval of the Members in terms of Clause 49(VII)(E) of the Listing Agreement.

None of the Directors or Key Managerial Personnel of the Company except Mr. Sunil K Arora, Shri Kasturi Lal Arora, Sujata Arora and their relatives may be deemed to be concerned or interested, directly or indirectly, in this Resolution.

The Members' approval is solicited for the resolution at Item No. 9 of the accompanying Notice as Special Resolution. Your Board recommends the Resolution for your approval.

## FOR THE ATTENTION OF THE SHAREHOLDERS

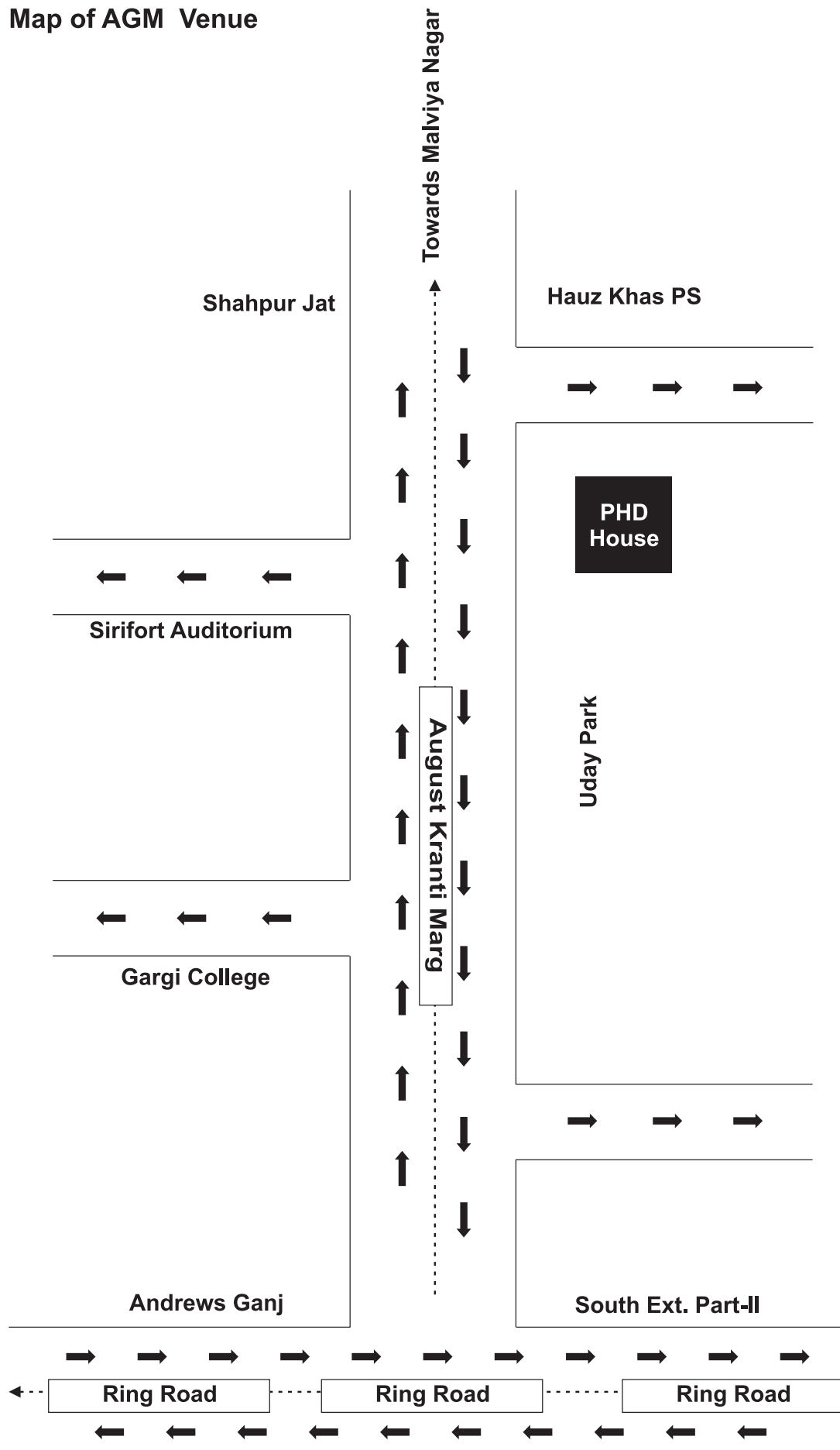
1. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Annual General Meeting.
2. Please check the pin code in the address slip printed on the envelop and advise correction, if any therein. Also please do indicate the pin code number of your delivery post office while notifying change in your address to the Company where shares are held in physical form.
3. Transferee(s) seeking transfer of shares in physical form should furnish copy of PAN card to the Company/RTA for registration of transfers.
4. Shareholder having multiple folios are requested to write to the Company for consolidation of the Folios to save the administrative or servicing costs.
5. Requests for transfer of Shares and related correspondence should be addressed to the Company's **Registrar & Share Transfer Agent M/s Alankit Assignments Limited, Alankit House, 4E/2, Jhandewalan Extension, New Delhi 110055**. The shareholder may approach their Depository Participant for getting their shares dematerialised and in respect of the shares already held in dematerialised mode for registration of change in their addresses, bank mandates and nominations etc. For any further clarifications and other matters kindly write to the **Company Secretary at 1001, 10<sup>th</sup> Floor, DLF Tower A, Jasola, New Delhi 110025 or E mail: investor grievance@arotile.com**. Please quote your folio no/DP ID/Client ID or numbers of shares for prompt attention.
6. The Members are requested to furnish to the Company their Bank particulars to enable the Company to directly credit the dividend amount in their Account through **Electronic Clearing Services**. Members are also requested to advise details of their Bank account i.e. name and address of their Bank, Account No. and name of account Holder(s) for printing on the Dividend Warrants to avoid fraudulent encashment thereof.
7. **Transfer of Unclaimed Dividend to Investor Education and Protection Fund:** Pursuant to Section 125 of the Companies Act 2013, the unclaimed dividend for financial year ended 31.03.2008 will be transferred to the Investor Education and Protection Fund. It may be noted that no claim shall be lie against the IE&PF or the Company after transfer of the unclaimed/unpaid dividend to the IE&PF. 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 2008-09 to 2013-14 are requested to send the same for revalidation to the Company at the address given at point No. 5 above.
8. **Nomination:** Pursuant Section 72 of the Companies Act.2013 individual Shareholders holding shares in the Company singly or jointly may nominate an individual to whom all the rights in the shares in the Company shall vest in the event of death of the sole/all joint Shareholders.
9. **Dematerialisation of Share and Liquidity:** Members may in their own interest consider dematerialisation of their shareholding in the Company held in physical form through their respective Depository Participants with one of the Depositories, namely, NSDL and CDSL. Company's ISIN No. is INE210C01013.
10. Pursuant to Section 101 of the Companies Act 2013 and the Rules made there under, the Company is permitted to send various notice/documents under the Companies Act 2013, to its shareholders, through electronic mode. We request to Members to support this initiative and register their E-mail addresses in respect of shares held in: (1) dematerialised mode, with their Depository Participants; and (2) physical mode with Alankit Assignments Limited (RTA). Please quote the following particulars in the E-mail Registration Request: Folio No./DP ID –Client ID, PAN, Name (s) of Registered Holder(s), Address, Telephone and E-mail Address (to be registered for sending future communications through E-mail) and send the same under your signature(s).
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

### Green Initiative in Corporate Governance: Register E-mail Address

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



## Map of AGM Venue



## Directors' Report

The Directors' have pleasure in presenting the 27<sup>th</sup> Annual Report together with Audited Accounts of the Company for the year ended on 31<sup>st</sup> March 2015.

### FINANCIAL RESULTS

(Rs. in lacs)

	31.03.2015	31.03.2014
Gross Profit before Depreciation	2755.11	3352.67
Depreciation	858.75	516.13
Net Profit before Tax	1896.36	2836.54
Provision for Tax	–	–
Current	738.47	743.84
– MAT Credit	336.43	148.26
– Deferred	(174.53)	131.74
Surplus available for appropriation	1668.85	2109.22
Dividend (including Dividend Tax)	179.00	179.00
Amount transferred to General Reserve	200.00	200.00
Surplus carried to Balance Sheet	1289.85	1730.22

### WORKING RESULTS

During the year the sales grew up by 1.6% to Rs 260.09 Crores from Rs 256.01 Crores in FY 2013-14. Net Profit of the company declined from Rs. 21.10 Cr last year to Rs. 16.69 Crores in FY2015. Last year the profits included the onetime gains from the divestment of Unit I and so adjusting for that profits grew by 15.83%.

The year started on a good note with demand reviving in our major exports markets. However the second half of the year was challenging due to Russia, which was a large market for us, was hit by sanctions last year due to Ukraine issue. That demand vanished and with the European countries also struggling to grow, the overall demand scenario has remained weak. The fall in Euro and Brazilian Currency also hit the competitiveness of the Indian granite industry.

We decided to invest in improving the overall operational efficiencies for the future. For this purpose we placed orders for 2 Mono wire, 1 Polishing line to replace the first polishing line which completed 15 years and a Gantry crane to Load and Unload blocks. These investments were done largely to de-bottleneck our existing capacity and the effect of these will be seen in the coming years.

We are also in the midst of constructing a new 110,000 Sqft (~ 11,000 sqm) Warehouse/Showroom, where we will be able to better display our inventory to customers who visit us. This will also help us streamline our Inventory Management Systems and Dispatch Systems which will be helped by introducing a new ERP (Enterprise Resource programming). All this should result in a better and quicker customer experience enhancing our clients overall satisfaction.

We have also planned to enter the highly Quality Conscious CUT-to-SIZE market where we will cut our random slabs to the size, dimensions and shapes to the custom orders of our clients. This will enable us to add more product ranges to our current portfolio (including Steps & Risers, Custom Counter tops, Window Sills, Larger Format Tiles etc). This should lead to a better rate of Raw material recovery. This project will kick off by January 2016.

### DIVIDEND

Your Directors have recommended a dividend of Re. 1/- (i.e. 10%) per Equity Share of Rs. 10/- each (last year Re. 1/- per Equity Share) for the financial year ended 31<sup>st</sup> March 2015 amounting to Rs. 1,79,00,235/- (inclusive of tax of Rs. 26,00,235). The Dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The dividend will be paid to the members whose names appear in the Register of Members as on September 11, 2015 and in respect of shares held in dematerialised forms, it will be paid to members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as beneficial owners as on that date.

### FIXED DEPOSIT

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



## LOANS, GUARANTEES AND INVESTMENTS

The Company has not granted any Loan, Guarantees and made any investments during the year.

## RELATED PARTY TRANSACTIONS

During the financial year ended 31<sup>st</sup> March 2015, company has not entered into any contracts or arrangement or transaction with related party. In view of above AOC-2 is not applicable. The Related Party Transactions Policy as approved by the Board is available on the website of the Company.

## DIRECTORS

- (i) Shri K. Raghavendra Acharya (DIN 06923476) was appointed as an Additional Director w.e f. 31.10.2014 and subsequently appointed as a Wholetime Director with designation of Executive Director of the Company with effect from 1<sup>st</sup> November 2014 for a period of three consecutive years subject to approval of the members at the ensuing Annual General Meeting.
- (ii) Ms Vanita Sood (DIN 06926832) was appointed as an Additional Independent Director w.e f. 31.10.2014 subject to approval of the members at the ensuing Annual General Meeting.
- (iii) Shri Kanwaljit Singh (DIN 01388140) was appointed as an Additional Independent Director w.e f. 25.04.2015 subject to approval of the members at the ensuing Annual General Meeting.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company which has been approved by the Board. The CSR policy may 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 AUDITOR'S REPORT

- (a) Statutory Auditors

M/s Alok Mittal & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for reappointment.

The Notes on the financial statements referred to in the Auditor's Report are self explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservations or adverse remark.

- (b) Secretarial Auditor

The Board has appointed Ms Latika Jetley, Practising Company Secretary, (CP No. 3074) to conduct the Secretarial Audit for the Financial year 2014-15. The Secretarial Audit Report for the financial year 2014-15 is annexed herewith as **Annexure II** to this report. The Secretarial Audit Report does not contain any qualification, reservations or adverse remark.

- (c) Internal Auditor

The Board has appointed M/s Sreekantha & Co., Chartered Accountants, Hosur as the Internal Auditor of the Company for the year 2014-2015.

## 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 thereunder is annexed hereto in **Annexure III** and forms 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 IV** to this report.

