

2015-16

28th ANNUAL REPORT



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

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

Registered Office

1001, 10th Floor, DLF Tower A,
Jasola, New Delhi 110 025, India

Phone: 91-11-41686169

Fax: 91-11-26941984

E-mail: investorgrievance@arotile.com

Website: www.arotile.com

CIN: L74899DL1988PLC031510

Corp. Off. & Works

Koneripalli Village, Via: Shoolagiri,

Taluk: Hosur,

Dist. Krishnagiri,

Tamil Nadu 635117, India

Tel: 91-4344 252100

Fax: 91-4344 252217

Registrar & Share Transfer Agent

M/s Alankit Assignments Ltd

Alankit Heights, 4E/2, Jhandewalan Extension

New Delhi 110055

Scrip Codes

BSE Limited: 513729

National Stock Exchange of India Limited: AROGRANITE/EQ

ISIN No.: INE210C01013



From the desk of the

Managing Director



Dear Stakeholders,

Financial Year (FY) 2015-16 was very challenging for us due to stiff competition from Brazil, irregular supply of rough granite blocks and increasing popularity of engineered stone i.e. Quartz. Our Revenue declined by 18% to Rs. 216Cr compared to last year. This was largely due to fall in the exports by 20% to Rs.202Cr in the fiscal 2016 as compared to fiscal 2015. EBDITA margins dropped from 11.18% in fiscal 2015 to 9.25% in fiscal 2016. Our profitability was impacted due to high competition in our major markets especially USA and Poland, and extra cost in sourcing raw material from new sources due to closure of traditional quarries in Tamil Nadu.

USA has been our largest Export Market. Our export to USA declined by 14% to Rs. 45Cr in FY 2016. USA Sales are hit by Brazilian exporters which now account for more than 80% of US granite imports. The Brazilian currency has depreciated dramatically in last two years against US Dollar and that has allowed Brazilian exporters to offer heavy discounts. Our sales to Europe were also hit due to the Euro Depreciating. The resulting price increase in Euro terms was unacceptable by the European Importers and hence our sales and profitability took a hit. The situation with the closure of over 100 quarries in Tamil Nadu has not changed. More than 25 traditional colours in White, Cream, Ivory and Gold based are still not available and there is no respite in sight. With the current trend around the world, only Black, Grey and White material are selling and the portfolio of colours that we can offer has been greatly reduced. Colours like green and brown are almost out of the market. This has created a spike in the rough block prices and also limited the range of shades we can offer to our customers.

Though the business conditions have remained tough, we took steps which will benefit our business in years to come. We have started sourcing raw material from Rajasthan for some newer shades. Though the transport cost for these materials are high, we have been able to command a reasonable price for these new colours. We have added a few new colours to our portfolio from Rajasthan in white and blue tonalities which are in line with current market trends.

We started a new segment, "CUT-TO-SIZE" and have received positive response from our existing customers. While it is a small part of our sales currently, we expect it to grow to 10-15% of our sales in the coming 2 years. "CUT-TO-SIZE" will help us increase our sales and also increase the margins due to more value addition and use of cheaper rough blocks.

We have partially commissioned our 11,000 square meter Granite studio, with a capacity to store over one lakh square meters of finished granite slabs. We will be able to better display our inventory, which will help us better serve our customers in a shorter period of time. Post the full commissioning of the warehouse we further aim to expand our products offerings. We continue to search for new business and foray into new countries like Slovakia, Mongolia & Iran. Response from these markets was encouraging and we expect more business from these countries in year to come.

We have been awarded the Top Export Award for our exports in Natural Stone making us the largest exporter of granite Tiles and Slabs from India. Though the business conditions in granite industry remain challenging, we are tracking them closely and aim to counter them by improving our internal efficiency and productivity.

I would like to thank our employees for their relentless efforts in helping us to become competitive and all our shareholders for their continued encouragement and support.

Sunil K. Arora
Managing Director



10 Years at a Glance

Description	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Sales	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	21,558.84
EBITDA	2,029.08	1,869.66	2,540.12	2,282.2	2,014.51	2,032.76	2,504.25	3,886.82	3,380.55	2,112.09
Depreciation	235.92	314.82	427.99	430.48	439.79	417.84	470.00	516.13	858.75	912.09
Tax	45.69	135.21	160.78	235.3	270.17	318.00	380.01	743.83	738.47	312.46
Profit after Tax	1,520.64	800.19	1,198.28	1,063.97	949.42	877.87	1,125.93	2,109.21	1,668.85	586.14
Gross Block	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	12,193.88
Net Worth	6,889.82	7,593.63	9,105.04	9,737.66	1,0491.22	11,250.54	12,261.87	14,192.08	15,469.12	15,865.93
Reserves & Surplus	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	14,335.93
Equity Share Capital	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	1,530.00
Dividend (%)	20	15	10	10	10	10	10	10	10	10
Dividend Payout Ratio (%)	9.23	13.16	9.25	9.74	10.74	11.62	9.06	7.25	9.17	26.11
EPS (Rs)	21.66	11.4	10.81	10.27	9.31	8.61	11.04	17.11	10.91	3.83
Book Value Per Share (Rs.)	98.15	108.17	82.15	93.99	102.86	110.30	120.21	92.76	101.11	103.70
R O C E (%)	16.4	10.65	13.30	12.02	9.20	8.00	10.89	12.84	8.83	3.70
R O N W (%)	21.81	10.54	13.16	10.93	9.05	7.80	9.18	14.86	12.26	3.69



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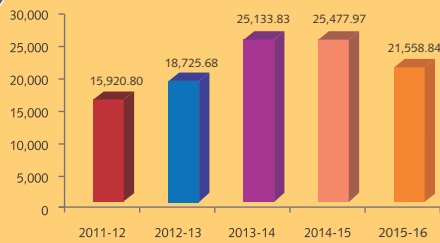
Annexure-I





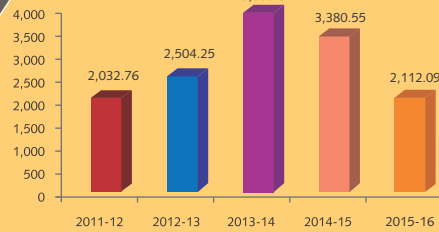
NET SALES

(₹ in Lacs)



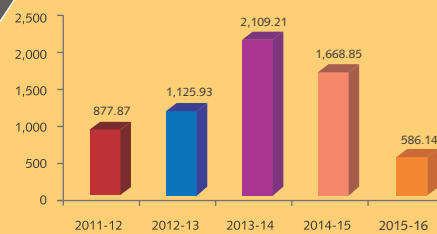
EBDITA

(₹ in Lacs)



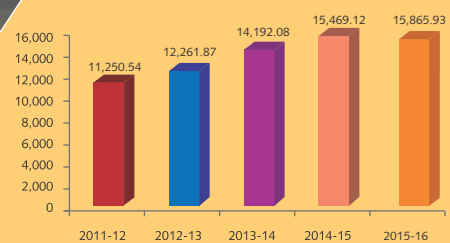
PROFIT AFTER TAX

(₹ in Lacs)



NET WORTH

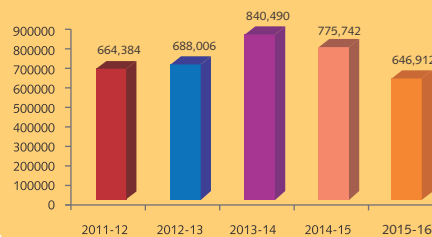
(₹ in Lacs)



Operating Metrics

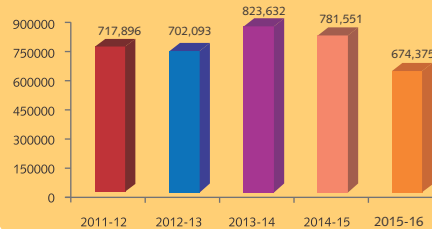
SALES

(In SQM)



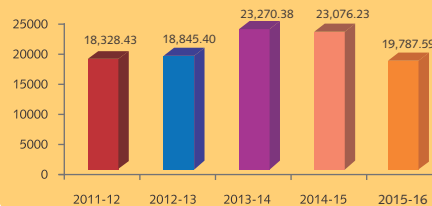
PRODUCTION

(In SQM)

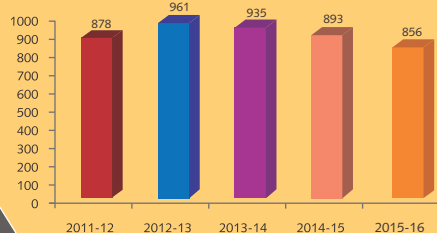


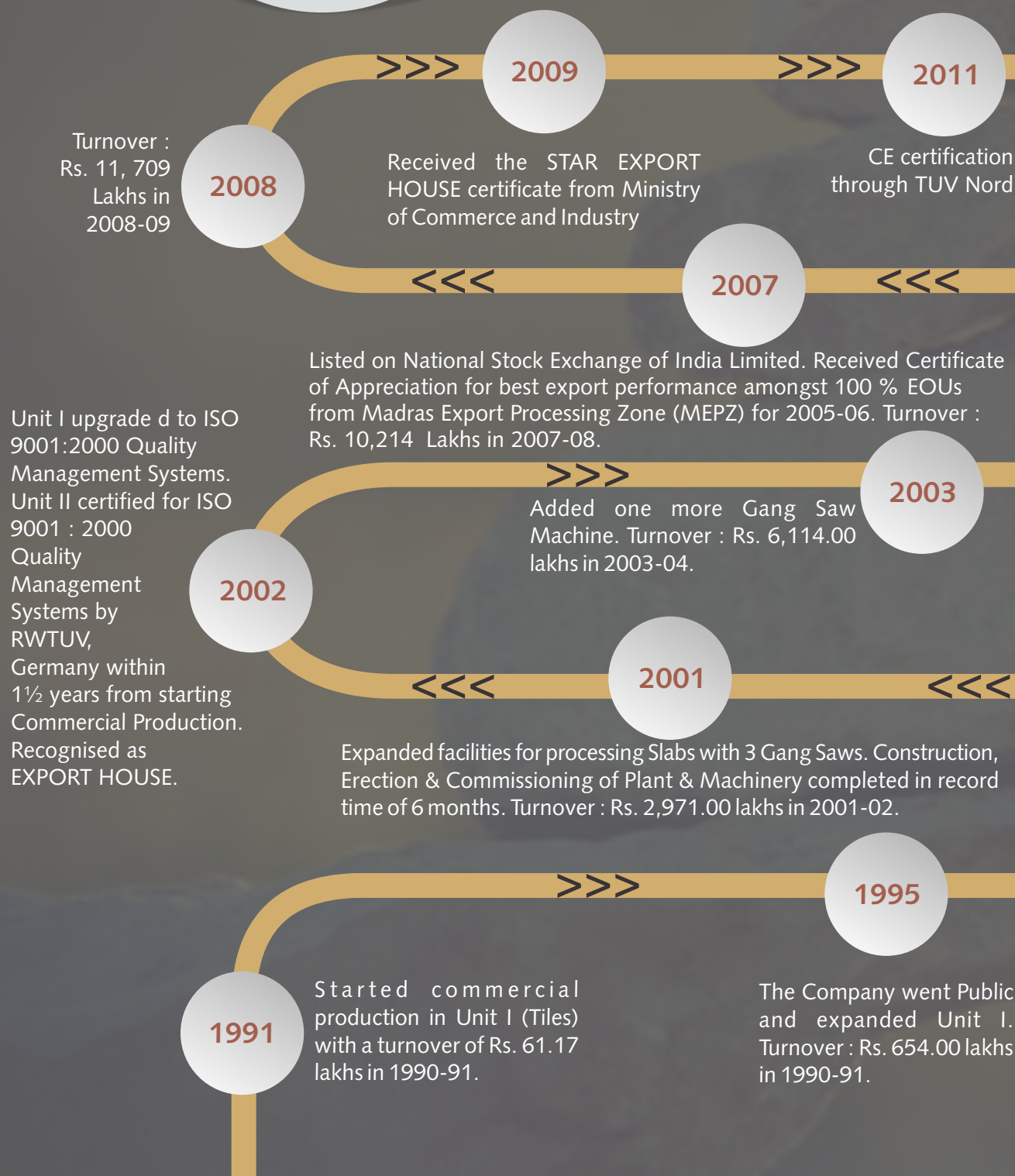
RAW MATERIAL CONSUMPTION

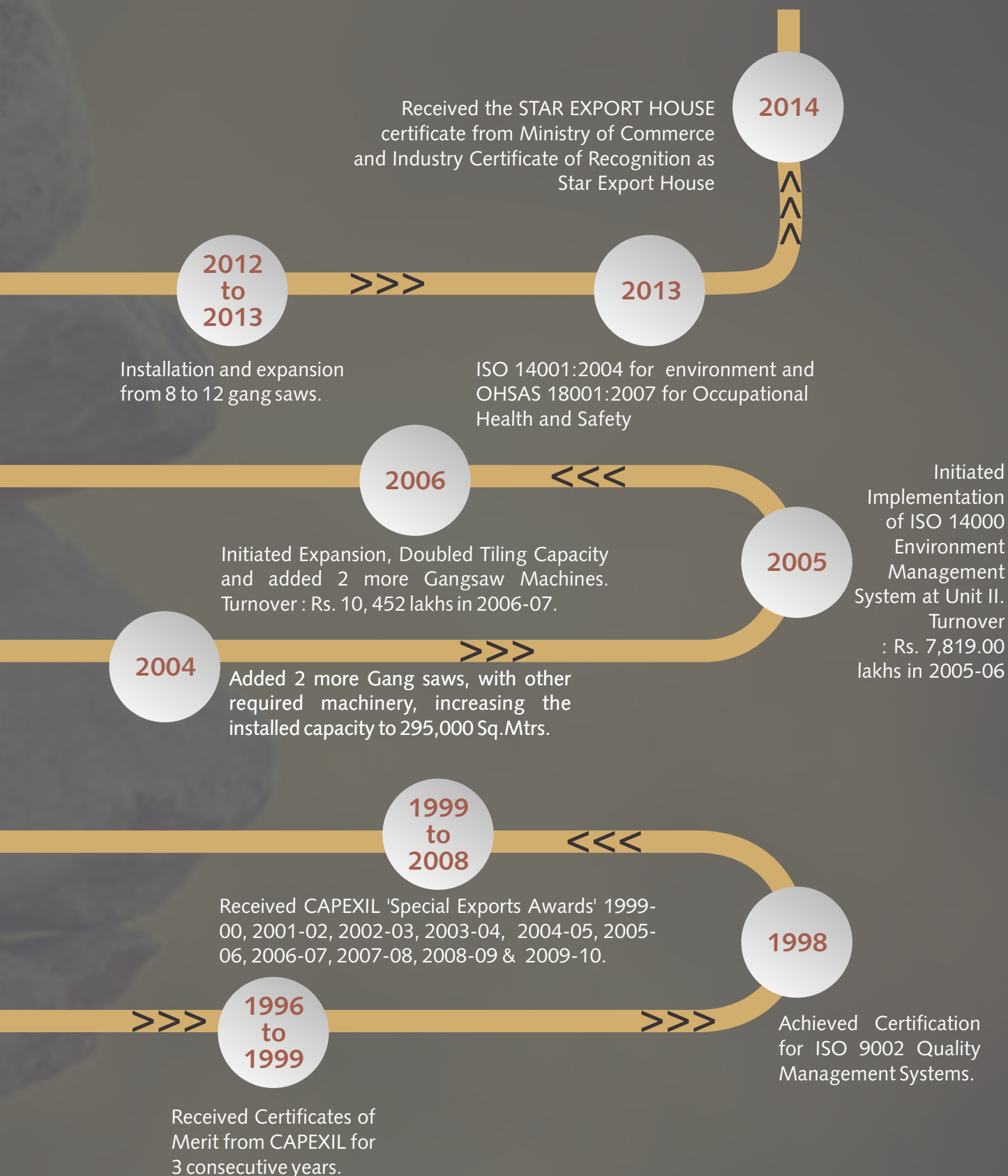
(In CBM)



NO OF EMPLOYEES ON PAYROLLS









*2&A with
Sahil Arora
Corporate Head
International Marketing*



1. Can you comment on the general state of the industry in the current year?

The industry has been facing many challenges over the last couple of years. A number of factors have acted as headwinds for the growth of the Industry. First of all there has been a shortage of raw blocks due to closure of large no. of granite quarries in Tamil Nadu for the past 4 years. That greatly reduced supply and drove a large jump in prices of raw block. Secondly Brazilian currency Real has depreciated by over 110% from 1.9 Real Per US Dollar to 4.1 Real Per US Dollar from 2012 to 2016. This huge currency tailwind has made Brazilian granite exports really attractive in the US & European markets. With the added advantage of lower logistic costs from Brazil to US, they are taking market share from Indian granite exports. This drop in





price from Brazil has made our exports of (imported) Brazilian Granite Un-competitive

There was disruption in certain big markets like Russia and Middle East due to falling oil prices, and the resultant cash crunch in these markets. The current Minimalistic Architectural trend has resulted in a contraction of shades demanded, Only White, Grey and Black shades are in demand. Traditional Indian colours like Brown, Green, Gold (yellow) are no longer in demand. A large number of White, grey and Cream quarries have closed in Tamil Nadu that has created scarcity for these colours. This scarcity of blocks has been exploited by the Engineered Stone (Quartz) companies as they are filling up the void of the natural stone market. Currently almost 50% of the US market share has been taken up by Engineered stone.

All these factors have made the environment extremely challenging for companies like ours. We faced a slump in sales due to disruption in our bigger

markets and higher costs in procuring raw blocks. We are working hard to sustain in these uncertain times and to debottleneck our operations.

2. What were the new initiatives taken during the year?

A. Over the last year we have drove two big initiatives within our organisation.

First, we have build a 11,000 square meter warehouse - The Granite Studio. The Granite Studio helps us in Showcasing our products to customers in a better way. It also helps in reducing the strain put on our existing facilities that happened during the 2012 expansion.

Second, We have also started our CUT-TO-SIZE operations by buying 2 CNC machines. These machines will be operational by September 2016. This new segment will add new product ranges to our portfolio including larger format Tiles, Steps, Risers, Window Sills and custom Countertops. We expect better margins in this segment.





3. Topline of your company declined, what were the primary reasons for the decline? And what are doing to tackle the problem?

As highlighted before there have been disruptions in some of our core markets. We lost over US Dollar 1 Million in sales, due to the sanctions on Russia that were imposed by the US & Europe. That market is still closed to us.

Then there was supply disruption in Middle East and Northern Africa due to continued hostilities and civil war. Sales to many countries in that region have come to a standstill. The low levels in oil prices has further dampened the cash flow in these markets. We are loosing market share in US due to highly competitive Brazilian granite supply. So overall our sales declined in this financial year. We hope to find new markets for our products and hope to grow this year, as compared to the year gone by.

4. Your 11,000 sqm warehouse got operational during the year, how is it going to help your topline and bottomline?

This warehouse is a key expansion that we have been working on for the past 18 months. We have already commissioned a part of it and the entire facility will be operational by December, 2016.

We have spent over 28 Cr in the entire project and it has partly become operational. This new facility will help us in de-bottlenecking our operations created by the expansion in 2012. We are now moving finished goods to the new Warehouse so as to create more space for daily production.

Due to the lack of space we were only pushing our 12 gang saws for 75 sawings a month. With the additional space we have created we can reach 90 sawings which will help us in quicker order to sales time.



With the current trend of Stock and Sell that has been created by the uncertainty of supply from quarries, this facility will help us in better Finish Goods management. We will be able to better showcase our entire stock in the Granite Studio to our customers which was difficult for us in the past due to stock and Work-in-Progress sharing the same space. Customer's ability to inspect material also becomes easier enabling us to reduce the time between Production and Dispatch.

Even with its current semi finished state - the response from customers has been really good.

5. How is your CUT-TO-SIZE segment of business operating? What are the initial reactions from your customers and how you plan to scale it up?

Currently the only source of CUT-TO-SIZE orders were suppliers in China or Italy. Customers from most segments are looking forward to our set up to start operations. We have already taken up and completed small projects. We recently completed a job for our Japanese customer who used Indian Coffee Brown as exterior wall cladding for their new head quarters in Nagoya. We are also supplying custom Vanity tops for the Marriott in Georgetown, Washington. This is the response we got from customers through word of mouth. Since our facilities are not fully ready, we have not yet actively engaged the market. This however is a segment that our current customers had been pushing us to take up, but due to the lack of space we could

not start this segment. With the Granite Studio near completion we have converted a portion of our old stock area into our CUT-TO-SIZE shop.

Our plan is to continuously update our shop with more cutting machines and edge profiling machines etc to better cater to our customers' needs.

6. You currently exporting to more than 50 countries, which are top 5 countries you are exporting to, can you discuss in detail?

We last year exported to 51 countries. The number of countries that we export to has gradually increased over the past few years. This year was challenging due to contraction of demand in many markets due to volatile currencies and region specific issues. We are very satisfied that we were able to maintain exports to over 50 countries inspite of such challenging environment.