## PARTICULARS OF REMUNERATION

Statement of particulars of employee pursuant to the provisions of section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31<sup>st</sup> March 2015.

Employed throughout the year ended 31<sup>st</sup> March in receipt of remuneration not less than Sixty Lakh rupees per annum.

Name	Age	Qualification	Experience	Date of Commencement Employment	Designation	Remuneration	Last Employment
Mr. Sunil K Arora	56 Years	B.Sc	28 Years	03.05.1988	Managing Director	1,35,00,000/-	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 does not draw any Remuneration form the Company except sitting fee.

Sl. No.	Name	Ratio to median remuneration
1.	Shri Sunil K Arora, Managing Director	777.749
2.	Shri Kasturi Lal Arora	40.184
3.	Shri Dinesh Chandra Kothari	2.222
4.	Shri Rahul Gupta	4.074
5.	Shri Pradeep Kumar Jain	3.889
6.	Smt Sujata Arora	39.628
7.	Shri K Raghavendra Acharya, Executive Director #	47.998
8.	Smt Vanita Sood *	1.852

- 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 does not draw any Remuneration form the Company except sitting fee.

Sl. No.	Name	% Increase in Remuneration
1.	Shri Sunil K Arora, Managing Director	5.00
2.	Shri Kasturi Lal Arora	-3.98
3.	Shri Dinesh Chandra Kothari	100.00
4.	Shri Rahul Gupta	-8.33
5.	Shri Pradeep Kumar Jain	-12.50
6.	Smt Sujata Arora	6.47
7.	Shri K Raghavendra Acharya, Executive Director#	10.20
8.	Smt Vanita Sood*	0.00
9.	Shri Sabyasachi Panigrahi	10.20

# Joined the Board w.e.f. 31<sup>st</sup> October 2014 and appointed as the Executive Director w.e f 01.11.2014

\* Joined the Board w.e.f. 31<sup>st</sup> October 2014.

3. The percentage increase in the median remuneration of employees in the financial year: 13.58
4. The number of permanent employees on the rolls of company: 134
5. The explanation on the relationship between average increase in remuneration and Company performance: The average increase in remuneration of employees is in line with the Company's performance. The average increase in remuneration of employees is 13.20 %. The average increase in Company's performance is 1.37 %.
6. Comparison of the Remuneration of the Key Managerial Personnel against the performance of the Company for the financial year 2014-15:

( in Lacs)

Aggregate remuneration of Key Managerial Personnel (KMP)	12.96
Revenue	25477.97
Remuneration of KMP (as % of revenue)	0.051
Profit Before Tax	1896.36
Remuneration of KMP (as % of PBT)	0.683

7. Variations in the market capitalization of the Company, price earning ratio as at the closing date of the current financial year and previous financial year:

Particulars	31st March 2015	31st March 2014	% Change
Market Capitalization (' in Crores)	93.33	40.55	130.16
Price Earning Ratio	5.59	1.46	282.88

8. Percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Particulars	31st March 2015	9th January 1995	% Change
Market Price	Rs. 61.00	Rs. 20.00	205

9. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year ended 31st March 2015 was 13.20% and there was increase in managerial remuneration in the last financial year by 5.30%.

10. Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company:

	Shri Sabyasachi Panigrahi Company Secretary
Remuneration in FY 2014-15(' in Crores)	0.1296
Revenue (' in Crores)	254.7797
Remuneration as % of Revenue	0.0510
Profit before Tax (PBT) (' in Crores)	18.9636
Remuneration as % of PBT	0.6830

11. No variable component of remuneration was availed by the directors during the financial year ended March 2015.
12. The ratio of the remuneration of the highest paid director to that of the employee who are not directors but receive remuneration in excess of the highest paid director during the year: Not applicable.
13. 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 Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.

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

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

## INTERNAL FINANCIAL CONTROLS

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

## LISTING

The Equity Shares of the Company are listed in Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees for the year 2015-2016 have already been paid to The Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

## ACKNOWLEDGEMENT

Your Directors wish to thank and acknowledge the Banks, Government authorities, dealers, suppliers, business associates and the Company's valued Customers for their assistance and cooperation and the esteemed Shareholders for their continued trust and support. The Directors also wish to acknowledge the committee and dedicated team of Aro Granite whose unstinted work, efforts and ideas have taken the Company on a path of steady growth and development.

For and on behalf of the Board

Place: Hosur  
Date: 25.04.2015

Sunil K Arora  
Managing Director

Sujata Arora  
Director

## ANNEXURE I TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2014-15

1	A brief details of the Company's CSR Policy including overview of projects or programmes proposed to be undertaken and a reference to the web link to the CSRE policy	Refer to the section of this Report and disclosure
2	Average net profits of the Company for the last three financial years	Rs. 1116.97 Lacs
3	Prescribed CSR expenditure(2% of the Average net profits of last three financial years)	Rs. 22.00 Lacs
	<b>Details of the CSR spent during the year</b>	
4	Total Amount of to be spent for the financial year	Rs. 0.00 lacs (During the year the Company has not spent any amount towards CSR as the areas in which CSR expenditure will be made are being finalised,
5	Amount unspent, if any,	Rs. 22.00 Lacs
6	Manner in which the amount was spent during the year	N.A.

## RESPONSIBILITY STATEMENT

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is as below;  
"The implantation and monitoring of Corporate Social Responsibility (CSR) policy is in compliance with CSR objectives and policy of the Company"

Sunil K Arora  
Managing Director  
25.04.2015

Dinesh Chandra Kothari  
Chairman CSR Committee





## ANNEXURE II TO THE DIRECTORS' REPORT

### MR-3

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

[Pursuant to section 204(1) of the Companies Act 2013 and Rule 9 of the Companies (Appointment 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.

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

Based on my verification of the Company Books, Papers, Minutes books, Forms and Returns filed and other records maintained by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion the Company has during the audit period covering the financial year ended on 31<sup>st</sup> March 2015 (Audit Period) complied with the Statutory provisions listed hereunder and also that the Company has proper Board-Processes and compliance-mechanism in place to the extent, in the manner and subject the reporting made here in under:

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March 2015 according to the provisions of:

- (i) The Companies Act 2013 (the Act) and the Rules made there under:
- (II) The Securities Contracts (Regulation) Act, 1956 (SCRA) and Rules made there under.
- (III) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (IV) Foreign Exchange Management Act 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (V) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act 1992 (SEBI ACT):-
  - (a) The Securities And Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation Act 2011, (**Not applicable to the company during the audit period**)
  - (b) The Securities And Exchange Board of India (Prohibition of Insider Trading) Regulations 1992.
  - (c) The Securities And Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the company during the Audit Period**).
  - (d) The Securities And Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999 and The Securities And Exchange Board of India (Share Based Employees Benefits) Regulations 2014 notified on 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**)

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (**Not notified hence not applicable to the company during the audit period**).
- (II) The Listing Agreements entered into by the Company with Stock Exchanges.

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

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with other applicable laws, rules, regulations and guidelines.

#### **I Further Report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors Non-Executive Directors and independent Directors. The changes in the compositions of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. The Company is under process of appointing Chief Financial Officer (CFO).

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

I have relied on the Management Representation made by the Managing Director, 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,ProvidentFund , 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.

All decisions at Board Meeting and Committee Meetings are carried out unanimously as recorded in the minutes of the meeting of the Board of Directors or Committee of the board, as the case may be.

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

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

Place: New Delhi  
Date: 24th April 2015

### ANNEXURE III TO THE DIRECTORS' REPORT

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

#### (i) CONSERVATION OF ENERGY

The plant installed by the Company is of latest technology and is energy efficient. Power consumption of the Company is very low. During the year under consideration a total 11777540 units were consumed and the per Sq. mt. power consumption cost only Rs.163.48

#### (ii) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

#### (iii) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

### ANNEXURE IV TO THE DIRECTORS' REPORT

#### Form No. MGT-9

#### Extract of Annual Return as on the financial year ended on 31.03.2015

[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 New Delhi Phone No. 011-41686169 Fax: 011-26941984 E-mail: arodelhi@arotile.com
vi) Whether listed company Yes / No	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Alankit Assignments Ltd Alankit House,4E/2,Jhandewalan Extension New -Delhi-110055. Phone No. 91-11-23541234, 91-11-42541234 Fax: 91-11-23552001 E-mail : info@alankit.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				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>									
<b>(1) Indian</b>									
a) Individual/ HUF)	6264631	0	6264631	40.95	6264631	0	6264631	40.95	0
b) Central Govt/ State Govt(s)	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total(A) (1)</b>	<b>6264631</b>	<b>0</b>	<b>6264631</b>	<b>40.95</b>	<b>6264631</b>	<b>0</b>	<b>6264631</b>	<b>40.95</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
<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</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>6264631</b>	<b>0</b>	<b>6264631</b>	<b>40.95</b>	<b>6264631</b>	<b>0</b>	<b>6264631</b>	<b>40.95</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	296949	0	296949	1.94	296949	0	296949	1.94	0
<b>Category of Shareholders</b>	<b>No. of Shares held at the beginning of the year</b>				<b>No. of Shares held at the end of the year</b>				<b>% Change during the year</b>
	<b>Demat</b>	<b>Physical</b>	<b>Total</b>	<b>% of Total Shares</b>	<b>Demat</b>	<b>Physical</b>	<b>Total</b>	<b>% of Total Shares</b>	
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1)</b>	<b>296949</b>	<b>0</b>	<b>296949</b>	<b>1.94</b>	<b>296949</b>	<b>0</b>	<b>296949</b>	<b>1.94</b>	<b>0</b>
<b>2. Non Institutions</b>									
a) Bodies Corp.									
i) Indian	1419003	16199	1435202	9.38	1509704	15549	1525253	9.97	0.59
ii) Overseas	0	0	0	0	0	0	0	0	0



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) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1385208	497040	1882248	12.27	1668178	475368	2143546	14.01	1.74
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh c)	4785281	130274	4915555	32.13	4523592	130274	4653866	30.42	-1.71
Others (specify)									
NRI/OCB	483442	21973	505415	3.30	393782	21973	415755	2.72	-0.58
<b>Sub-total (B)(2)</b>	<b>8072934</b>	<b>665486</b>	<b>8738420</b>	<b>57.11</b>	<b>8095256</b>	<b>643164</b>	<b>8738420</b>	<b>57.11</b>	<b>0.00</b>
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>8369883</b>	<b>665486</b>	<b>9035369</b>	<b>59.05</b>	<b>8392205</b>	<b>643164</b>	<b>9035369</b>	<b>59.05</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	
<b>Grand Total (A+B+C)</b>	<b>14634514</b>	<b>665486</b>	<b>15300000</b>	<b>100</b>	<b>14656836</b>	<b>643164</b>	<b>15300000</b>	<b>100</b>	

(ii) **Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of Total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Sunil K. Arora	4869315	31.83	0	4869315	31.83	0	0
2	Sujata Arora	598572	3.91	0	598573	3.91	0	0
3	K.L. Arora	34267	0.22	0	34267	0.22	0	0
4	Kusturi Lal Arora	346983	2.27	0	346983	2.27	0	0
5	Kasturi Lal Arora	1125	0.01	0	1125	0.01	0	0
6	Sudershan Arora	186603	1.22	0	186603	1.22	0	0
7	Aman Arora	33	0.00	0	33	0.00	0	0
8	Geeti Arora	1350	0.01	0	1350	0.01	0	0
9	Ravi Kumar Arora	1383	0.01	0	1383	0.01	0	0
10	Sahil Arora	112500	0.74	0	112500	0.74	0	0
11	Shivani Arora	112500	0.74	0	112500	0.74	0	0
	<b>TOTAL</b>	<b>6264631</b>	<b>40.95</b>	<b>0</b>	<b>6264631</b>	<b>40.95</b>	<b>0</b>	<b>0</b>

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

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares 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 1 <sup>st</sup> April 2014		Shareholding at the end of the year 31 <sup>st</sup> March 2015	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Dilip Kumar Lakhi	1503900	9.829	1468628	9.599
2.	Surefin Financial consultants Pvt Ltd	532338	3.479	532338	3.479
3.	Bharat Pitti	407691	2.665	384431	2.513
4.	Amrit India Value Fund Ltd	296949	1.941	296949	1.941
5.	Amit Shantilal Motla	252970	1.653	219500	1.435
6.	Archit Exim Pvt Ltd	219322	1.433	219322	1.433
7.	Winfin Financial Consultants Pvt Ltd	184794	1.208	184794	1.208
8.	Rajan Lilaram Bharvani	182251	1.191	0	0
9.	Pradeep Kumar Jain	180667	1.181	180667	1.181
10.	Sujata jain	177189	1.158	177189	1.158
11.	Meenaz Kassam	0	0	167143	1.092