The Top 5 countries we export to are US, Poland, Australia, Germany & Belgium. They collectively contribute to over 59% of our export sales.

7. Can you discuss about the new geographies you have entered this year?



The new countries that we have entered in the last year are Slovakia, Iran and Mongolia. We are targeting countries in Central Europe and Asia.

In March 2016 we took part in Xiamen International Stone Fair in Xiamen, China for the first time. This is one of the world 2 largest fairs (along with Marmomacc in verona, which we have been exhibiting at for the past 20+ years). The response was great from this show. Through this show we hope to reach many Asian markets like South Korea and Singapore.

8. How are you tackling with the problem of raw material?

The mines around Madurai continue to remain closed. With no change in over 4 years we are having a difficult time sourcing blocks. We have started sourcing raw blocks of newer shades from Rajasthan. The mineral rich State of Rajasthan has some new exciting colours. We are looking at this segment to fill the void. There is a new demand trend for shades in Black, White & Grey and we have started sourcing such shades from new quarries in Rajasthan.

We continue to import blocks from Brazil, Norway and Africa.



9. How much of business was impacted by the fall in crude oil prices?

The fall in crude prices impacted the demand for luxury housing in Middle East countries and other oil rich nations like Russia & Venezuela. So we have seen a fall in demand for our products in these countries.

Crude Oil derivatives are used in our polishing lines, but they form a small portion of our costs. So there was no substantial cost savings in our production process.

10. You mentioned that competition from engineered stone has increased, which initiatives you have taken to tackle the competition?

Engineered stone is manufactured in a facility (instead of being mined from inside the earth for Natural stone). Its basic composition is about 90 percent





stone powder (usually quartz) and 10 percent resin. Over the last few years engineered stones are getting popular with improved quality and lower costs and are emerging as a major threat for the granite and other natural stones.

As part of WONASA (World Natural Stone Association) we are putting together an online marketing campaign to target Home Owners and architects to showcase the uniqueness of natural stone, highlighting its history, green and eco friendly production processes and the charm of an all natural product.

11. During the year you talked about your plans to implement an ERP system for better management of inventory and working capital management? What is the status of that?

Given the unique nature of our industry & the small size, there are no off-the-shelf packages that serve the needs of our

industry. So we had mandated a Software firm in Chennai to do the implementation for us. While the core modules are ready and tested, the implementation is taking longer than planned. Our ability to track the movement of raw blocks in our system is not to a level that we desired & so have asked the team to rework some of the features. Due to the nature of the business confining the business process in an ERP is difficult.

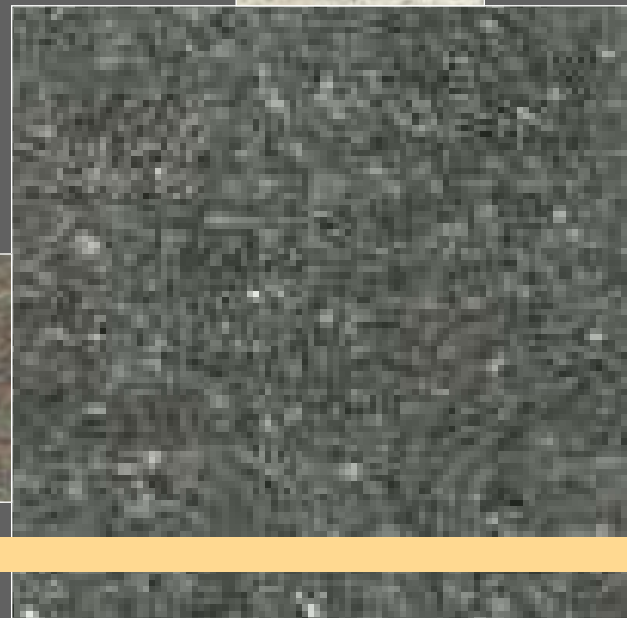
We are hopeful of getting the module implemented within this calendar year.

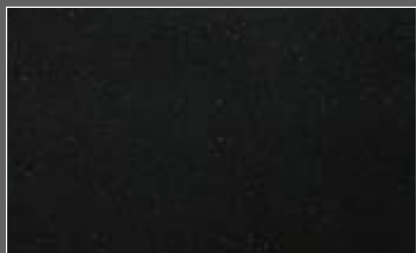
12. You mentioned that you are using one of the best technologies in industry; can you explain in details, what technology are you using?

Our machineries are state of the art machines imported from Italy. We are one of only 3 Tile plants installed in India after the year 2000. To look at the recent technology we have employed Our CNC machines are truly remarkable. They have mounted cameras which allow us to take pictures of the slab before they are cut. Further the Cut from CAD software enables us to super impose the AutoCAD drawings over the slab. This enables us to start the cutting process without human supervision and without the need to make and uses of expensive templates.

We are also using new and better Epoxies that help in reducing natural defects like fissures and rust, some epoxies are even available to enhance the colours. These are however very time consuming processes.









Aro granite industries ltd.

(CIN: L74899DL1988PLC031510)

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

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

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

Notice

NOTICE is hereby given that the 28th Annual General Meeting of the members of **ARO GRANITE INDUSTRIES LIMITED** will be held on Saturday, the 10th September 2016 at 10.00 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 2016 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Sujata Arora, who retires by rotation and being eligible, offers herself for re-appointment.
4. To consider and, if thought fit to pass, with or without modification(s), the following as **Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act 2013 (the Act) and the Companies (Audit and Auditors) Rules 2014 including any statutory modification(s) or re-enactment thereof for the time being in force, 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-ninth Annual General Meeting to be held in the year 2017 and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending 31st March 2017 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".

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 190, 196, 197, 198, 203 and Schedule V and other applicable provisions, if any, of the Companies Act 2013 ("the said Act"), and rules made there under or any statutory modification(s) or re-enactment(s) thereof the re-appointment of Shri Sunil Kumar Arora as Managing Director of the Company for a further period of five years w.e.f. 1st April 2016 be and is hereby approved on the following terms of remuneration as approved/recommended by the Nomination & Remuneration Committee of Directors and in the event of inadequacy or absence of Profits under Section 198 of the said Act in any financial year or years, the remuneration comprising salary, perquisites, allowances and benefits, as approved herein, be paid as minimum remuneration to the said Managing Director, for a period not exceeding three years in the aggregate subject to requisite approvals under the said Act.

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

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

"RESOLVED THAT in furtherance to the resolution passed by the members in the Annual General Meeting of the Company held on 11th September 2015, appointment of Shri K Raghavendra Acharya (DIN 06923476) as Wholetime Director of the Company with the designation of Executive Director for a period of three years with effect from 01st November 2014, further approval of the Company be and is hereby accorded for payment of the remuneration as determined by the Nomination and Remuneration Committee and approved by the members of the Company at the aforesaid Annual General Meeting and reproduced in the explanatory statement annexed hereto which shall be deemed to form part hereof as minimum remuneration in the event of inadequacy or absence of profits under section 198 of the said Act in any financial year or years 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 therewith or incidental thereto without any further approval of the Company in general meeting".

For & on behalf of the Board

Place: Hosur
Date: 18th July, 2016

(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 **06.09.2016 to 10.09.2016 (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 10.09.2016 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 as substituted by the companies (Management and Administration) Amendment, Rules 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members facility to exercise their right to vote at the 28th 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 7th September 2016 at 10.00 a.m. and ends on 9th September 2016 at 5.00 p.m. During this period shareholders of the Company holding shares either in physical form or in dematerialised form as on **cutoff** date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on "Shareholders" tab.
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

- (viii) After entering these details appropriately, click on “**SUBMIT**” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on 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.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) 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.
- (xvii) Shareholders can also cast their vote using CDSL’s mobile app m-voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (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 and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (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 **3rd September 2016** 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 3rd September 2016**.
- (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, immediately after the conclusion of voting at the AGM, count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than two days of conclusion of the Meeting, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
- (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 and on the website of CDSL immediately.

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

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

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

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 5

Shri Sunil Kumar Arora had been re-appointed as the Managing Director of the Company for a period five years by the Board of the Company on 22.04.2011 and the same was approved by the Shareholder in the General Meeting held on 29.07.2011. The present tenure of Shri Sunil K Arora as the Managing Director expires on 31.03.2016. Considering his depth of knowledge, expertise in the granite business and his contribution for the all round growth and development of the Company, the Board of Directors in its meeting held on 23.01.2016 re-appointed Mr. Sunil Kumar Arora as Managing Director for a further period of five years w.e.f. 01.04.2016 subject to the approval of the shareholders, in the ensuing Annual General Meeting of the Company on the following terms of remuneration as approved/recommended by the Nomination and Remuneration Committee of Directors for a period of three years and subject to requisite approvals under the said Act. The resolution is accordingly recommended as Special Resolution for the approval of the shareholders of the Company

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

I. General Information

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

Particulars for the Financial year ended 31 st March 2016	Rs. in Crores
Net Sales and Other Income	216.76
Operating Profits (Before Interest, Depreciation and Tax	21.12
Profit before Tax	6.78
Profit after Tax	5.86

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

II. Information about the Appointee:

1. **Background details:** Shri Sunil Kumar Arora, aged 58 years, holds a Bachelor Degree in Science. He is the founder promoter of Aro granite industries Ltd. He has more than 30 years experience in the granite industry. He is responsible for the overall management of the Company.
2. **Past Remuneration** of Shri Sunil Kumar Arora was approved by the Shareholders at Annual General Meeting of the Company held on 29th July 2011.
3. **Job Profile and his Suitability:** Shri Sunil Kumar Arora, Managing Director of the Company is vested with substantial powers of the management under the superintendence, control and direction of the Board of Directors. He is also involved in policy planning, vision and strategy and long term developmental activities of the company. He has in-depth knowledge, expertise in the granite business, having more than 30 years of experience, which has evolved the all round growth of the Company.
4. **Remuneration proposed:** The Remuneration Committee and Board of Directors of the company at their respective meetings held on 23rd January 2016 have approved the following terms of remuneration of Shri Sunil Kumar Arora for a tenure of 3 years w.e.f. 01.04.2016 subject to approval of the shareholders in the next General Meeting, as under
 - a) Salary: Basic Salary Rs. 8,00,000/- per month (in grade of 8,00,000 – 50,000 – 10,00,000).
 - b) Commission upto 5% of the net profits of the Company computed under section 198 of the Companies Act 2013 or any statutory modification thereto or re-enactment thereof subject to a ceiling of 100% of annual salary.
 - c) Perquisites: Residential accommodation or House Rent Allowance @ 50% of the Salary. Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company. Company shall provide such furniture and furnishings as may be required. Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family. Reimbursement of all the expenses

i.e. travel fare, lodging, boarding, conveyance and other expenses incurred for self and family members during the leave travel holidays period whenever undertaken whether in India or abroad. Subscription or reimbursement of membership fee for clubs in India or abroad including admission and life membership fees. Personal Medical / Accident Insurance of an amount, the annual premium of which shall not exceed Rs. 20,000/- p.a. Any other benefits, facilities, allowances and expenses as may be allowed under Company rules / schemes and available to other employees.