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Shareholding of Directors and KMP	Shareholding at the beginning of the year 1 <sup>st</sup> April 2014		Shareholding at the end of the year 31 <sup>st</sup> March 2015	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sunil K Arora	4869315	31.83	4869315	31.83
2.	Sujata Arora	598572	3.91	598572	3.91
3.	K.L.Arora	382375	2.50	382375	2.50

## V. INDEBTEDNESS

Indebtedness of the Company including interest 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	84752360	0	0	84752360
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not Due	–	0	0	0
<b>Total (i+ii+iii)</b>	<b>84752360</b>	<b>0</b>	<b>0</b>	<b>84752360</b>
Change in Indebtedness during the financial year				
· Addition	126949200	0	0	126949200
· Reduction	84752360	0	0	84752360
Net Change	42196840	0	0	42196840
Indebtedness at the end of the financial year				
i) Principal Amount	126949200	0	0	126949200
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i+ii+iii)</b>	<b>126949200</b>	<b>0</b>	<b>0</b>	<b>126949200</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/WTD/ Manager		Total Amount
		Mr.Sunil K. Arora	Mr.K Raghavendra(ED)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	1,35,00,000 — —	5,79,887 — —	1,40,79,887 — —
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission-as % of the Profit Others, specify Others,Please Specify	75,00,000 — —	— — —	75,00,000 — —
	<b>Total (A)</b>	<b>2,10,00,000</b>	<b>5,79,887</b>	<b>2,15,79,887</b>

Ceiling as per the Act: 10% (Rs. 2,17,87,029) of the Net profits of the company calculated as per section 198 of Companies Act 2013

### B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Dinesh C Kothari	Mr Pradeep K Jain	Mr Rahul Gupta	Mrs. Vanita Sood	
1	Independent Directors · Fee for attending board/ committee meetings · Commission · Others, please specify	65,000 0 0	1,10,000 0 0	90,000 0 0	50,000 0 0	3,15,000 0 0
	<b>Total (1)</b>	<b>65,000</b>	<b>1,10,000</b>	<b>90,000</b>	<b>50,000</b>	<b>3,15,000</b>

Sl. No	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. K. L. Arora	Mrs. Sujata Arora			
2	Other Non-Executive Directors · Fee for attending board/ committee meetings · Commission · Others, please specify	85,000 10,00,000 —	80,000 10,00,000 —	0 0 —	0 0 —	1,65,000 20,00,000 —
	<b>Total (2)</b>	<b>10,85,000</b>	<b>10,80,000</b>			<b>21,65,000</b>
	<b>Total (B)=(1+2)</b>	<b>11,50,000</b>	<b>11,90,000</b>	<b>90,000</b>	<b>50,000</b>	<b>24,80,000</b>
	Total Managerial Remuneration					2,40,59,887

Ceiling as per the Act: 1% (Rs. 2,17,8,703) of the Net profits of the company calculated as per section 198 of Companies Act 2013



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

Sl. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	12,75,420	–	12,75,420
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission - as % of profit - others, specify...	–	–	–	–
5.	Others, please specify	–	–	–	–
	<b>Total</b>	–	<b>12,75,420</b>	–	<b>12,75,420</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					
Penalty					
Punishment					
Compounding					

## Management Discussion and Analysis

The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto. The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and Generally Accepted Accounting Principles (GAAP) in India. The Company's management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the Company's state of affairs and profits for the year. Investors are cautioned that this discussion contains forward looking statements that involve risks and uncertainties. When used in this discussion, words like 'will', 'shall', 'anticipate', 'believe', 'estimate', 'intend', 'expect' and other similar expressions as they relate to the Company or its business are intended to identify such forward-looking statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. **Factors that could cause or contribute to such differences include those described under the heading "Risk factors" in the Company's prospectus filed with the Securities and Exchange Board of India (SEBI) as well as factors discussed elsewhere in this report. Readers are cautioned not to place undue reliance on the forward-looking statements as they speak only as on their date of statement.**

Information provided in this Management Discussion and Analysis (MD&A) pertains to Aro Granite Industries Limited (the Company) unless otherwise stated.

### Economy

2014-15 was a year of stagnation for the domestic economy that, over the previous two years, had weathered a series of domestic and external headwinds. With the Lok Sabha elections in May 2014 there was hope of a new Government coming with absolute majority, driven by the promise that they would drive long awaited structural reforms. Over the course of the year while efforts were made to overcome some of the policy and supply side bottlenecks, realisation has set in that it will take some time for the economy to recover.

Land acquisition and environmental & project clearances have become impediment to growth and the Central Government is trying to resolve many of these issues. While there are initial signs of growth a lot more needs to be done to pull the economy out of its current slump. While manufacturing growth has stagnated, services growth has gathered some momentum, increasing from 9.1% in FY2013-14 to 10.2% in FY2014-15. This has offset the drag on agricultural growth which has fallen from 3.7% a year ago to 0.2% in FY2014-15 amidst weather disturbances in winter and the late arrival of the monsoon in the summer.

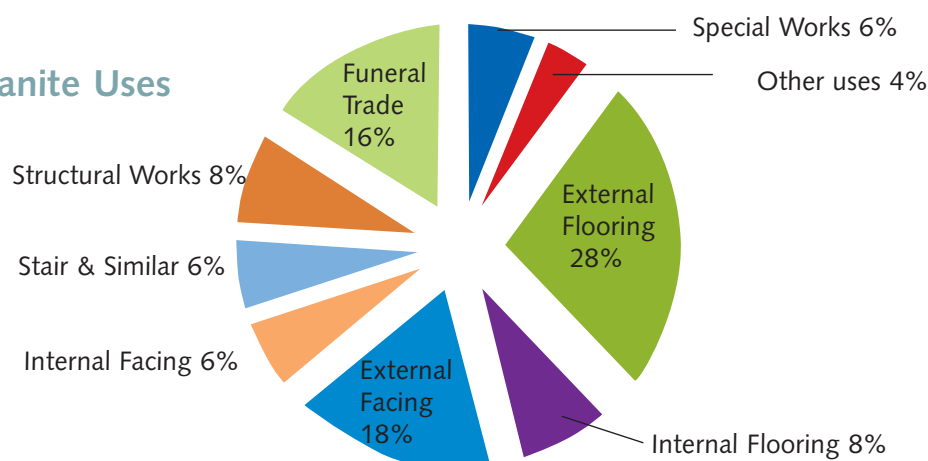
### Granite Industry Overview

Granite is one of the most sought after material among all building stone. In the ancient times, granite pillars and beams were used to support huge structures of temples and palaces and were used for making protective walls. Now with the invention of modern tools of better hardness and polishing ability, use of granite has increased on account of its aesthetic value. Granite is in demand due to its amenability for taking mirror like polish, high compressive strength, longevity and aesthetics. Granite finds application in many areas; accordingly market is segmented among four product categories, namely

- Natural stone processing industry
- Building Industry
- Funerary Industry and
- Consumer market

The natural stone processing industry uses raw and semi finished products, and the other three segments use finished products. Slabs and raw blocks are sold to the processing industry. The processing industry in turn processes custom made products and various other products and sends these to the other three segments of the market. Around 80% of the natural stone products are consumed by the building industry and more detailed segregation is given below

### Distribution of Granite Uses



Consumption of Granite is driven by USA, Europe and other developed countries. In recent years USA and Far East has been the biggest contributor in the global demand for finished granite. Export to USA was earlier impacted due to sub-prime crisis, but now USA market has started to grow again.

Major competitors for India in international market are Brazil and China. The share of India in the US market remained stagnant at 14-15% during 2008-2011, but on the same time share of Brazil and China rose in US market.

All the countries are having their own set of competitive advantages. Brazilian granite is considered as one of the best quality and Brazil is the largest procurer and supplier of granite in the world. More than half the Brazilian production is being exported, mostly to North American market. In terms of weight, around half the Brazilian natural stone export include rough block of granite.

China even after being the late comer in the granite industry, has built significant market share in the granite industry. China has limited reserves of granite, but imports rough dimensional block of granite from everywhere in the world for processing and value addition. China imported rough blocks amounting to US Dollar 2.3 Billion and exported processed granite slabs and tiles of total value of around US Dollar 4.13 Billion. Chinese exporters are most prices competitive but their quality is not considered among the best.

India with its huge reserves offers wide variety of colours and shades. India possesses some special colours, one of them is black granite which is unique to it. Black granite has huge demand in USA. India has created its own niche over the last few years. While India's exports grew at a rapid pace between 1994 to 2007, the growth has stagnated over the last few years.

### Indian Granite Industry

India is endowed with abundant resources of a wide variety of granite, comprising over 200 shades. As per a Ministry of Mines report in January 2015 India has an estimated 46,230 million cubic meters of granite resources. Of these resources, 264 million cubic meters, that is less than 1%, falls in the reserves category while the remaining 45,996 million cubic meters that is 99% falls in the resources category. Geological analysis shows that only 3% of the available resources in India are currently being explored. In the world market, there are over 500 varieties of granite of which India supplies about 200 varieties. India with vast varieties of granite and stones is one of the major producer and supplier of natural stone and granite products. Indian granite stone is known for its elegance, aesthetic quality and its durability. In minerals category, besides iron ore, natural stone is the second largest foreign exchange earner for India. Indian granite industry employs more than 1 Million people and generates revenue for various states government. Geographically in India granite is found in many state of the country.

Processed Granite demand is more in the global market than Indian market due to it being expensive than other stones, so large part of the Indian granite is exported to other countries. India export granite to more than 90 countries, and export both crude or roughly trimmed and polished or value added granite. Quantity wise Crude or roughly trimmed granite is exported most; however export of polished or other granite is most in value terms. India exported Rs.12,047Cr of granite in Financial year 2014.

Even after being the abundant reserves and varieties of colors, Indian industry is facing challenges and not performing well. Indian granite industry is facing policy issues on many fronts. Major problem remain for industry is availability of raw material which is caused by irregular mining policy, and import policy.

Granite is a Minor Mineral under the MMDR Act 1957. The grant of various mineral concessions for granite is therefore administered under the Minor Mineral concession Rules of the respective states government. State government has all the power to make rules for leasing and operating of lease. State government used to grant lease on first come and first served basis, and licenses were granted to person close to ruling parties.

Over the last few years many granite mines and quarries have closed down due to illegal mining. Apart from delay in granting fresh lease and non-renewals of leases there are various other restriction like declaration of eco-sensitive zones around national parks and wildlife sanctuaries and declaration of revenue land as reserve forest further created shortage of raw material. This resulted in the increase of prices of raw granite blocks. Rising prices of raw material have forced Indian granite processors to rely on imports.

Import of granite dimensional block is restricted due to EXIM policy of India. In EXIM policy import of rough marble dimensional block is kept under restricted list, but import of granite slabs and tiles are kept under the open general license without any value cap. Being no restriction on import of finished product from China, Indian granite processors find it very difficult to sell their products in India as the prices offered by Chinese players are lower in comparison to Indian players.

There are very few ports in the country which handle granite due to which granite companies have to face problems in fulfilling the export orders. Withdrawal of export incentives has further impacted the export competitiveness of Indian granite processors.



Another factor that worked against the industry is the steep depreciation of Brazilian Real against US Dollar in the second half of 2014. Brazil itself is a big exporter of raw and processed granite blocks. Their products have become cheaper in the US market, which in turn has impacted the competitiveness of the Indian granite blocks.

### Our Business

Our company is a 100% export oriented, located at Hosur, Tamil Nadu. Our company exports to more than 50 countries. We have received the "Star Export House" certification from ministry of commerce and industry and has been awarded with "Special Export Award" by CAPEXIL for outstanding export performance for 7 years in a row.

Our business is classified across 2 segments

- Granite Slabs
- Granite Tiles

### Granite Slabs

Granite slab unit has installed capacity of 585,000 square meters per annum.

For Random Granite slabs we process larger blocks (Slab sizes 150 X 270 cm up) which we sell to wholesalers who in turn sell to fabricators who cut and finish (fabrication process) the slabs into the finished product like Counter Tops, Vanities, Steps & Risers etc.

Once the blocks have arrived we trim or "square" them in one of our 8 Mono Wire saw machines, so as to better utilise the full gang saw trolley. The random slabs are processed in our 12 Gangsaws after which they are taken for grinding in our head grinding line. The next step is to epoxy treat the slabs in our 2 resin lines. This is a very critical step as the epoxy helps to cover up fissures in softer material (especially the ones imported from Brazil) and to give the slabs a better mirror finish in one of our 20 head polishing lines. A final inspection is done before the slabs are packed in pallets and loaded into the containers.

There is a good demand across the world for random slabs in 2 and 3cm thickness and in some countries we process higher thickness of 4-7 cm for monument purposes. However world wide the most common use for random slabs is for Kitchen Counter Tops and Vanities (bathroom counters). For slabs we are facing competition from Engineered Stone, which is becoming a preferred product for a lot of architects around the world.

### Granite Tiles

Granite Tiles Unit has capacity of 360,000 square meters.

We process granite tiles in many standardised formats. The most popular being 61 X 30.5 X 1cm (2ft X 1ft) 61 X 61 X 1.5cm (2ft X 2ft) and 60 X 40 X 1.2cm (24inches X 16inches). These tiles are processed and finished and are ready for the site installation.

Due to price competition and smaller size requirements we use smaller blocks (available at better rates) to process tiles. Once the blocks are recovered they are loaded onto the trolleys and the tops of the blocks trimmed or flattened in our Trimming machines. The same trolley is then fed into one of the 4 Multi Blade Cutting Centers that have two arms that can do the Vertical and Horizontal Cut simultaneously to improve the Rate of Production. Once the block has been cut into Strips, the Strips are loaded into the calibration and grinding line. The Strips are then Epoxy Treated in the resin line to fill up the fissures and to help attain a better mirror finish for the polishing. Once the resin has dried we polish the strips in our 20 head polishing line. The polished strips are then converted to the desired tile sizes in our cross cutting machines before being taken to the Calibration and Chamfering Machine. The Tiles are now finished. They are inspected for quality where we reject the tiles that do not meet our quality standards and segregate them as per colour. These are then packaged in crates and shipped to our customers to various parts of the world.

Our major markets for tiles are Germany, Italy, Russia, Japan, Netherlands and most other parts of Europe. We face stiff competition from other natural stones (marble and travertine), engineered stone, ceramics and porcelain tiles, wood, carpets and other floor surface materials.

We have an established brand for granite tiles and this is a stable but a slow growing business for us.

### Company Strengths

Aro Granite has over the years become the largest processed granite exporter out of India. We have built our reputation over the years and currently exports to over 50 countries. We have capitalised on the export opportunities by building on our strengths. These include



- The processing unit is located in Hosur, in the heart of the granite mining belt
- We currently export to over 50 countries
- Product quality which is considered one of the best in the Indian Industry
- Access to over 100 shades (from Tamil Nadu, Karnataka, Andhra and Telangana along with other southern states, and from International blocks from Brazil, Norway, Finland, Africa, Iran, Ukraine delivered through Chennai Port), giving it a wide range of inventory to satisfy customer needs
- Well developed marketing network which has been built over the last 2 years
- We are known for our transparent dealings and ethical business practices
- HR practices have reduced attrition to a minimum allowing us to maintain a continuity and uniformity in product quality and processing
- We are also the first granite company in India to be awarded the Integrated Management Systems (IMS) Certification from TUV Nord (covering QMS 90011:2008 for Quality Standards, EMS 14001:2004 for Environmental Standards and OHSAS 18001:2007 for Health and Safety)

### Operational Review

FY 2014-15 started on a good note. We expanded our distribution network and had added a few more countries for exports. Midway through the year, things started slowing down. The standoff between Russia and Ukraine caused western countries to impose sanctions on Russia, which was emerging as a big market for our products. Our exports to Russia came to a standstill because of those sanctions and we had to focus our energy to recover dues for the goods already exported.

We decided to invest in improving the overall operational efficiencies for the future. For this purpose we placed orders for 2 Mono wire machines, 1 Polishing line to replace the first polishing line which completed 15 years and a Gantry crane to Load and Unload blocks. These investments were done largely to de-bottleneck our existing capacity and the effect of these will be seen in the coming years.

We are also in the midst of constructing a new 110,000 Sq ft Warehouse & Showroom, where we will be able to better display our inventory to customers who visit us. This will also help us streamline our Inventory Management Systems and Dispatch Systems. We will also be introducing a new ERP package to streamline our inventory management & resource planning. All this should result in a better and quicker customer experience enhancing our clients overall satisfaction.

We have also planned to enter the highly Quality Conscious CUT-to-SIZE market where we will cut our random slabs to the size, dimensions and shapes to the custom orders of our clients. This will enable us to add more product ranges to our current portfolio including Steps & Risers, Custom Counter tops, Window Sills, Larger Format Tiles etc. This should lead to a better rate of Raw material recovery. This project is expected to start by January 2016

### Financial Review

During the financial year FY2014-15, company registered a turnover of Rs. 255 Crores against Rs. 251 Crores in FY2013-14. The sales of the company remained flat in the year. The year started on a good note but in the second half the sales started slowing down due to the Euro depreciation and the impact of sanctions on Russia, which was emerging as a big market for us.

Net Profit of the company declined from Rs. 21 Crores last year to Rs. 17 Crores in this year. Last year the profits included the one time gains from the divestment of Unit 1, and so adjusting for that profits grew by 15.83%.

### Initiatives

We have bought a 11 acre land parcel about 2 kilometer our existing plant site, where we shifted and started to dump all the slurry accumulated on a 5 acre site adjoining the factory premises. After clearing up of this land we have started the construction of a new warehouse/showroom there. This will be used to store our finished inventory and help us display and sell a larger range of granite slabs. We are also setting up a CUT-TO-SIZE facility, to meet the customized requirements of our distributors. It will result in better margins and will also help in utilising our inventory better.

This will add a few new product ranges to our portfolio including Larger Format Tiles, Steps and Risers, Window Sills and custom Countertops

## Risk Factors

### Adverse Regulatory Policies

Many granite mines and quarries have closed down over the last few years due to illegal mining, withdrawal of environmental clearances or irregularity in the allotment process. This has caused many designs and colours becoming unavailable.

The company has decided not to acquire any mines due to this uncertainty and has built strong relationships with the mine owners to get the first right of refusal for their products.

### Shortage of Raw Material

Closure of many mines has caused big shortage in raw material. This can have a big impact on the overall competitiveness of the industry in the global export markets.

The company has started sourcing from new mines in other geographical regions like Rajasthan and Andhra Pradesh. The company has started importing raw blocks from countries like Brazil, Norway and South Africa and gradually building its product range.

### Currency Appreciation

In 2014, the currency of Brazil depreciated by more than 25% against the US Dollar, whereas the rupee depreciation was very limited. This had made imports of granite from Brazil, which is a largest exporter of granite blocks, cheaper in the US market. This in turn has impacted the demand from India and limited the growth of the industry. If this continues then it will impact the margins of the industry in the long run.

The company is trying to find new markets for its products and currently exports to over 50 countries.

### Change in Consumer Preference

Over the last couple of years, the demand for engineered stone has improved at the expense of natural stones, which includes granite. While this demand is limited to certain countries, this trend could accelerate in the coming years and impact the long term demand potential for granite.

The company is aware of the trend and tracking the market closely. In the long term it is looking at options to diversify its revenue stream.

### Outlook

Since 2012 the granite export industry has moved from a order driven market to a STOCK-AND-SELL market. This has adversely impacted the dynamics of the industry and increased the working capital requirements. The demand has not recovered and the whole industry is facing a challenge. Many small players have closed shop.

The company has taken a number of initiatives to differentiate itself in a challenging environment. It is building a 110,000 sq ft warehouse to better store and display its inventory. It has invested in debottlenecking to improve its throughput. Another initiative is to produce CUT-TO-SIZE slabs to meet the demands of end customers. This will allow it to consume smaller size raw blocks and also improve upon its realisations.

We are positive on the long term prospects of the industry and positioning ourselves to be the supplier of choice for our customers. Many of the initiatives we have taken will start showing results in the next year, by which time we expect the demand also to recover as exports out of India again become competitive with those from other countries.



# 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 Nine Directors comprise of Seven Non-Executive Directors (NED) of which Five are Independent. The Board does not have a permanent Chairman. At each Board Meeting, Directors present elect one amongst themselves as the Chairman of the Meeting. Four Board Meetings were held during the Financial Year ended 31st March 2015 on 19<sup>th</sup> April 2014, 25<sup>th</sup> July 2014, 31<sup>st</sup> October 2014 and 27<sup>th</sup> January 2015. Attendance and other details are given below:

Name of the Director	Category	No. of Board Meetings attended	Whether last AGM Attended (06.09.2014)	Outside Directorships and Committee positions		
				Directorships#	Committee Membership*	Committee Chairmanship*
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Shri Sunil K Arora Managing Director	Executive	4	YES	NIL	–	–
Shri Kasturi Lal Arora	Non-Executive	3	YES	NIL	–	–
Shri Dinesh Chandra Kothari	Non-Executive & Independent	3	YES	4	5	1
Shri Rahul Gupta	Non-Executive & Independent	4	YES	1	–	–
Smt. Sujata Arora	Non-Executive	4	NO	NIL	–	–
Shri Pradeep Kumar Jain	Non-Executive & Independent	3	YES	NIL	–	–
Shri K.Raghavendra Acharya	Executive	1	No	–	–	–
Smt Vanita Sood	Non-Executive Independent	2	No	–	–	–
Shri Kanwaljit Singh	Non-Executive Independent	–	–	–	–	–

# As per Section 165 of the Companies Act, 2013 and explanation to clause 49 (1) (c) (ii) of the Listing Agreement with the Stock Exchanges.

\* Only covers Memberships/Chairmanships of Audit Committee and Shareholders/Investors Grievance Committee.

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

The Company has a Code of Conduct for Management Cadre Staff which is strictly adhered to. In terms of Clause 49 of the Listing Agreement and 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 and Rules 6 of Companies (Meetings of Board and its Powers) Rules 2014 and

Clause 49 of the Listing Agreement with the Stock Exchanges. The Audit Committee is consists of four Non-Executive Directors namely Shri Dinesh Chandra Kothari (Chairman of the Committee), Shri Kasturi Lal Arora, Shri Rahul Gupta and Shri Pradeep Kumar Jain of which three are Independent. Company Secretary acts as the Secretary of the Committee. During the Financial Year ended 31.03.2015, four meetings of the Audit Committee were held. Date of meetings (number of members attended): 19.04.2014 (3), 25.07.2014(4), 31.10.2014(3) and 27.01.2015(3).

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The Company has an 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 and Rules 6 of Companies (Meetings of Board and its Powers) Rules 2014 and Clause 49 of the Listing Agreement with the Stock Exchanges. The Nomination and Remuneration Committee is consists of four Non-Executive Directors namely Shri Dinesh Chandra Kothari (Chairman of the Committee), Shri Rahul Gupta Shri Kasturi Lal Arora, and Shri Pradeep Kumar Jain of which three are Independent. Company Secretary acts as the Secretary of the Committee. During the Financial Year ended 31.03.2015, two meetings of the Nomination and Remuneration Committee were held. Date of meetings (number of members attended): 19.04.2014 (3), 31.10.2014(3).

#### 5. NOMINATION AND REMUNERATION POLICY

In accordance with the provisions of the Companies Act 2013 and clause 49 of the Listing Agreement, 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, Listing Agreement with Stock Exchanges and other applicable laws & regulations. "He" or "his" as mentioned in this policy includes any gender.

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

##### Director's Compensation

The Committee will recommend to the Board appropriate compensation to Executive Directors subject to the provisions of the Act, Listing Agreement with Stock Exchanges 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 atleast one Director from the following fields:

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

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

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

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

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

## 6. REMUNERATION PAID TO DIRECTORS

- Executive Directors:** The aggregate value of Salary, HRA paid during the Financial Year ended 31<sup>st</sup> March 2015 to Shri Sunil K. Arora, Managing Director was Rs.1,35,00,000/- plus commission of Rs. 75,00,000/-. Shri K.Raghavendra Acharya, Executive Director was paid Salary, HRA & other allowances for Rs.5,79,887/-.
- Non-Executive Directors:** During the year 2014-2015, the Company has paid sitting fees aggregating to Rs. 2,65,000/- & Conveyance fee Rs.1,20,000/- & Committee meeting fee of Rs.95,000/- to all the Non-Executive Directors for attending the meetings of Board and/or Committee thereof. In addition to sitting fees Rs.10,00,000/- each was paid as commission to Shri Kasturi Lal Arora and Smt. Sujata Arora, Non-Executive Directors.