- d) Contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the ceiling of perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- e) Gratuity payable shall not exceed half a month's salary for each completed year of service.
- f) Entitled for leave with full pay or encashment thereof as per the rules of the Company.
- g) The Board or the Nomination and Remuneration Committee thereof may, from time to time, increase, or vary the salary range, subject to the overall ceiling prescribed under the Companies Act, 2013.
- h) In the event of inadequacy or absence of profits under Section 198 of the Companies Act, 2013 in any financial year or years, the Managing Director of the Company shall be entitled to such remuneration as he may be then drawing, as specified in paras a above, as minimum remuneration and be also entitled to perquisites mentioned in paras c, d, e and f above.

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

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

III Other Information:

1. **Reasons of loss or inadequate profits:** The Company, being a 100% Export Oriented Unit, is highly effected by global business sentiments. Globally India competes with Brazil, Italy and China for granite exports. The standoff between Russia and Ukraine caused western countries to impose sanctions and our export to Russia came to a standstill because of those sanctions. Post subprime meltdown our export to US housing market was stalled and it hit our export growth. Further there is a change in the trend in usage of natural stones across the globe. New products like engineered stone are making a mark and consumer preference is shifting towards the new products. Due to global economic instability, major currencies across the globe faced high exchange rate volatility against US DOLLAR which affected our order position leading to decline in sales and low profitability.

Further margins are under pressure because realization was severely hit by the steep decline in EURO against the US DOLLAR. Another reason is the sharp decline of the Brazilian currency against US DOLLAR which made granite export more competitive from Brazil. Customers' resistances are there against upward revision of selling price of the product.

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

2. **Step taken or proposed to be taken for Improvement and Expected increase in the productivity and profits in the measurable in terms:** Steps are being taken to improve the performance of the Company. Construction of New Display Warehouse, foray into natural quartzite, installation of new machines for value added products, expansion of operations into new geographies, Better inventory and Working Capital Management and Cost optimization are some of the measures being taken to improve the performance of the Company. With these steps the Company is expected to grow at the rate of more than 10% for the year 2016-17 and will maintain the same for the next few years and profitability wise also, it is expected to maintain 8 to 9% PAT rate.

The Resolution is accordingly recommended as **Special Resolution** for the approval of the shareholders of the Company. None of the Directors except Mr. Sunil Kumar Arora or his relatives or Key Managerial Person or their relatives has any nature of concern or interest, financial or otherwise, directly or indirectly in respect of the proposed resolution.

Item no. 6

Shri K Raghavendra Acharya was appointed as Whole Time Director of the Company with the designation of Executive Director for a period of three years with effect from 01.11.2014 on the terms & remuneration determined by the Nomination and Remuneration Committee and approved by the members at the Annual General Meeting held on 11.09.2015. However, due to inadequacy of profits during the financial year 2015-16, the Company has submitted requisite application to the Central Government for payment of approved remuneration as the Minimum Remuneration to Shri K Raghavendra Acharya subject to compliance of the requirement of Part II of the Schedule V of the Companies Act 2013. The resolution is accordingly, recommended for the approval of the Members as **Special Resolution**.

None of the Directors except Mr. K. Raghavendra Acharya or his relatives or Key Managerial Person or their relatives has any nature of concern or interest, financial or otherwise, directly or indirectly in respect of proposed resolution.

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

I General Information

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

Particulars for the Financial year ended 31 st March 2016	Rs. In Crore
Net Sales and Other Income	216.76
Operating Profits (Before Interest, Depreciation and Tax	21.12
Profit before Tax	6.78
Profit after Tax	5.86

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

II. Information about the Appointee:

1. **Background details:** 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.
2. **Past Remuneration:** The Company had appointed Shri K. Raghavendra Acharya as the Whole Time Director of the Company for a period of three years w.e.f. 01.11.2014 and same has been approved by the shareholder in their General Meeting held on 11th September 2015.
3. **Job Profile and his Suitability:** Shri K. Raghavendra Acharya, Whole Time Director of the Company is vested with 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.
4. **Remuneration proposed:** The Remuneration Committee and Board of Directors of the company at their respective meetings held on 31st October 2014 have approved the following terms of remuneration of Shri K. Raghavendra Acharya for a tenure of 3 years w.e.f.2014 and approved by the shareholder in the Annual General Meeting held on 11th September 2015, as under:
 - 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.
5. **Comparative Remuneration profile with respect to industry, Size of the company, profile of the position and person:**
The remuneration being paid in the industry to the executives has increased manifold. The Central Government has also from time to time raised the ceilings. The Remuneration Committee of the Directors of the company had, while approving the remuneration of Shri K Raghavendra Acharya, taken into account the financial position of the Company and trends in the industry, qualification, experience, responsibilities, past performance, past remuneration etc. and the remuneration drawn by the managerial persons in the industry.
6. **Pecuniary relations directly or indirectly with the company or relationship with the managerial personnel, if any:**
Besides the remuneration proposed herein, Shri K Raghavendra Acharya does not have any pecuniary relationship with the Company.

III Other Information:

1. **Reasons of loss or inadequate profits:** The Company, being a 100% Export Oriented Unit, is highly effected by global business sentiments. Globally India competes with Brazil, Italy and China for granite exports. The standoff between Russia and Ukraine caused western countries to impose sanctions and our export to Russia came to a standstill because of those sanctions. Post subprime meltdown our export to US housing market was stalled and it hit our export growth. Further there is a change in the trend in usage of natural stones across the globe. New products like engineered stone are making a mark and consumer preference is shifting towards the new products. Due to global economic instability, major currencies across the globe faced high exchange rate volatility against US DOLLAR which affected our order position leading to decline in sales and low profitability.

Further margins are under pressure because realization was severely hit by the steep decline in EURO against the US DOLLAR. Another reason is the sharp decline of the Brazilian currency against US DOLLAR which made granite export more competitive from Brazil. Customers' resistances are there against upward revision of selling price of the product.

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

2. **Step taken or proposed to be taken for Improvement and Expected increase in the productivity and profits in the measurable in terms:** Steps are being taken to improve the performance of the Company. Construction of New Display Warehouse, foray into natural quartzite, installation of new machines for value added products, expansion of operations into new geographies, Better inventory and Working Capital Management and Cost optimization are some of the measures being taken to improve the performance of the Company. With these steps the Company is expected to grow at the rate of more than 10% for the year 2016-17 and will maintain the same for the next few years and profitability wise also, it is expected to maintain 8 to 9% PAT rate.



FOR THE ATTENTION OF THE SHAREHOLDERS

- 1 Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Annual General Meeting.
- 2 Please check the pin code in the address slip printed on the envelop and advise correction, if any therein. Also please do indicate the pin code number of your delivery post office while notifying change in your address to the Company where shares are held in physical form.
- 3 Transferee(s) seeking transfer of shares in physical form should furnish copy of PAN card to the Company/RTA for registration of transfers.
- 4 Shareholders having multiple folios are requested to write to the Company for consolidation of the Folios to save the administrative or servicing costs.
- 5 Requests for transfer of Shares and related correspondence should be addressed to the Company's **Registrar & Share Transfer Agent M/s Alankit Assignments Limited, Alankit House, 4E/2, Jhandewalan Extension, New Delhi 110055**. The shareholder may approach their Depository Participant for getting their shares dematerialised and in respect of the shares already held in dematerialised mode for registration of change in their addresses, bank mandates and nominations etc. For any further clarifications and other matters kindly write to the **Company Secretary at 1001, 10th Floor, DLF Tower A, Jasola, New Delhi 110025 or E mail: investorgrievance@arotile.com**. Please quote your folio no/DP ID/Client ID or number of shares for prompt attention.
- 6 The Members are requested to furnish to the Company their Bank particulars to enable the Company to directly credit the dividend amount in their Account through **Electronic Clearing Services**. Members are also requested to advise details of their Bank Account i.e. name and address of their Bank, Account No. and name of account Holder(s) for printing on the Dividend Warrants to avoid fraudulent encashment thereof.
- 7 **Transfer of Unclaimed Dividend to Investor Education and Protection Fund:** Pursuant to Section 125 of the Companies Act 2013, the unclaimed dividend for financial year ended 31.03.2009 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 2009-10 to 2014-15 are requested to send the same for revalidation to the Company at the address given at point No. 5 above.
- 8 **Nomination:** Pursuant Section 72 of the Companies Act, 2013 individual Shareholders holding shares in the Company singly or jointly may nominate an individual to whom all the rights in the shares in the Company shall vest in the event of death of the sole/all joint Shareholders.
- 9 **Dematerialisation of Share and Liquidity:** Members may in their own interest consider dematerialisation of their shareholding in the Company held in physical form through their respective Depository Participants with one of the Depositories, namely, NSDL and CDSL. Company's ISIN No. is INE210C01013.
- 10 Pursuant to Section 101 of the Companies Act 2013 and the Rules made there under, the Company is permitted to send various notice/documents under the Companies Act 2013, to its shareholders, through electronic mode. We request to Members to support this initiative and register their E-mail addresses in respect of shares held in: (1) dematerialised mode, with their Depository Participants; and (2) physical mode with Alankit Assignments Limited (RTA). Please quote the following particulars in the E-mail Registration Request: Folio No./DP ID –Client ID, PAN, Name (s) of Registered Holder(s), Address, Telephone and E-mail Address (to be registered for sending future communications through E-mail) and send the same under your signature(s).
- 11 The Securities and Exchange Board of India (SEBI) has mandated the submission of permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

Green Initiative in Corporate Governance: Register E-mail Address

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



Directors' Report

The Directors' have pleasure in presenting the 28th Annual Report together with Audited Accounts of the Company for the year ended on 31st March 2016.

FINANCIAL RESULTS

	31.03.2016	31.03.2015
Gross Profit before Depreciation	1590.32	2755.11
Depreciation	912.08	858.75
Net Profit before Tax	678.24	1896.36
Provision for Tax	—	—
Current	312.46	738.47
— MAT Credit	132.39	336.43
— Deferred	(87.97)	(174.53)
Surplus available for appropriation	586.14	1668.85
Dividend (including Dividend Tax)	184.15	179.00
Amount transferred to General Reserve	200.00	200.00
Surplus carried to Balance Sheet	201.99	1289.85

WORKING RESULTS

During the financial year 2015-16, the turnover was declined by 18% to Rs 216.00 Crores. This was largely due to fall in the exports by 20% to Rs.202.00 Crores financial year 2015-2016 as compared to financial year 2014-2015. EBDITA margins also dropped from 11.18% in 2014-15 to 9.25% in 2015-2016. This was mainly due to stiff competition from Brazil, irregular supply of rough granite blocks and increasing popularity of engineered stone i.e. Quartz. Our profitability was impacted due to high competition in our major markets especially USA and Poland, and extra cost in sourcing raw material from new sources due to closure of traditional quarries in Tamil Nadu. Sales to USA, which is a major part of our total sales, was hit by Brazilian exporters which now account for more than 80% of US granite imports. The depreciation Brazilian currency against US Dollar has allowed Brazilian exporters to offer heavy discounts. Our sales to Europe were also hit due to the Euro Depreciating. The situation with the closure of over 100 quarries in Tamil Nadu has not changed. More than 25 traditional colours in White, Cream, Ivory and Gold based are still not available and there is no respite in sight. With the current trend around the world, only Black, Grey and White material are selling and the portfolio of colours that we can offer has been greatly reduced. Colours like green and brown are almost out of the market. This has created a spike in the rough block prices and also limited the range of shades we can offer to our customers.

In spite of the tough business conditions, we took steps which will benefit our business in years to come. We have started sourcing raw material from Rajasthan for some newer shades. Though the transport cost for these materials are high, we have been able to command a reasonable price for these new colours. We have added a few new colours to our portfolio from Rajasthan in white and blue tonalities which are in line with current Market trends. We started a new segment, "CUT-TO-SIZE" and have received positive response from our existing customers. We have partially commissioned our 11,000 square meter Granite studio, with a capacity to store over one lakh square meters of finished granite slabs. We will be able to better display our inventory, which will help us better serve our customers in a shorter period of time. Post the full commissioning of the warehouse we further aim to expand our products offerings. We continue to search for new business and foray into new countries like Slovakia, Mongolia & Iran. Response from these markets was encouraging and we expect more business from these countries in year to come.

We have been awarded the Top Export Award for our exports in Natural Stone making us the largest exporter of granite Tiles and Slabs from India. Though the business conditions in granite industry remain challenging, we are tracking them closely and aim to counter them by improving our internal efficiency and productivity.

DIVIDEND

Your Directors have recommended a dividend of Re. 1/- (i.e. 10%) per Equity Share of Rs. 10/- each (last year Re. 1/- per Equity Share) for the financial year ended 31st March 2016 amounting to Rs.184.15 lacs /- (inclusive of tax of Rs.31.15 lacs). The Dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The dividend will be paid to the members whose names appear in the Register of Members as on 10.09.2016 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

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

DIRECTORS

Shri Pradeep Kumar Jain, resigned from Board of Directors of the Company with effect from 4th August, 2015. The Board record its appreciations for the valuable services contributed by him.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

AUDITORS AND AUDITORS' REPORT

(a) Statutory Auditor

M/s Alok Mittal & Associates, Chartered Accountants, Statutory Auditors of the Company, 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 Auditors' Report are self explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservations or adverse remark.

(b) Secretarial Auditor

The Board has appointed Ms Latika Jetley, Practising Company Secretary, (CP No. 3074) to conduct the Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year 2015-16 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 2016-2017.

Auditors' Certificate on Corporate Governance

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Auditors' Certificate on Corporate Governance is enclosed as **Annexure III** to the Boards' Report. The Auditors' Certificate for the year 2015-16 does not contain any qualifications, reservations or adverse remarks.



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

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

EXTRACT OF THE ANNUAL RETURN

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

PARTICULARS OF REMUNERATION

Statement of particulars of employee pursuant to the provisions of section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March 2016.

Employed throughout the year ended 31st March 2016 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	58 Years	B.Sc	29 Years	03.05.1988	Managing Director	1,44,00,000/-	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	494.285
2.	Shri Kasturi Lal Arora	1.888
3.	Shri Dinesh Chandra Kothari	5.320
4	Shri Rahul Gupta	6.865
5	Shri Kanwaljit Singh	3.433
6	Smt Sujata Arora	4.806
7	Shri K Raghavendra Acharya, Executive Director	49.956
8	Smt Vanita Sood	3.604

- 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	6.25
2.	Shri Kasturi Lal Arora	-35.29
3.	Shri Dinesh Chandra Kothari	58.06
4	Shri Rahul Gupta	55.00
5	Shri Kanwaljit Singh	0.00
6	Smt. Sujata Arora	42.86
7	Shri K Raghavendra Acharya, Executive Director	8.61
8	Smt. Vanita Sood	52.38
9	Shri Sabyasachi Panigrahi, Company Secretary	8.61
10	Shri S Sundara Rajan, CFO	8.61

3. The percentage increase in the median remuneration of employees in the financial year: 7.32
4. The number of permanent employees on the rolls of company: 133
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 0.13%. The average increase in Company's performance is -15.38%.
6. Comparison of the Remuneration of the Key Managerial Personnel against the performance of the Company for the financial year 2015-16: (in Lacs)

Aggregate remuneration of Key Managerial Personnel (KMP)	186.46
Revenue	21558.84
Remuneration of KMP (as % of revenue)	0.86
Profit Before Tax	678.24
Remuneration of KMP (as % of PBT)	27.49

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 2016	31st March 2015	% Change
Market Capitalization (Rs. in Crores)	63.27	93.33	-32.21
Price Earnings Ratio	10.80	5.59	93.20

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 2016	9th January 1995	% Change
Market Price	Rs. 41.35	Rs. 20.00	106.75

9. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year ended 31st March 2016 was 3.06%.

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

(in Crores)

	Sunil Kumar Arora Managing Director	K Raghavendra Acharya Executive Director	S Sundara Rajan CFO	Sabyasachi Panigrahi Company Secretary
Remuneration in FY 2015-16	1.44	0.138	0.138	0.138
Revenue	215.59	215.59	215.59	215.59
Remuneration as % of Revenue	0.67	0.067	0.064	0.064
Profit before Tax (PBT)	6.78	6.78	6.78	6.78
Remuneration as % of PBT	21.24	2.13	2.05	2.05

11. No variable component of remuneration was availed by the directors during the financial year ended 31st March 2016.
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 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.

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

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

INTERNAL FINANCIAL CONTROLS

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

LISTING

The Equity Shares of the Company are listed in BSE Limited and National Stock Exchange of India Limited. Listing fees for the year 2016-2017 have already been paid to BSE Limited and National Stock Exchange of India Limited.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place: Hosur
Date: 30.04.2016

Sunil K Arora
Managing Director

Kasturi Lal Arora
Director

ANNEXURE I TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2015-16

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. 1467.30 Lacs
3	Prescribed CSR expenditure(2% of the Average net profits of last three financial years)	Rs. 30.00 lacs
Details of the CSR spent during the year		
4	Total Amount to be spent for the financial year	Rs. 0.00 lacs (During the year the Company has not spent any amount towards CSR as the areas in which CSR expenditure will be made are being finalised.
5	Amount unspent, if any,	Rs. 52.00 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 implementation and monitoring of Corporate Social Responsibility (CSR) policy is in compliance with CSR objectives and policy of the Company"

Sunil K Arora
Managing Director

Dinesh Chandra Kothari
Chairman CSR Committee

30.04.2016



ANNEXURE II TO THE DIRECTORS' REPORT

MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2016

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

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

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

Based on my verification of Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the Audit Period covering the financial year ended on 31st March, 2016 (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 to the reporting made herein under:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2016 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 & 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 2011; **(Not applicable to the Company during the Audit Period)**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992.
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period).**
 - d. The Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999 and The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations 2014 notified on 28th October 2014; **(Not applicable to the Company during Audit Period)**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008; **(Not applicable to the Company during the Audit Period)**
 - f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) 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 1998: **(Not applicable to the company during the Audit Period)**
- VI. and other applicable laws as below
 1. Factories Act 1948
 2. Industries (Development and Regulation) Act, 1951
 3. Labour laws and Incidental laws related to Labour and Employees appointed by the Company either on its payroll or on contractual basis as related to Wages ,Gratuity, Provident Fund , ESIC ,Compensation etc.,
 4. Acts prescribed under Prevention and Control of pollution



5. Acts prescribed under Direct and Indirect taxes
6. Land Revenue laws of respective States
7. Labour welfare Act of respective States
8. Legal Metrology Act 2009
9. Acts as prescribed under Shops and Establishment Act of Various Local Authorities.

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

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

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

I Further Report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the compositions of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. The Company has not spent any amount under CSR (Corporate Social Responsibility) as per the relevant provisions of the Companies Act 2013.

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

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

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.

I have relied on the Management Representation made by the Managing Director and Company Secretary for systems and mechanism formed by the Company to ensure the compliances under other applicable Acts, Laws and Regulations which are listed above.

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

Place: New Delhi
Date: 27th April 2016

ANNEXURE III TO THE DIRECTORS' REPORT

Auditors' Certificate on Corporate Governance

To,
The Members,
Aro granite industries limited,

We have examined the compliance of conditions of Corporate Governance by Aro granite industries limited, for the year ended 31st March 2016, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges for the period 01 April 2015 to 30 November 2015 and as per the relevant provision of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015 as referred to in Regulation 15(2) of the Listing Regulations for the period 01 December 2015 to 31 March 2016

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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/ Listing Regulations, as applicable.

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 2016 there were no investor grievances remaining un-attended/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,
Firm Reg. No. 005717N
Chartered Accountants

(Alok K. Mittal)
Partner
M No. 71205

Place: Hosur
Date: 30.04.2016

ANNEXURE IV TO THE DIRECTORS' REPORT

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

(i) CONSERVATION OF ENERGY

The plant installed by the Company is of latest technology and is energy efficient. Power consumption of the Company is very low. During the year under consideration a total 1,23,14,797 units were consumed and the per Sq. mt. power consumption cost only Rs. 166.03p.