## 7. STAKEHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Company has Stakeholders'/ Investors' Grievance Committee at the Board Level which consists of three Directors, namely Shri Kasturi Lal Arora (Chairman of the committee), Shri Sunil K Arora and Shri Dinesh Chandra Kothari. The composition of the committee is in conformity with clause 49 of the Listing Agreement with the Stock Exchanges. 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.

## 8. 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
2011-12	Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi- 110016	28 <sup>th</sup> July 2012	10.30 A.M	YES
2012-13	Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi- 110016	26 <sup>th</sup> July 2013	10.30 A.M.	YES
2013-14	Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi- 110016	6 <sup>th</sup> September 2014	10.30 A.M.	YES

## 9. DISCLOSURES

- Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management or relatives etc. that may have potential conflict with the interest of the



Company at large: *NONE*. Suitable disclosures as required by Accounting Standard (AS-18) on Related Party Transactions has been made in the Annual Report. The Company has also formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. This policy is available on the Company's website.

- b) Details of Non-Compliances by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any other Statutory Authorities, on any matter related to Capital Market, during the last three years: *There was no cases on non-compliances of any matter related to Capital Market during last three years*
- c) CSR Committee  
The CSR Committee is comprises of Shri Dinesh Chandra Kothari (Chairman), Smt. Sujata Arora and Smt. Vanita Sood as other members.
- d) Vigil Mechanism/Whistle Blower Policy

The vigil mechanism of the Company is in place which also includes a whistle blower policy in terms of Listing Agreement. Protected disclosure can be made by a whistle blower through a letter to the Chairman of the Audit Committee.

## 10. MEANS OF COMMUNICATION

Quarterly, Half-yearly and Annual results are normally published in the leading English newspaper, namely, Financial Express, MINT, Hindu Business Line, 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.

## 11. GENERAL SHAREHOLDERS' INFORMATION

- (i) Registered Office: 1001, 10th floor, DLF Tower 'A', Jasola, New Delhi 110025 (CIN : L74899DL1988PLC031510)
- (ii) **Annual General Meeting**
  - (a) **Day & Date** : Friday, the 11<sup>th</sup> September 2015  
**Time** : 10.30 A.M.  
**Venue** : LakshmiPat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110016
  - (b) As required under clause 49(IV)(G)(i), 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 Explanatory Statement to the Notice convening the said meeting.

- (iii) Financial Calendar (Tentative)  
Financial Reporting

<ul style="list-style-type: none"> <li>for the quarter ending 30.06.2015</li> <li>for the half-year ending 30.09.2015</li> <li>for the quarter ending 31.12.2015</li> <li>for the year ending 31.03.2016</li> </ul>	Within 45 days of the end of the quarter
(If unaudited)	
(If audited)	Within 60 days of the end of the quarter
<ul style="list-style-type: none"> <li>Annual General Meeting for the Financial Year ending 2015-16</li> </ul>	Between July and September 2016

- (iv) **Date of Book Closure** : From 05.09.2015 to 11.09.2015(both days inclusive)
- (v) **Dividend Payment Date** : Before 10th October 2015
- (vi) **Listing on Stock Exchange** : The Equity Shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Limited (NSE). Annual Listing Fee for the Financial Year 2015-16 has been paid to BSE and NSE.
- (vii) **Security Code for Company's Equity Shares on Bombay Stock Exchange Ltd. and ISIN No.:** **BSE: 513729, NSE: AROGRANITE/EQ, ISIN No.: INE210C01013**

**(viii) Stock Market Price Data**

	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
Month (2014-15)	HIGH	LOW	HIGH	LOW
APRIL 2014	36.00	25.05	35.80	25.00
MAY 2014	35.00	25.85	34.65	26.00
JUNE 2014	43.60	32.25	43.70	31.80
JULY 2014	55.70	38.00	55.35	37.50
AUGUST 2014	60.90	48.10	59.75	45.15
SEPTEMBER 2014	78.85	53.90	78.35	53.50
OCTOBER 2014	90.90	71.40	91.95	72.55
NOVEMBER 2014	98.30	69.95	97.90	72.60
DECEMBER 2014	103.90	72.50	93.95	71.65
JANUARY 2015	95.40	66.35	89.70	68.00
FEBRUARY 2015	71.70	61.40	72.00	61.45
MARCH 2015	70.00	55.00	69.00	54.15

**(ix) Distribution of Shareholding as on 31<sup>st</sup> March 2015**

Category(No. of Shares)	No. of Equity Shares	%	No. of Shareholders	%
1-500	649653	4.246	5575	81.103
501-1000	491652	3.213	672	9.776
1001-5000	958516	6.265	494	7.186
5001-10000	291599	1.906	44	0.64
10001 and above	12908580	84.370	89	1.295
TOTAL	15300000	100.00	6874	100.00

**(x) Shareholding Pattern as on 31<sup>st</sup> March 2015**

Sr. No.	Shareholders	No of Shares	% of Shareholding
1	Directors & Relatives	6264631	40.945
2	Non-resident Individuals/OCBs	712704	4.658
3	Private Corporate Bodies	1525253	9.969
4	General Public	6797412	44.428
	Total	15300000	100.00

**(xi) Share Transfer System:**

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

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

Trading in the Equity Shares of the Company is permitted only in dematerialised form. Shareholders may therefore, in their own interest, dematerialise their holdings in physical form, with any one of the Depositories namely NSDL and CDSL. The ISIN No. for Equity Shares of the Company for both the depositories is INE210C01013. As on 31st March 2015, 95.80 % of

the Equity Shares stand dematerialised. It may be noted that in respect of shares held in demat form, all the requests for nomination, change of address, ECS, Bank Mandate and rematerialisation etc. are to be made only to the Depository Participant (DP) of the Shareholders.

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

(xiv) Corp. Off. & Works  
At: Koneripalli Village, Via: Shoolagiri  
Taluk: Hosur, Dist: Krishnagiri  
Tamil Nadu 635 117

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

**Aro granite industries Ltd.**  
**Regd. Office**  
1001, 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)

**Registrar & Transfer Agent (RTA)**  
M/s Alankit Assignments Limited  
Alankit House, 4E/2,  
Jhandewalan Extension  
New Delhi 110055  
Phone No: 91-11-23541234  
91-11-42541234  
Fax No.: 91-11-23552001,  
E mail: [info@alankit.com](mailto:info@alankit.com)

## 10. DECLARATION

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

Sunil K Arora  
Managing Director

## Managing Director Certificate under Clause 49 (IX)

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,2015 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. They are to the best of the our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. I accept the responsibility for establishing and maintaining internal controls for Financial reporting and I have evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting.I have not come across any reportable deficiencies in the design or operation of such internal controls.
4. I have indicated to the Auditors and Audit Committee:
  - (i) that there no significant changes in 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 K.Arora)  
Managing Director



## Auditors' Certificate on Corporate Governance

To,

The Members,  
Aro granite industries limited,

We have examined the compliance of the conditions of Corporate Governance by Aro granite industries limited, for the year ended 31st March 2015, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an 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 and representations made by the Directors & Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company as on 31st March 2015 there were no investor grievances remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Alok Mittal & Associates,  
Chartered Accountants

(Alok K. Mittal)  
Partner  
M.No. 71205

Place: Hosur  
Dt: 25.04.2015



# Independent Auditors' Report

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

## Report on the Financial Statements

We have audited the accompanying financial statements of **M/S ARO GRANITE INDUSTRIES LTD.** which comprise the **Balance Sheet as at March 31, 2015**, the **Profit and Loss Statement and Cash Flow Statement** for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

1. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the **Balance Sheet**, of the state of affairs of the Company as at **March 31, 2015**;
  - b) in the case of the **Profit and Loss Statement**, of the Profit for the year ended on that date; and
  - c) In the case of **Cash Flow Statement**, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015 we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Profit and Loss Statement, and Cash Flow Statement with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to section 133 of the Companies Act;
  - e) on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director under sub-section (2) of Section 164 of the Companies Act, 2013;
  - f) in our opinion the company has adequate internal financial controls system in place and operating effectiveness of such controls;

For **ALOK MITTAL & ASSOCIATES**  
(Firm Reg No – 005717 N)  
CHARTERED ACCOUNTANTS

(**ALOK K. MITTAL**)  
PARTNER  
M. NO. – 71205  
Place: Hosur  
Date: 25.04.2015

## Annexure to the Auditor's Report

- (i) The Company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year and there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) The inventory has been physically verified during the year by the Management. The procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business. The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification between the physical stocks and the book records.
- (iii) The Company has not granted any loans to the parties listed in the register maintained under section 189 of the companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods and services.
- (v) The Company has not accepted any public deposit, so clause (v) is not applicable.
- (vi) Pursuant to the provision of sub-section (1) of Section 148 of the Companies Act 2013, The company is required to maintain cost records which are being made in respect of the business being carried out.
- (vii)
  - (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess were in arrears, as at 31st March, 2015 for a period of more than six months from the date they become payable.
  - (b) According to the information and explanation given to us, there are no dues of sale tax, income tax, custom duty, wealth tax, excise duty, Value Added Tax and cess which have not been deposited on account of any dispute.
  - (c) According to the information and explanation given to us, the amount of Rs. 2,81,026/- to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) The company has no accumulated losses as at 31st March, 2015 and it has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to banks and other financial institution.
- (x) According to the information and explanations given to us the company has not given any guarantees for loans taken by others from Banks or Financial institutions.
- (xi) According to the information and explanations given to us the term loan were applied for the purpose for which the loans were obtained.
- (xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **ALOK MITTAL & ASSOCIATES**  
(Firm Reg No – 005717 N)  
CHARTERED ACCOUNTANTS

**(ALOK K. MITTAL)**  
PARTNER  
M. NO. – 71205  
Place: Hosur  
Date: 25.04.2015

## Balance Sheet as at 31.03.2015

(Rs. in Lacs)

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
1	2	3	4
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	1,530.00	1,530.00
(b) Reserves and surplus	2	13,939.13	12,662.08
<b>2 Non-current liabilities</b>			
a) Long-term borrowings	3	1,015.59	–
(b) Deferred tax liabilities (Net)		863.73	1,038.24
(c) Other Long term liabilities	4	8.97	13.05
(d) Long-term provisions	5	130.70	95.22
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	10,876.88	10,918.82
(b) Trade payables	7	1,869.11	2,125.00
(c) Other current liabilities	8	420.43	390.78
(d) Short-term provisions	9	325.22	420.06
<b>TOTAL</b>		<b>30,979.76</b>	<b>29,193.25</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>			
(i) Tangible assets	10	7,368.62	8,356.69
(ii) Capital WIP		696.63	–
(b) Long-term loans and advances	11	138.17	86.02
<b>2 Current assets</b>			
(a) Current investments	12	1.87	1.87
(b) Inventories	13	11,215.30	9,068.72
(c) Trade receivables	14	8,460.29	8,821.42
(d) Cash and cash equivalents	15	2,027.07	1,576.19
(e) Short-term loans and advances	16	367.20	670.87
(f) Other current assets	17	704.61	611.47
<b>TOTAL</b>		<b>30,979.76</b>	<b>29,193.25</b>
Notes on Accounts	25		

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

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

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

**[ALOK K. MITTAL]**  
PARTNER  
M No. - 71205  
Place: Hosur  
Date: 25.04.2015

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

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

**[S PANIGRAHI]**  
COMPANY SECRETARY  
M No. - 4522



## Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2015

(Rs. in Lacs)

Particulars	Refer Note No.	Figures for the current reporting period	Figures for the previous reporting period
I. Revenue from operations (Net of Excise Duty Rs. 2,19,72,849/- (P.Y. Rs. 2,21,50,718/-))	18	25,477.97	25,133.83
II. Other income	19	530.55	467.26
III. Total Revenue (I + II)		26,008.52	25,601.09
IV. Expenses:			
Cost of materials consumed	20	16,376.34	15,368.80
Purchases of Stock-in-Trade		144.64	192.96
Changes in Inventories of finished goods			
work-in-progress and Stock-in-Trade	21	(661.77)	(215.76)
Employee Benefits Expenses	22	1,361.85	1,186.17
Finance Costs	23	625.44	534.16
Depreciation and Amortization Expenses	10	858.75	516.13
Other Expenses	24	5,406.90	5,182.09
Total expenses		24,112.15	22,764.55
V. Profit before tax (III- IV)		1,896.37	2,836.54
VI. Tax expense:			
(1) Current tax Payable		738.47	743.84
Less : Mat Credit Entitlement		336.43	148.26
Net Current Tax Liability		402.04	595.58
(2) Deferred tax		-174.53	131.74
VII. Profit (Loss) For the period (V-VI)		1,668.86	2,109.22
VIII. Earnings per equity share:			
(1) Basic		10.91	18.18
(2) Diluted		10.91	17.11
Notes on Accounts	25		