(ii) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

(iii) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31.03.2016

[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	Residtration 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 110025 Phone No. 91-11-41686169 Fax: 91-11-26941984 E-mail : arodelhi@arotile.com
vi	Whether listed company Yes/ No	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Alankit Assignments Limited House, 4E/2, Jhandewalan Extension New Delhi-110055 Phone No. 91-11-23541234, 91-11-42541234 Fax: 91-11-23552001 E-mail : info@alankit.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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



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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 1st April 2015				No. of Shares held at the end of the year 31st March 2016				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF)	6264631	0	6264631	40.95	6264631	0	6264631	40.95	0
b) Central Govt/ State Gov(s)	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	6264631	0	6264631	40.95	6264631	0	6264631	40.95	0
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	6264631	0	6264631	40.95	6264631	0	6264631	40.95	0
B. Public Shareholding									
1. Institutions									
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) FIs	296949	0	296949	1.94	296949	0	296949	1.94	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Other (specify)	0	0	0	0	0	0	0	0	0
sub-total (B)(1)	296949	0	296949	1.94	296949	0	296949	1.94	0
2. Non Institutions									
a) Bodies Corp.									
i) Indian Corp.	1509704	15549	1525253	9.97	1408787	15499	1424286	9.31	-0.66
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1668178	475368	2143546	14.01	2128187	511428	2639615	17.25	3.24
ii) Individual shareholders holding nominal share capital in excess of Rs 1. Lakh c)	4523592	130274	4653866	30.42	4222854	28125	4250979	27.78	-3.14
Other (specify)	0	0	0	0	0	0	0	0	0
NRI/ OCB	393782	21973	415755	2.72	404942	18598	423540	2.77	0.05
Sub total (b) (2)	8095256	643164	8738420	57.11	8164770	573650	8738420	57.11	0.00
Total Public Shareholding (B)= (B)(1)+(B)2	8392205	643164	9035369	59.05	8461719	573650	9035369	59.05	0.00
C. Share held by Custodian for GDRS & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	14656836	643164	15300000	100.00	14726350	573650	15300000	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 1st April 2015			Shareholding at the end of the year 31st March 2016			% change in share holding during the year
		No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to Total Shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to Total Shares	
1	Sunil K Arora	4869315	31.83	0	4869315	31.83	0	0
2	Sujata Arora	598572	3.91	0	598572	3.91	0	0
3	K.L. Arora	34267	0.22	0	34267	0.22	0	0
4	Kusturi Lal Arora	346983	2.27	0	346983	2.27	0	0
5	Kusturi 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
	TOTAL	6264631	40.96	0	6264631	40.96	0	0

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

Sl. No.		Shareholding at the beginning of the year 1st April 2015		Cumulative Shareholding during the year	
		No. of Share	% of total shares of the company	No. of shares	% of total share of the company
1	At the beginning of the year	0	0	0	0
2	Date wise Increase/Decrease in Promoters Share Holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus /sweat equity etc.)	0	0	0	0
3	At the End of the year	0	0	0	0

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

Sl. No.	Top Ten Shareholders	Shareholding at the beginning of the year 1st April 2015		Shareholding at the end of the year 31st March 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dilip Kumar Lakhi	1468628	9.60	1468628	9.60
2	Surefin Financial consultants pvt Ltd	532338	3.48	532338	3.48
3	Bharat Pitti	384431	2.51	372568	2.44
4	Amrit India Value Fund Ltd	296949	1.94	296949	1.94
5	Amit Shantilal Motla	219500	1.43	221000	1.44
6	Archit Exim Pvt Ltd	219322	1.43	219322	1.43
7	Winfin Financial Consultants Pvt Ltd	184794	1.21	184794	1.21
8	Pradeep Kumar Jain	180667	1.18	179887	1.18
9	Sujata Jain	177189	1.16	177189	1.16
10	Meenaz Kassam	167143	1.09	167143	1.09

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of Directors and KMP	Shareholding at the beginning of the year 1st April 2015		Shareholding at the end of the year 31st March 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sunil K Arora	4869315	31.83	4869315	31.83
2	Sujata Arora	598572	3.91	598572	3.91
3	K.L.Arora	382375	2.50	382375	2.50

V INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	126949200	0	0	126949200
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not Due	0	0	0	0
Total (i+ii+iii)	126949200	0	0	126949200
Change in Indebtedness during the financial year				
• Addition	62981100	0	0	62981100
• Reduction	0	0	0	0
Net Change	62981100	0	0	62981100
Indebtedness at the end of the financial year				
i) principal Amount	189930300	0	0	189930300
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not Due	0	0	0	0
Total (i+ii+iii)	189930300	0	0	189930300

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Sunil K. Arora Managing Director	K Raghavendra Acharya Executive Director	
1	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act 1961	14400000	1455379	15855379
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	c) Profits in lieu of salary under section 17(3) Income Tax Act. 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission-as % of the Profit Other, specify Others. Please Specify	0	0	0
	Total (a)	14400000	1455379	15855379

Ceiling as per the Act: 10% (Rs. 84,26,100/-) of the Net profits of the company calculated as per section 198 of Companies Act 2013

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Dinesh C Kothari	Pradeep K Jain	Rahul Gupta	Vanita Sood	Kanwaljit Singh	
1	Independent Directors						
	• Fee for attending board/ committee meetings	155000	100000	200000	105000	100000	660000
	• Commission	0	0	0	0	0	0
	• Other, please specify	0	0	0	0	0	0
	Total (1)	155000	100000	200000	105000	100000	660000

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Kasturi Lal Arora	Sujata Arora				
2	Other Non-Executive Directors						
	• Fee for attending board/committee meetings	55000	140000	0	0	0	195000
	• Commission	0	0	0	0	0	0
	• Other, please specify	0	0	0	0	0	0
	Total (2)	55000	140000	0	0	0	195000
	Total (B)= (1+2)	210000	240000	200000	105000	100000	855000
	Total Managerial Remuneration						16710379

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

Sl.No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	1395408	1395408	2790816
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission -as % of profit-others, specify	0	0	0	0
5	Other , please specify	0	0	0	0
	Total	0	1395408	1395408	2790816

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

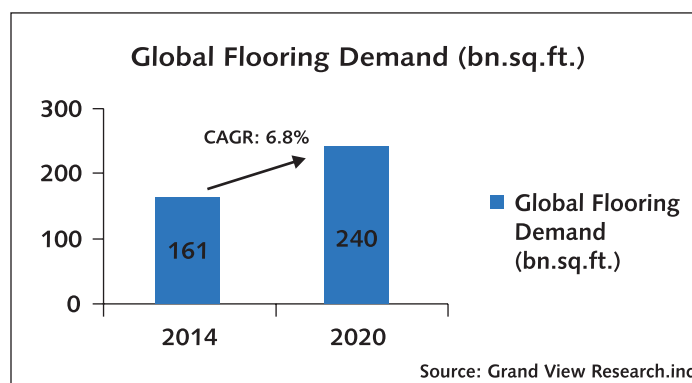
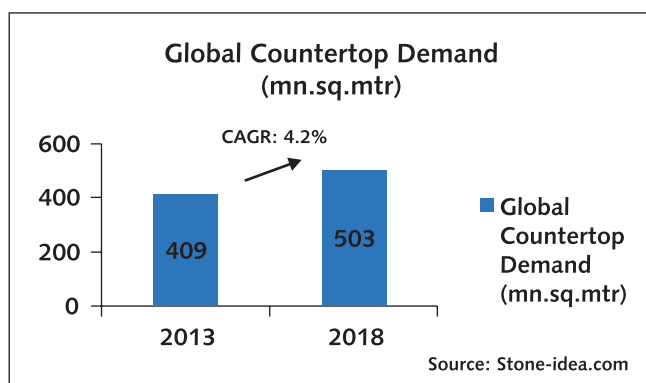
Management Discussion and Analysis

GLOBAL GRANITE INDUSTRY

Granite industry is considered one of the oldest industries in the world; existing as far back as Ancient Egypt. Granite stones due to its amenability for taking mirror like polish, high compressive strength, longevity and aesthetics, finds applications in decoration in building and other places.

Being a product dependent upon availability of natural resources, production of Stone is concentrated among few countries. China, India, Brazil, Iran, Turkey and Italy altogether accounted for 70% of the global extraction of stones. World stone export market sized \$23 billion, of which around 29% is exported by China in 2014.

Around 75% of the stone is used in building material (Floors and paving 32.5%, External wall cladding 7.5% and internal wall cladding 12.5%, steps 3% and special works 19.5%), 6% in civil external uses, 16.5% in memorial art and 2.5% other uses.



Major competition for India as a granite exporter comes from China & Brazil. Some of the big concerns in the Natural stone industry are weaker demand of USA and Europe, sharp devaluation of currencies of some of the producing countries and increasing popularity of engineered stones.

CHINA

China is a major competitor to India in Granite exports. China imports rough dimensional block of granite, after processing, polishing and cutting these blocks into slabs and tiles sells it around all parts of the world and creates tough competition for other countries. Even though China does not have natural granite blocks that can be sourced locally, China processes the blocks in very large quantities, ensuring economies of scale. In terms of prices the Chinese products are very competitive and they are gaining market shares. Currency of China, Yuan, has also depreciated over last year which has given them additional edge and made the situation more vulnerable for other countries especially for India.

BRAZIL

Brazil is one of the largest exporters of Granite globally, and exported majority of its production to USA. Brazil has undergone a notable growth in production and export of dimension stones over the last two years, with increase in activities throughout the production chain. Brazil has huge reserves of granite with large varieties of colors and textures which has helped it in emerging as a major player in USA.

As per "Marble And Stones In The World Report 2015" finished production of stones in Brazil has increased from 0.83 million tons in 1994 to 4.56 million tons in 2014 and share in USA market has increased from 7.9% in 2001 to 28% in 2014. In year 2014 USA imported around \$3 billion of stones, of which around 28% was supplied by Brazil.

Since April 2014 Brazilian currency (Real) has fallen by more than 80% against US Dollar and this has become a huge boon to granite exports out of Brazil. Brazilian companies offer heavy discounts in US for finished granite slabs which other exporting countries like India cannot match as Indian Rupee has not depreciated so much. As a strategy Brazilian quarries did not reduce the price of the rough granite blocks, so EOUs in other countries, could not source the cheaper Brazilian raw material.

Impact of fall in currency was less on China, since rough blocks from all over the world and re-exports them after value addition. They do not compete in the high end market, where countries like Italy, Brazil & India compete head-to-head. Also they have the advantage of government support.

NATURAL STONE DEMAND

For the last 3 years, USA has been one of the major markets for Natural stone industry. And India has been one of the largest exporters to USA. As per "Marble and stones in the world Report 2015" India's market share in USA market has increased from 7.3% in 2001 to 10.2% in 2014. Indian market share started increasing after 2010 till 2013, post which it has started declining. Over the last 6 months with decline in the luxury housing starts, there is further decline in the demand for granite slabs, as this is a segment where natural stones are preferred over artificial stones.