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

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

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

**[ALOK K. MITTAL]**  
PARTNER  
M No. - 71205  
Place: Hosur  
Date: 25.04.2015

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

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

**[S PANIGRAHI]**  
COMPANY SECRETARY  
M No. - 4522



## Cash Flow Statement for the year ended 31st March, 2015

(Rs. in Lacs)

PARTICULARS	2014-15	2013-14
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary item	1,896.36	2,836.54
Adjustments For		
Depreciation Provision	858.74	516.13
Loss/(Profit) on sale of assets	19.64	(782.71)
Interest received	(128.10)	(85.25)
Foreign currency fluctuation (Gain)(Loss (unrealised)	(304.72)	421.77
Operating Profit before working capital changes	2,341.92	2,906.48
<b>Adjustment for Working Capital Changes</b>		
Decrease/(Increase) in Inventories	(2,146.58)	(1,572.51)
Decrease/(Increase) in Debtors	361.13	(1,608.37)
Decrease (Increase) in others current assets	(93.14)	(37.88)
Decrease (Increase) in Loans & Advances	251.53	32.38
(Decrease) Increase in Current Liabilities	(218.40)	720.17
<b>Cash from Operations</b>	496.46	440.27
Less : Income Tax & Other Taxes Paid (Net)	471.60	525.99
Cash flow before Extraordinary items	24.86	(85.72)
<b>Net cash from operations</b>	24.86	(85.72)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to fixed assets & capital		
Purchase of Assets	(836.80)	(932.07)
Sale of assets	35.35	1,339.54
Interest Received	128.10	85.25
<b>Net cash from investing Activities</b>	(673.35)	492.72
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings (Secured & Unsecured)	973.65	1,384.36
Payment of Dividend including Dividend Tax	(179.01)	(118.54)
<b>Net Cash from financing Activities</b>	794.64	1,265.82
<b>D. TOTAL INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENT</b>		
Cash equivalent during the year before adjustment for foreign		
Currency fluctuation (A+B+C)	146.15	1,672.82
Adjustment for foreign currency fluctuation (gain)/loss	304.72	(421.77)
Cash equivalent during the year after adjustment for foreign		
Currency fluctuation	450.87	1,251.05
Cash & Cash equivalents at the beginning of the year	1,576.20	325.15
Cash & cash equivalent at the end of the year	2,027.07	1,576.20

The above cash flow statement has been compiled from and is based on the audited accounts of Aro Granite Industries Ltd. for the year ended 31st March 2015 reported upon by us as on 25.04.2015 According to the information and explanation given the aforesaid cash flow statement has been prepared pursuant to clause 32 of the listing agreement with the stock Exchange and their allocation required for purpose are as made by the company.

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

[**ALOK K. MITTAL**]  
PARTNER  
M No. - 71205  
Place: Hosur  
Date: 25.04.2015

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

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

[**S PANIGRAHI**]  
COMPANY SECRETARY  
M No. - 4522

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

(Rs. in Lacs)

NOTES	Figures as at the end of current reporting period		Figures as at the end of previous reporting period		
	Number	Amount	Number	Amount	
1 SHARE CAPITAL					
(a) AUTHORISED					
1,96,00,000 (PY 1,96,00,000) equity shares of Rs. 10 each	1,96,00,000	1,960.00	1,96,00,000	1,960.00	
40,000, 10% Convertible Cumulative Preference Shares (CCPS) of Rs. 100 each (PY 40,000 CCPS)	40,000	40.00	40,000	40.00	
	1,96,40,000	2,000.00	1,96,40,000	2,000.00	
ISSUED, SUBSCRIBED AND PAID UP					
1,53,00,000 Equity Shares (PY 1,53,00,000 Equity Shares) of Rs. 10 each	1,53,00,000	1,530.00	1,53,00,000	1,530.00	
Total	1,53,00,000	1,530.00	1,53,00,000	1,530.00	
(b) Disclosure pursuant to Note no. 1 of Part I of Schedule III to the Companies Act, 2013 “(Following disclosure should be made for each class of Shares)					
Particulars	Equity Shares				
	Number			Rs in Lacs	
Shares outstanding at the beginning of the year	15,300,000			1,530.00	
Shares Issued during the year	–			–	
Shares bought back during the year	–			–	
Shares outstanding at the end of the year	1,53,00,000			1,530.00	
(c) Shares in the company held by shareholders holding more than 5% of Shares					
Name of Shareholder	Figures as at the end of current reporting period		Figures as at the end of previous reporting period		
	No. of Shares hold	% of Holding	No. of Shares held	% of Holding	
Sunil Kumar Arora	4869315	31.83	4869315	31.83	
Dilip Kumar Lakhi	1468628	9.60	1503900	9.83	
(d) Shares issued for the period of Five Years Immediately preceeding the date of Balance Sheet. (Following disclosure should be made for each class of Shares)					
Particulars	Year (Aggregate No. of Shares)				
	2014-15	2013-14	2012-13	2011-12	2010-11
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	NIL	NIL	NIL	NIL	NIL
Fully paid up by way of bonus shares	NIL	51,00,000	NIL	NIL	NIL
Shares bought back	NIL	NIL	NIL	NIL	160,729

(Rs. in Lacs)

NOTES	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>2 RESERVE &amp; SURPLUS</b>		
<b>a. Securities Premium Account</b>		
Opening Balance	407.20	407.20
Less : Premium Utilised for various reasons	–	–
Closing Balance	407.20	407.20
<b>b. General Reserves</b>		
Opening Balance	2,570.68	2,880.68
(+) Current Year Transfer	200.00	200.00
(–) Bonus Issue	–	(510.00)
(–) Written Back in Current Year	–	–
Closing Balance	2,770.68	2,570.68
<b>c. Surplus</b>		
Opening balance	9,684.20	7,953.99
(+) Net Profit/(Net Loss) For the current year	1,668.86	2,109.22
(–) Proposed Dividends	(153.00)	(153.00)
(–) Dividends Tax	(26.00)	(26.01)
(+) Excess Provision W/back	0.62	–
(–) Transfer of Carrying Value of Assets	(213.43)	–
(–) Transfer to General Reserves	(200.00)	(200.00)
Closing Balance	10,761.25	9,684.20
<b>Total</b>	<b>13,939.13</b>	<b>12,662.08</b>
<b>3 LONG TERM BORROWINGS</b>		
Secured		
External Commercial Borrowing From Bank of Baroda DIFC Dubai (See Note No.25(2)(a)) Terms of Repayment– Half Yearly	1,015.59	–
	<b>1,015.59</b>	<b>–</b>
<b>4 OTHER LONG TERM LIABILITIES</b>		
(a) Creditors Payables for Capital Goods	8.97	13.05
<b>Total</b>	<b>8.97</b>	<b>13.05</b>
<b>5 LONG TERM PROVISIONS</b>		
(a) Provision for employee benefits		
Gratuity	111.35	79.23
Leave Encashment	19.35	15.99
<b>Total</b>	<b>130.70</b>	<b>95.22</b>

(Rs. in Lacs)

NOTES	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>6 SHORT TERM BORROWINGS</b>		
Secured		
(a) Loans repayable on demand		
i) BOB CC Account	174.74	334.84
ii) Packing Credit From BOB	6,675.36	5,513.61
iii) Foreign Bill Discounted from BOB	1,372.99	1,483.74
iv) Packing Credit From HSBC	2,367.57	2,672.11
v) Foreign Bill Discounted from HSBC (See Note No. 25 (2)(a))	32.32	67.00
(b) Buyers Credit Through HSBC Loan Account – Pedrini	–	198.13
(c) Buyers Credit Through HSBC Loan Account – Gaspri	–	645.96
(d) Sales Tax Term Loan	–	3.43
(e) External Commercial Borrowing From Bank of Baroda DIFC Dubai (See Note No. 25 (2 )(a)) Terms of Repement–Half Yearly	253.90	–
<b>Total</b>	<b>10,876.88</b>	<b>10,918.82</b>
<b>7 TRADE PAYABLES</b>		
a) Trade Payable Outstanding more than one year	49.81	26.20
b) Trade Payable Outstanding less than one year	1,819.30	2,098.80
	<b>1,869.11</b>	<b>2,125.00</b>
<b>8 OTHER CURRENT LIABILITIES</b>		
(a) Advance From Customers & Others	74.66	104.32
(b) Unpaid dividends	18.63	18.73
(c) Statutory Dues Payable	14.35	31.65
(d) Other Expenses Payable	311.87	235.78
(e) Service Tax Payable	0.92	0.30
<b>Total</b>	<b>420.43</b>	<b>390.78</b>
<b>9 SHORT TERM PROVISIONS</b>		
(a) Provision for employee benefits		
i) Salary & Reimbursements	95.07	146.15
ii) Contribution to PF & ESI	8.41	5.21
(b) Leave Encashment	2.22	0.54
(c) Provision For Gratuity	2.85	2.22
(d) Provision For Income Tax	15.67	86.94
(e) Provision For Dividend on Equity	153.00	153.00
(f) Provision For Corporate Dividend Tax	26.00	26.00
(g) Provision For CSR Expenses	22.00	–
<b>Total</b>	<b>325.22</b>	<b>420.06</b>



## NOTE - 10

Rs. in Lacs

Fixed Assets	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1st April 2014	Additions/ (Disposals)	Deletion	Balance as at 31 March 2015	Depreciation charge for the year	On disposals	Balance as at 31 March 2015	Balance as at 31 March 2014
a Tangible Assets								
Land	281.94	0.36	-	282.30	-	-	282.30	281.94
Buildings	2,974.62	7.50	-	2,982.12	94.82	-	740.10	2,329.34
Plant and Equipment	7,287.03	81.46	153.22	7,215.27	594.59	107.43	2,961.62	4,812.57
Furniture and Fixtures	51.97	-	15.63	36.34	5.76	3.93	21.01	32.80
Electrical Equipment	759.06	7.73	249.30	517.48	85.89	138.22	146.09	560.64
Office equipment	135.09	5.17	97.36	42.91	24.13	43.26	28.14	87.82
Vehicles	354.09	37.07	73.29	317.87	47.44	33.52	135.48	232.53
Canteen equipment	25.42	0.89	14.09	12.22	6.11	7.02	5.46	19.05
<b>Total</b>	<b>11,869.22</b>	<b>140.18</b>	<b>602.89</b>	<b>11,406.52</b>	<b>858.75</b>	<b>333.38</b>	<b>4,037.89</b>	<b>8,356.69</b>
Previous Year	12,490.33	932.07	1,553.18	11,869.22	516.13	988.58	3,512.53	8,505.35

(Rs. in Lacs)

NOTES	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>11 LONG TERM LOANS &amp; ADVANCES</b>		
a. Capital Advances		
Unsecured, considered good	19.86	4.16
b. Security Deposits		
Unsecured Considered Good	118.31	81.86
<b>Total</b>	<b>138.17</b>	<b>86.02</b>
<b>12 CURRENT INVESTMENT</b>		
Investment in Equity Instrument	1.87	1.87
(Market Value as on 31.03.2015 Rs. 539432/-)		
<b>Total</b>	<b>1.87</b>	<b>1.87</b>
<b>13 INVENTORIES</b>		
a. Raw Materials and components (Valued at FIFO)	4,598.70	3,077.14
b. Work-in-progress (Valued at Actual Cost)	377.15	378.65
c. Finished goods (Valued at Actual Cost)	5,087.68	4,424.41
d. Stores and spares (Valued at FIFO)	403.02	334.66
e. Packing Material (Valued at FIFO)	73.61	67.52
f. Consumable (Valued at FIFO)	675.14	786.34
<b>Total</b>	<b>11,215.30</b>	<b>9,068.72</b>
<b>14 TRADE RECEIVABLE</b>		
Trade receivables outstanding for a period less than six months from the date they are due for payment (Unsecured considered good)	7,260.13	8,252.90
	7,260.13	8,252.90
Trade receivables outstanding for a period exceeding six months from the date they are due for payment (Unsecured considered good)	1,200.16	568.52
	1,200.16	568.52
<b>Total</b>	<b>8,460.29</b>	<b>8,821.42</b>
<b>15 CASH AND CASH EQUIVALENTS</b>		
a. Balances with banks		
This includes:		
Earmarked Balances (eg/- unpaid dividend accounts)	19.23	19.33
Fixed Deposit with Bank	659.43	964.64
Cash at Bank (Which includes 10,85,29,120/- disbursed from ECB Loan Bank of Baroda DIFC Dubai on 31.03.2015)	1,340.73	587.72
b. Cash on hand	7.68	4.50
<b>Total</b>	<b>2,027.07</b>	<b>1,576.19</b>
<b>16 SHORT TERM LOANS &amp; ADVANCES</b>		
a. Others (specify nature)		
Unsecured, considered good		
Advance For Raw Material & Consumables	365.16	638.98
Other Advance	2.04	31.89
<b>Total</b>	<b>367.20</b>	<b>670.87</b>
<b>17 OTHER CURRENT ASSETS</b>		
Prepaid Expenses	32.21	15.58
Income Tax Refunds Due	5.18	5.18
Material In Transit & others	4.83	4.16
Excise Duty Receivable	2.71	4.89
Service Tax Receivable	38.21	16.65
Margin money with Banks	464.48	410.96
VAT & Sales Tax Receivable	156.99	154.05
<b>Total</b>	<b>704.61</b>	<b>611.47</b>