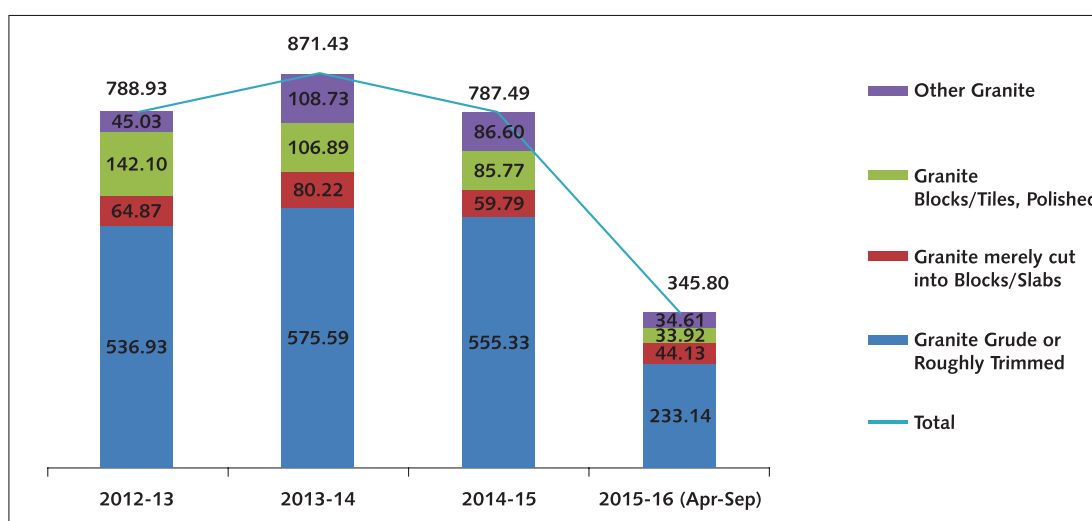
ENGINEERED STONE

Engineered stone is manufactured in a facility (instead of being mined from inside the earth for Natural stone). Its basic composition is about 95 percent stone powder (usually quartz) and 5 percent resin. Over the last few years engineered stones are getting popular with improved finish and lower costs and are emerging as a major threat for the granite and other natural stones.

As per industry estimates, engineered stone has acquired more than 30% market share in US market, 40% market share in Australia and about 60% market share in Canada. Engineered stone has another big advantage with a consistent continuous supply of same shade and texture, while granite availability depends upon the total stock in a particular granite mine. Also engineered stone can be manufactured as per the design trends popular in the Market. The current design trend is towards Blacks, Greys & Whites. This customisation as per trends cannot be done in the case of natural stones, as the shades availability is limited to what is available in the mines at specific locations.

Indian Granite Industry

Indian granite industry is going through a slowdown. As per the latest data from ministry of commerce, exports of natural stone out of India has declined by 9.63% in FY15 over FY14 to US Dollar 787.5 Million. India exports Granite in Crude or cut into blocks/slabs, Polished blocks and tiles of granite and other granite products. During the FY15 there has been decline in all the segments and downward trend continues.



India, even though has huge reserves of granite is losing market share to other competing countries like Brazil and China. Indian exporter are finding it difficult to procure raw material to satisfy demand of customers. Furthermore favorable currency movement is giving big edge to Brazil exports. Even China which is major importer of rough blocks from India, and due to slowdown in China, exports to China has declined.

The number of players that are processing granite has increased quite a lot. The number of Gangsaws in the Hosur mining belt has increased from less 100 units before 2008 to over 300 units now.

Over the past three years, a number of quarries have closed in Tamil Nadu, due to illegal mining and that has created a big shortage of raw blocks. This shortage in turn is driving up the prices of raw blocks as more people are competing for reduced stock.

All these forces have made the current situation in the industry very challenging and has forced the closure of many small units, in the period gone by. There is a need to make the mining industry more competitive and transparent, given the big export potential. The industry has made representations to commerce ministry to make the industry more competitive and give incentives for more processing of raw blocks to be done out of India.

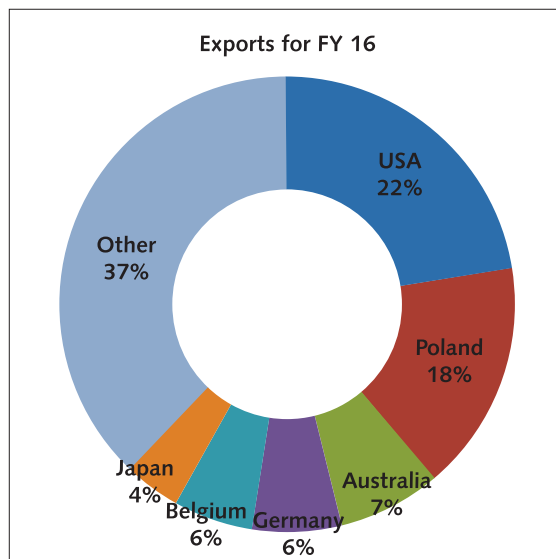
COMPANY

Aro Granite is a 100% EOU whose main plant is located at Hosur, Tamil Nadu. The promoters have been active in granite processing and trading for the last 35 years. Over 92% of the turnover comes from exports. The company exports to more than 50 countries of which major exports destinations are USA, Germany, Italy, Poland, Japan Australia and Russia. The company has access to more than 100 colors ranges which are sourced from around the globe.

The company has received the "Star Export House" certification from Ministry of Commerce and Industry; have been awarded with "Special Export Award" by CAPEXIL for outstanding export performance for 7 years in a row. This year the company has been awarded for being the largest exporter of PROCESSED GRANITE SLABS by CAPEXIL, for the first time in its history. It has also received Integrated Management System (IMS) Certification, the first company in India to receive this certification.

Aro Granite is the largest processed granite exporter in the country. Its state-of-the-art manufacturing facility spread over 37 acres is one of the largest single location plant and uses machines sourced from world class suppliers like Pedrini and Gaspari. Being present in the

industry for more than 35 years, the company has built a strong reputation in the industry. Due to its timely delivery, best quality products, transparent dealings and ethical business practices, the company remained profitable even in such a challenging business environment.



The major reason for success and survival even in this tough market is "Quality". Quality is one aspect that differentiates the company from its competitors. In order to ensure the quality of the products, the process starts with procuring raw material of standard dimensions and high quality. It has built a portfolio of over 100 shades to satisfy the various needs of the customer. In India the company sources from Tamil Nadu, Karnataka, Andhra and Telangana. Recently the company has also started sourcing shades from Rajasthan, due to new demand trends for White & Grey shades. In the International market the company sources material from Brazil, Norway, Finland, Africa, Iran, and Ukraine. A dedicated team ensures that only the best blocks get the quality approval for further processing. For processing the company has state-of-the-art machinery. These machines ensure the products quality is as per international standard, and also helps in mitigating wastage and processing time and cost of processing. After processing, quality of packaging and storage with safety is ensured.

The company takes a lot of care to ensure that the customer receives material as it is packed with minimum breakage and damage. The company has recently commissioned a 11,000 sq.mtrs. warehouse to better storage and display of finished slabs. We have started seeing the benefit of a better display and with the release of space on the production zones, we are planning to debottleneck our polishing line for a better throughput.

Granite Slabs

Granite slab is major part of the company's business and has contributed 81.29% of sales in FY 2015-16. The total installed capacity of granite slabs is 5,85,000 m² per annum. Utilization in the granite slab unit was 80.13% in FY 2015-16.

These granite slabs are exported to wholesalers in other countries who further sell these to fabricators & contractors. Fabricators cut and finish the slabs into finished products like Counter tops, Vanities, Steps and Risers etc. The Granite Slabs in the thickness range of 2-3 cm are used for Counter tops, Vanities & Steps and with 4-7 cm thickness are used for monuments purposes.

Granite Tiles

Granite tiles contributed 18.71% to the company's revenue in FY2015-16. There is 1 unit for tiles processing with a capacity of 3,60,000 m² per annum. Utilization rate of the granite tiles units was 57.11% in FY 2015-16.

Smaller granite blocks are used to make tiles. The granite tiles are in many standardized formats, which are ready to use for site installation.

The major markets for granite tiles are Germany, Italy, Russia, Japan, Netherlands and most other parts of Europe. These tiles face competition from other natural stones like marble, slate and travertine, engineered stone, ceramics and porcelain tiles, wood, carpets and other floor surface materials. Granite tiles are gradually losing market share due to higher logistic costs, lack of similar shades over the years and lower cost replacements in many of the user segments.

Business strategy

The company over the years has grown into the largest exporter of processed granite slabs out of India. It is known in the market for its quality products and timely delivery of products. It exports to over 50 countries across the world and is further working on building new markets for its products.

On the raw material front the company has access to more than 100 colors which are sourced both from India and international market. As the supply of rough granite blocks is inconsistent, the company has started sourcing from various quarries across India. Recently material was sourced from quarries in Rajasthan, to add new shades into our supply mix. The company has state-of-the-art manufacturing



facility which gives us products with minimum wastage and with one of the best qualities in the industry. The company aims to maintain a good relationship with the customers, by focusing on timely delivery, transparent dealings and ethical business practices. More than 90% customers are Repeat customers.

CUT-TO-SIZE

The company has started a new product line of CUT-TO-SIZE slabs during the year. These are the products which are cut according to customized requirement of the user, and are ready for use at the site without any further processing. During the year 2 New CNC Bridge cutting machines were installed, and have already started production. This new segment will add new product ranges to our portfolio including larger format Tiles, Steps, Risers, Window Sills and custom Countertops. The advantage here is that it will result in better margins and also allow the company to process small dimension raw blocks that are cheaper to source. Also the company hopes to attract a new range of customers like commercial property developers, EPC contractors. Over time, the company expects that this grows to over 10-15% of the sales in the next two years.

WAREHOUSE

During the year the company constructed a warehouse of 11,000 sqm in a plot adjoining the current unit.

- Total Area - 11,000 square meters
- No of Bays - 3
- Total Storage Capacity - 20,000 slabs - 1 lakh Square meter
- Total Cost - Rs 28 Cr (Inclusive of cost of 5 acre plot)
- Some of the features are
 - 13% open natural roof lighting compared to less than 2% in traditional warehouses
 - Noiseless and dustless environment for customers to view all the available stock
 - 8 cranes for quick material movement and inspection
 - 4 loading bays for quick dispatch
 - Studio setup for taking better digital images of material
 - First of its kind display setup in India
 - Preferred stop for customers who have left their business untended in foreign countries to come to India. They can finish work quicker here

This will help the company streamline its Inventory Management Systems and Dispatch Systems.

For the inspection & display area the company bought 8 EOT cranes.

Expansion to new geographies

The company faced a lot of challenges in the existing markets of US, Poland, Russia & Libya, where the sales degrew, due to various issues like intense competition from Brazilian Granite exporters, economic sanctions & civil war.