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

(Rs. in Lacs)

NOTES	Figures for the current reporting period	Figures for the previous reporting period
<b>18 REVENUE FROM OPERATION</b>		
Sales – Export	24,320.52	23,944.66
Sales – DTA	1,377.18	1,410.68
<b>TOTAL</b>	<b>25,697.70</b>	<b>25,355.34</b>
Less:		
Excise duty	219.73	221.51
<b>TOTAL</b>	<b>25,477.97</b>	<b>25,133.83</b>
<b>19 OTHER INCOME</b>		
Interest Income	128.10	85.25
Exchange Fluctuation	304.72	(421.77)
Long Term Capital Gain on Sale of Land at (U-1)	0.00	570.49
Profit on Sale of Capital Assets at (U-1)	0.00	217.71
Other non-operating income (net of expenses)	97.73	15.58
<b>TOTAL</b>	<b>530.55</b>	<b>467.26</b>
<b>20 COST OF MATERIAL CONSUMED</b>		
<b>(A) Raw Material Consumption</b>		
OPENING STOCKS	3,077.14	1,682.96
ADD: PURCHASES	14,264.49	13,152.94
	17,341.63	14,835.90
LESS: CLOSING STOCKS	4,598.71	3,077.14
	12,742.92	11,758.76
<b>(B) Consumable Consumption</b>		
OPENING STOCKS	786.33	722.56
ADD: PURCHASES	2,704.51	3,001.22
	3,490.84	3,723.78
LESS: CLOSING STOCKS	675.14	786.33
	2,815.70	2,937.45
<b>(c) Packing Material Consumption</b>		
OPENING STOCKS	67.53	39.16
ADD: PURCHASES	823.80	700.96
	891.33	740.12
LESS: CLOSING STOCKS	73.61	67.53
	817.72	672.59
Cost Of Material Consumed (A+B+C)	16,376.34	15,368.80
<b>21 FINISHED GOODS &amp; WIP</b>		
OPENING STOCKS	4,803.06	4,587.30
CLOSING STOCKS	5,464.83	4,803.06
	(661.77)	(215.76)
<b>22 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries & Wages	925.76	822.81
Contribution to Provident and Other Funds	45.77	34.28
Staff Welfare Expenses	154.52	109.08
Managerial Remuneration	235.80	220.00
<b>Total</b>	<b>1,361.85</b>	<b>1,186.17</b>

(Rs. in Lacs)

## NOTES

	Figures for the current reporting period	Figures for the previous reporting period
<b>23 FINANCE COST</b>		
Bank Charges	113.45	64.54
Packing Credit	318.64	272.44
Cash Credit	33.66	32.91
Foreign Bills Discounted / Purchases	159.69	164.27
	625.44	534.16
<b>24 OTHER EXPENSES</b>		
Advertisement & Publicity	6.50	10.17
Auditors Remuneration		
– Auditor's Fee	3.85	3.50
– Tax Audit Fee	1.15	1.00
– Other Management Services	0.50	0.40
Bad Debts Written Off	–	7.66
CSR Activity Expenses	22.00	–
Donation	0.64	3.32
Freight and Forwarding Charges	1,126.71	980.60
Insurance Expenses	98.87	96.98
Loss on Sale of Assets	19.64	5.50
Legal Expenses	7.91	8.63
Membership & Subscription	5.39	4.40
Miscellaneous Expenses	2.18	0.95
Other Manufacturing Expenses	850.15	734.06
Printing & Stationery	21.80	24.33
Power & Fuel	1,301.33	1,633.87
Professional Service Charges	36.60	32.87
Rent Paid	3.14	4.11
Rates & Taxes	46.89	35.83
Rebate & Discount	223.29	81.82
Repairs to Buildings	160.28	154.68
Repair to Plant & Machinery	224.34	247.07
Repair & Maintenance		
– Electricals	16.43	13.91
– Vehicles	79.94	82.77
– Others	49.47	39.06
Sales Promotion	336.95	221.44
Security Service Charges	43.31	44.97
Stores & Spares Consumptions	462.56	481.74
Telephone & Telex	47.02	48.33
Travelling & Conveyance		
– Employees (Foreign Travel – 66.69 Lacs/–) (P.Y. 48.15 Lacs)	156.57	123.55
– Director (Foreign Travel – 41.20 Lacs (P.Y. 50.96 Lacs)	51.49	54.57
	5,406.90	5,182.09



## NOTE - 25

### 1. Significant Accounting Policies

- a) **GENERAL** – The accounts are prepared on historical cost basis, and on the accounting principles of going concern. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
- b) **FIXED ASSETS** – Fixed assets are stated at the cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition.
- c) **DEPRECIATION** – Depreciation on fixed assets has been provided on Straight Line Method (SLM) basis on the rates specified in schedule II of the companies Act, 2013, as applicable on the last date of the accounting period. The Company reassessed the useful lives of fixed assets as per Part C of Schedule II of the Companies Act, 2013. Consequently, the useful life of certain asset classes has been revised and depreciation for the year ended March 31, 2015 is higher by Rs. 384.78 lakhs. The depreciation on carrying value of the assets whose useful lives expired as at April 1, 2014 aggregating Rs. 213.43 Lacs has been adjusted against the opening reserves.
- d) **INVENTORIES** – Inventories are valued at the lower of the cost or net realizable value. The cost of the inventories is assigned by using First-in First out (FIFO) Method. Raw material, Stores & Spares and Packing Materials have been valued at cost. Process Stock is valued at cost, which is determined by taking direct material, labour cost and certain related Factory Overheads, Finished Goods have been determined on full absorption cost basis which includes all direct cost, depreciation, etc.
- e) **REVENUE RECOGNITION** – The Company follows Mercantile System of Accounting and recognizes income and expenditure on accrual basis.
- f) **FOREIGN CURRENCY TRANSACTION:** Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transactions.  
  
The outstanding foreign currency assets and liabilities are restated at the year-end rates. The net profit or loss arising on restatement/ settlement is adjusted to the profit & Loss account.
- g) **BORROWING COSTS:** Borrowing cost that are attributable to the acquisition or constructions of qualifying assets are capitalized as a part of the cost of such assets. A qualifying assets is one that takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- h) **PROPOSED DIVIDEND:** The company provides for the dividend as proposed by the Directors in the books of account, pending approval at the Annual General Meeting.
- i) **CONTINGENT LIABILITIES:** contingent liabilities are not provided and are disclosed by way of notes.
- j) **RETIREMENT BENEFITS** – The Company's contribution in respect of Provident Fund is charged against revenue every year. In respect of Gratuity, Provision for Gratuity & Leave encashment is made by charging Profit & Loss Account by an amount determined by actuarial valuation.
- k) **DEFERRED TAXATION** – Deferred Tax arising from timing difference between book and tax profit is accounted for under the liability method at the current rate of tax, to the extent that the timing difference are expected to crystallize.

### 2. NOTES TO ACCOUNTS :

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

##### (A) Working Capital From Bank Of Baroda and The Hongkong and Shanghai Banking Corporation Limited – Secured by Way of following : –

- (i) First pari-passu charge on the entire Current Assets of the Company.
- (ii) Second Pari Passu charge on the Movable Fixed Assets of the Company, both present and future.
- (iii) First pari-passu charge on the Company's immovable properties land admeasuring 10.41 acres situated at Kamandoddi Village, Hosur Taluk, Distt. Shoolagiri, Tamil Nadu.
- (iv) Second pari-passu charge on the Company's immovable properties situated at Village: Nallaganakothapalli, Taluk: Hosur, Distt: Krishnagiri, Tamil Nadu.
- (v) Pledge of FDR worth Rs.2.50 Crores equivalent to 10% of FBP limit in lieu of waiver of buyer wise ECGC cover; and
- (vi) Joint and Several personal guarantees of (1) Mr. Kasturi Lal Arora, (2) Mr. Sunil K.Arora and (3)Mrs. Sujata Arora.

##### (b) EXTERNAL COMMERCIAL BORROWINGS from Bank of Baroda DIFC Dubai is Secured by Way of following : –

- (i) First pari-passu charge with HSBC Limited over all entire fixed assets of the Company (present and future) including land and building at Nallaganakothapalli village in Hosur Taluk, Krishnagiri District.
- (ii) Second pari-passu charge on all current assets of the Company with HSBC Limited.
- (iii) Charge over DSRA to maintained for one quarter interest and one installment of the facility.

- (iv) Pledge of FDR i.e. Rs. 2.50 Crores maintained by Company with Bank of Baroda, International Business Branch, 1st Floor, BOB Building, 16 Sansad Marg, New Delhi 110001.
- (v) First pari passu charge on the property in the name of company measuring 10.41 acres situated at Kamanadoddi Village, Hosur Taluk, District Shoolagiri with HSBC Limited.
- b. i. Bills of Exchange discounted Rs.1,405.31 Lacs (P.Y.Rs.1,550.74 Lacs)
- ii. Guarantee & counter Guarantee Outstanding Rs. 21.40 Lacs (P.Y.Rs. 21.40 Lacs)
- iii. Letter of Credit Rs. 669.30 Lacs (P.Y. Rs .650.83 Lacs)
- c. In compliance with Accounting Standard – 22 relating to "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the company has adjusted the deferred tax liability (net) arising out of timing difference for the period upto 31st March 2015 with the Balance of Deferred Tax Liability (Net) accruing during the year aggregating to Rs. (174.53) has been recognized in the Profit and Loss Account.

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

	Assets (Rs. In Lacs)	Liabilities (Rs. In Lacs)
Depreciation	– –	931.43 (1071.55)
Provision for Gratuity & EL	67.71 (33.30)	– –

- e. Related Party Disclosure : As required by Accounting Standard – 18 issued by the Institute of Chartered Accountants of India. The disclosures are as given below:

(Rs. In Lacs.)

Sl.No	Name of the Related party	Relationship	Transaction	Amount
1.	Mr. Sunil K Arora	Key management Personnel	Remn./ Comm.–	Rs. 210.00 (Rs 200.00)
2.	Mr.K.Raghavendra	Executive Director	Salary	Rs. 5.79 –
3.	Mrs. Sujata Arora	Director	Commission.–	Rs.10.00 (Rs 10.00)
4.	Mr. K.L. Arora	Director	Commission –	Rs.10.00 (Rs.10.00)
5.	Shivani Arora	Daughter of MD	Salary	Rs.6.65 (Rs.5.78)
6.	Sahil Arora	Son of MD	Salary	Rs.11.66 (Rs.9.85)

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

	2014-15	2013-14
EPS Basic	10.91	18.18
EPS Diluted	10.91	17.11

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

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

- i. Director's Remuneration :

	2014-15 (Rs. In Lacs)	2013-14 (Rs. In Lacs)
I Salary	Rs. 94.70	Rs. 84.00
II Rent Free Accom. /HRA	Rs. 46.09	Rs. 42.00
III Commission	Rs. 95.00	Rs.. 94.00

**k. Director's Traveling**

	2014-15 (Rs. In Lacs)	2013-14 (Rs. In Lacs)
I. Local	Rs. 10.29	Rs. 3.60
II. Foreign	Rs. 41.20	Rs. 50.96

**l. Additional Information Related to Quantitative Details:**

**I. Licensed & Installed Capacity and Actual Production :**

Class of goods	Unit	Licensed Capacity (Per annum)		Installed Capacity (Per annum)		Production	
		2015	2014	2015	2014	2015	2014
UNIT –I Granite Tiles	Sq.Mt.	NIL	1,80,000	NIL	1,80,000	NIL	13,754
UNIT –2 Granite Slabs	Sq.Mt	5,85,000	5,85,000	5,85,000	5,85,000	5,38,751	5,29,139
UNIT –2 Granite Tiles	Sq.Mt	3,60,000	3,60,000	3,60,000	3,60,000	2,42,800	2,80,739

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

**II. Particulars in respect of Sales :**

Class of Goods	Quantity in Sq.M.		(Rs. in Lacs)	
	Year ended 31.03.2015	year ended 31.03.2014	year ended 31.03.2015	year ended 31.03.2014
UNIT-I –Tile Plant	NIL	39,074	NIL	278.75
UNIT-II– Slab Plant	5,23,488	5,29,385	20,884.05	20,133.12
UNIT-II –Tile Plant	2,52,254	2,72,031	4,813.65	4,943.45

**m. Details of Finished Goods**

**I. Details of Opening Stock :**

Class of Goods	Quantity in Sq.M.		(Rs. in Lacs)	
	Year ended 31.03.2015	year ended 31.03.2014	year ended 31.03.2015	year ended 31.03.2014
UNIT-I –Tile Plant	NIL	25,320	NIL	254.16
UNIT-II –Slab Plant	1,71,166	1,71,412	3,330.81	2,888.81
UNIT-II –Tile Plant	1,07,508	98,800	1,093.59	1,114.77

**II. Details of Closing Stocks :**

Class of Goods	Quantity in Sq.M.		(Rs. in Lacs)	
	Year ended 31.03.2015	year ended 31.03.2014	year ended 31.03.2015	year ended 31.03.2014
UNIT-I – Tile Plant	NIL	NIL	NIL	NIL
UNIT-II– Slab Plant	1,86,429	1,71,166	3,900.32	3,330.81
UNIT-II –Tile Plant	98,054	1,07,508	1,187.36	1,093.59

**n. Details of Raw materials consumed during the year :**

UNIT-I: TILE PLANT	Quantity in (In CBM)		(Rs. in Lacs)	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Rough Blocks				
Indigenous	NIL	401.851	NIL	115.70
Imported	NIL	12.86	NIL	5.64
Stores, Spares, Consumables &Packing			NIL	150.73
Imported			NIL	0.00
Indigenous			NIL	150.73

UNIT –II–SLAB PLANT				
	Cub. Mtr.	Cub. Mtr	(Rs. InLacs)	
Rough Blocks				
Indigenous	15,057.340	13,959.027	7,640.43	6,243.85
Imported	3,564.128	4,055.078	3,646.24	3,849.09
Stores, Spares, Consumables &Packing			3,225.68	3,116.28
Imported			1,617.75	1,658.84
Indigenous			1,607.93	1,457.44

UNIT –II–TILE PLANT				
	Cub. Mtr.	Cub. Mtr	(Rs. InLacs)	
Rough Blocks				
Indigenous	4,143.148	4,568.460	1,248.84	1,350.34
Imported	311.623	273.104	207.42	194.14
Stores, Spares, Consumables &Packing			870.30	824.78
Imported			161.80	134.98
Indigenous			708.50	689.80

o. Earning in Foreign Exchange :

	Period ended 31.03.2015 (Rs. In Lacs)	Year ended 31.03.2014 (Rs. In Lacs)
Export of Goods (FOB)	24,173.48	23,661.55

p. Expenditure in Foreign Currency :

	Period ended 31.03.2015 (Rs. In Lacs)		Year ended 31.03.2014 (Rs. In Lacs)	
Value of Imports (CIF)				
Capital Goods	54.64	0.82 %	177.26	3.71 %
Raw Materials	4,519.44	67.55 %	3,353.00	69.30 %
Consumables	1,739.82	26.00%	999.28	20.70 %
Stores & Spares	278.13	4.16 %	168.83	3.50 %
Overseas Business Travelling	75.46	1.13 %	100.00	2.10 %
Other Expenses	23.38	0.34 %	38.59	0.80 %

q. Auditors Remuneration: ( Including Service Tax )

	Period ended 31.03.2015 (Rs. In Lacs)	Year ended 31.03.2014 (Rs. In Lacs)
Audit Fee	4.33	3.93
Tax Audit Fee	1.29	1.12
Other Management Services	0.55	0.45
	6.17	5.50

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

s. Unit I sold during the year 2013–14, hence figures shown as NIL

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

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

**[ALOK K. MITTAL]**  
PARTNER  
M No. - 71205  
Place: Hosur  
Date: 25.04.2015

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

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

**[S PANIGRAHI]**  
COMPANY SECRETARY  
M No. - 4522



## 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 BUSINEES PROFILE

#### I Registration Details

Registration No.	55-31510	State Code	55
Balance Sheet Date	31 DATE	03 MONTH	2015 YEAR

#### II Capital Raised during the year (amount in Rs. Thousand)

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

#### III Position of Mobilisation and Development of Funds (Amount in Rs. Thousand)

##### Source of Funds

<b>Total Assets</b> 3,097,974	<b>Total Liabilities</b> 3,097,974
Paid up Capital 153,000	Reserves & Surplus 1,393,912
Secured Loans 1,087,688	Unsecured Loans Nil
Net Fixed Assets 806,525	Investments 187
Net Current Assets 1,914,262	Misc. Expenditure Nil
Accumulated Loss Nil	

#### IV Performance of Company (Amount in Rs. Thousand)

Turnover 2,569,770	Total Expenditure 2,411,216
Profit/Loss before Tax 189,636	Profit/Loss after Tax 166,885
Earning Per Share 10.91	Dividend Rate 10%

Generic name of the Three Principal Product/Services of the Company  
(As per monetary terms)

ITC code No.

680233

Product Description

GRANITE TILES & SLABS

[illegible]

[illegible]

## Aro granite industries ltd.

(CIN: L74899DL1988PLC031510)

1001, 10<sup>th</sup> Floor, DLF Tower A, Jasola, New Delhi 110025

Phone No: +91-11-41686169, Fax: +91-11-26941984

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

### ADMISSION SLIP

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

I/We hereby record my/our presence at the 27<sup>th</sup> Annual General Meeting of the Company being held at Lakshmipat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110016 on Friday, the 11<sup>th</sup> September 2015 at 10.30 A.M.

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

# Applicable for shareholders holding shares in dematerialised form

\* Strike out which is not applicable

Signature of the attending shareholder/Proxy/Authorised Representative\*

**Note:** Please produce this Admission slip duly filled in and signed at the entrance of the meeting hall.  
Shareholder intending to appoint a proxy may use this Proxy form given below.

## Aro granite industries ltd.

(CIN: L74899DL1988PLC031510)

1001, 10<sup>th</sup> Floor, DLF Tower A, Jasola, New Delhi 110025

Phone No: +91-11-41686169, Fax: +91-11-26941984

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

### PROXY FORM

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

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

- (1) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E Mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_
- (2) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E Mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_
- (3) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E Mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27<sup>th</sup> Annual General Meeting of the Company to be held on Friday, the 11<sup>th</sup> September 2015 at 10.30 A.M. at Lakshmipat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110016 and at any adjournment thereof in respect of the resolutions as are indicated overleaf.



Resolution Number	Resolution
1	Adoption of Audited Financial Statements for the year ended 31 <sup>st</sup> March 2015
2	Declaration of Dividend for the year ended 31 <sup>st</sup> March 2015
3	Appointment of Shri Kasturi Lal Arora, Director who retires by rotation and being eligible offers himself for re-appointment
4	Ratification of appointment of M/s Alok Mittal & Associates, Chartered Accountants as the Statutory Auditor of the Company from the conclusion of 27 <sup>th</sup> Annual General Meeting till the conclusion of 28 <sup>th</sup> Annual General Meeting
<b>SPECIAL BUSINESS</b>	
5	Appointment of Shri K. Raghavendra Acharya as the Director of the Company
6	Appointment of Shri K. Raghavendra Acharya as the Wholetime Director of the Company with designation as Executive Director
7	Appointment of Smt Vanita Sood as an Independent Director of the Company for a period of five years.
8	Appointment of Shri Kanwaljit Singh as an Independent Director of the Company for a period of five years.
9	Approval of Material Related Party Transactions with Aro granite international INC, U.S.A.

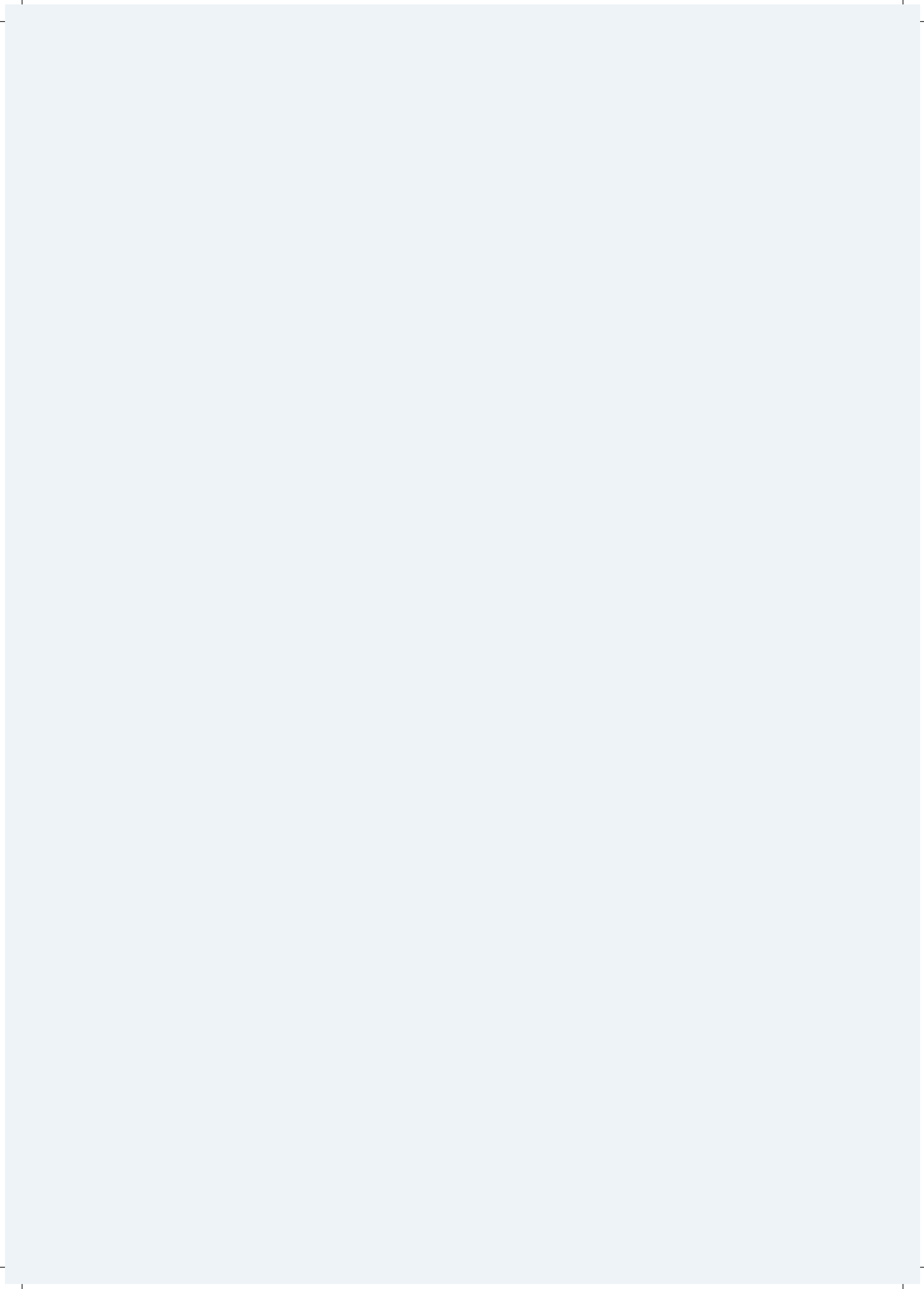
Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2015

Affix  
revenue  
stamp

Signature of Shareholder

Signature of Proxy holder(s)

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





***Aro granite industries ltd.***

(100% Export Oriented Unit)

Tel: 91-4344 252100

Fax: 91-4344 252217

Email: [aro@arotile.com](mailto:aro@arotile.com)

Website: [www.arotile.com](http://www.arotile.com)