The company has entered new countries like Slovakia, Iran and Mangolia. While the contribution from these geographies is limited, we anticipate good growth in the coming years.

Cost optimization

Aro Granite took various steps to reduce the cost and increase the productivity. Company is in the process of implementing ERP system for better management of inventory and working capital management.

Challenges

During the year granite industry remained very competitive. Pressure on the products of the company was not only from competitors like Brazil, China and European countries but also from substitute product .i.e. engineered stones. The company has major operations in USA, wherein Brazilian products are gaining more market share, due to being lower cost for a better quality. Indian Granite exports to US have reduced & lost significant market share.

The company had good business in Russia and other oil exporting nations. Prices of the crude oil has fallen drastically which has impacted the income of the countries which were largely dependent upon oil revenue for infrastructure spend. Russia also faced economic sanctions and the cut in the infrastructure spend, which ultimately impacted the demand for stones.

Outlook

Though the industry is facing a very challenging business environment, we are still very optimistic about the business of the company. The core management team has been in the business for over 35 years and has seen many ups and down in the industry. In these tough times the management aims to consolidate the business, reduce operating costs and do selective debottlenecking of operations. The new initiatives like the CUT-TO-SIZE line and new warehouse will further strengthen the competitive position of the company.



Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

2. BOARD OF DIRECTORS:

The Board of Directors presently consists of Eight Directors comprises of Six Non-Executive Directors (NED) of which Four are Independent. The Board does not have a permanent Chairman. At each Board Meeting, Directors present elect one amongst themselves as the Chairman of the Meeting. Four Board Meetings were held during the Financial Year ended 31st March 2016 on 25th April 2015, 18th July 2015, 20th October 2015 and 23rd January 2016. Attendance and other details are given below:

Name of the Director	Category	No. of Board Meetings attended	Whether last AGM Attended (11.09.2015)	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	–	1	–
Shri Kasturi Lal Arora	Non-Executive	1	YES	–	2	1
Shri Dinesh Chandra Kothari	Non-Executive & Independent	3	YES	2	5	1
Shri Rahul Gupta	Non-Executive & Independent	4	YES	–	2	–
Smt. Sujata Arora	Non-Executive	4	NO	–	–	–
Shri K. Raghavendra Acharya	Executive	2	NO	–	–	–
Smt. Vanita Sood	Non-Executive Independent	3	NO	–	–	–
Shri Kanwaljit Singh	Non-Executive Independent	2	NO	–	2	–
Shri Pradeep Kumar Jain@	Non-Executive Independent	2	NO	–	2	–

@ Resigned w.e.f. 4th August 2015.

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

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

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

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

3. AUDIT COMMITTEE

The Company has an Audit Committee of Directors. The "Terms of Reference" of the Committee are in conformity with the provisions of Section 177 of the Companies Act 2013 & Rule 6 of Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee is consists of four Non-Executive Directors namely Shri Dinesh Chandra Kothari (Chairman of the Committee), Shri Kasturi Lal Arora, Shri Rahul Gupta and Shri Kanwaljit Singh of which three are Independent. Company Secretary acts as the Secretary of the Committee. During the Financial Year ended 31.03.2016, four meetings of the Audit Committee were held. Date of meetings (number of members attended): 25.04.2015 (3), 18.07.2015(2), 20.10.2015(3) and 23.01.2016(4).

4. NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Committee. The "Terms of Reference" of the Committee are in conformity with the provisions of Section 178 of the Companies Act 2013 & Rule 6 of Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee consists of four Non-Executive Directors namely Shri Dinesh Chandra Kothari (Chairman of the Committee), Shri Rahul Gupta, Shri Kasturi Lal Arora and Shri Kanwaljit Singh of which three are Independent. Company Secretary acts as the Secretary of the Committee. During the Financial Year ended 31.03.2016, two meetings of the Nomination and Remuneration Committee were held. Date of meetings (number of members attended): 25.04.2015 (3), 23.01.2016(4).

5. NOMINATION AND REMUNERATION POLICY

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

Criteria for recommending a person to become Director:

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

Qualification & Experience:

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

Attributes/Qualities:

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

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

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

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

Director's Compensation

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

Evaluation

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

Board Diversity

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

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

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

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

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

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

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

6. REMUNERATION OF DIRECTORS

- Executive Directors:** The aggregate amount of Salary, HRA paid during the Financial Year ended 31st March 2016 to Shri Sunil Kumar Arora, Managing Director was Rs.1,44,00,000/- and Shri K. Raghavendra Acharya, Executive Director was paid Salary, HRA & other allowances for Rs.14,55,379/- during the Financial Year.
- Non-Executive Directors:** During the year 2015-2016, the Company has paid sitting fees aggregating to Rs. 8,55,000/- to all the Non-Executive Directors for attending the meetings of Board and/or Committee thereof.

7. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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 passed
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 th 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 th September 2014	10.30 A.M.	YES
2014-15	Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi- 110016	11 th September 2015	10.30 A.M.	YES

9. OTHER DISCLOSURES

- Related party transactions All transactions entered into with related parties as defined under the Act and Regulation 23 of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 during the financial year were in the ordinary course of business. These have been approved by the audit committee. The board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link <http://www.arotile.com>
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three financial years 2013-14, 2014-15 and 2015-16 respectively: Nil

- iii. The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link <http://www.arotile.com>
- iv. The Company has also adopted Policy on Determination of Materiality for Disclosures and Policy for Preservation of Documents. The said policy has been also put up on the website of the Company at the following link <http://www.arotile.com>
- v. Reconciliation of share capital audit: A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.
- vi. Code of Conduct: The members of the board and senior management personnel have affirmed the compliance with Code applicable to them during the year ended March 31, 2016. The annual report of the Company contains a certificate by the CEO and Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management.

10. CSR COMMITTEE

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

11. 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. "Management Discussion and Analysis" and 'Shareholders Information' forms part of the Annual Report.

12. GENERAL SHAREHOLDERS' INFORMATION

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

(ii) Annual General Meeting

- (a)

Day & Date	:	Saturday, the 10 th September 2016
Time	:	10.00 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 Regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a brief resume and other particulars of the appointment of Directors retiring by rotation at the aforesaid Annual General Meeting and seeking re-appointment are being given in the Explanatory Statement to the Notice convening the said meeting.

(iii) Financial Calendar (Tentative)

Financial Reporting

<ul style="list-style-type: none"> • for the quarter ending 30.06.2016 • for the half-year ending 30.09.2016 • for the quarter ending 31.12.2016 • for the year ending 31.03.2017 (If unaudited) (If audited) 	}	Within 45 days of the end of the quarter
<ul style="list-style-type: none"> • Annual General Meeting for the Financial Year ending 2016-17 		Between July and September 2017

(iv) **Date of Book Closure** : From 06.09.2016 to 10.09.2016 (both days inclusive)

(v) **Dividend Payment Date** : Before 9th October 2016

- (vi) **Listing on Stock Exchange** : The Equity Shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited (NSE). Annual Listing Fee for the Financial Year 2016-17 has been paid to BSE and NSE.
- (vii) **Security Code for Company's Equity Shares** **BSE:** 513729,
NSE: AROGRANITE/EQ
ISIN No.: INE210C01013

(viii) **Stock Market Price Data**

	Bombay Stock Exchange (BSE)		National Stock Exchange of India Limited (NSE)	
Month (2015-16)	HIGH	LOW	HIGH	LOW
APRIL 2015	77.45	55.15	78.00	54.80
MAY 2015	64.30	51.00	62.00	51.65
JUNE 2015	59.85	50.00	57.00	49.20
JULY 2015	74.40	49.50	75.00	49.20
AUGUST 2015	60.70	43.00	60.15	42.75
SEPTEMBER 2015	52.50	42.10	53.85	41.50
OCTOBER 2015	62.70	46.30	62.50	45.55
NOVEMBER 2015	62.00	47.50	60.00	45.65
DECEMBER 2015	65.80	50.55	65.50	52.20
JANUARY 2016	68.50	43.55	69.00	43.20
FEBRUARY 2016	47.60	37.10	47.50	36.65
MARCH 2016	48.90	37.00	44.90	38.35

(ix) **Distribution of Shareholding as on 31st March 2016**

Category (No. of Shares)	No. of Equity Shares	%	No. of Shareholders	%
1-500	676978	4.425	5778	81.507
501-1000	477015	3.118	652	9.197
1001-5000	999038	6.53	522	7.364
5001-10000	352103	2.301	52	0.734
10001 and above	12794866	83.627	85	1.199
TOTAL	15300000	100.00	7089	100.00

(x) **Shareholding Pattern as on 31st March 2016**

Sr. No.	Shareholders	No of Shares	% of Shareholding
1	Directors & Relatives	6264631	40.945
2	Non-resident Individuals/OCBs	720489	4.709
3	Private Corporate Bodies	1424286	9.309
4	General Public	6890594	45.037
	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 2016, 96.25% the Equity Shares stands dematerialised. It may be noted that in respect of shares held in demat form, all the requests for nomination, change of address, ECS, Bank Mandate and rematerialisation etc. are to be made only to the Depository Participant (DP) of the Shareholders.

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

(xiv) Corp. Off. & Works

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

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

Aro granite industries Ltd.
Regd. Office
1001, 10th Floor
DLF Tower 'A', Jasola
New Delhi 110 025
Phone No.: 91-11-41686169
Fax No.: 91-11-26941984
E mail: investor@grievance@arotile.com

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

13. DECLARATION

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

Sunil K Arora
Managing Director

Managing Director Certification

To,
The Board of Directors
Aro granite industries Ltd.

- I have reviewed Financial statements and the cash flow Statement of Aro granite industries Ltd for the financial year ended 31st March, 2016 and to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material factor contain any statements that might be misleading;
 - these statements together present true and fair view of the Company's affairs and are in Compliance with the existing accounting standards, applicable Laws and regulations.
- They are to the best of the our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- I accept the responsibility for establishing and maintaining internal controls for Financial reporting and I have evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting. I have not come across any reportable deficiencies in the design or operation of such internal controls.
- I have indicated to the Auditors and Audit Committee:
 - that there no significant changes in internal control over the financial reporting during the year.
 - that there are no significant changes in accounting policies during the year; and
 - that there are no instances of significant fraud of which I have become aware.

(Sunil K. Arora)
Managing Director



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of **M/S ARO GRANITE INDUSTRIES LIMITED**, which comprise the **Balance Sheet as at March 31, 2016**, 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 and the reasonableness of the accounting estimates made by management, as evaluating the overall presentation of the financial statements.

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

01. 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, 2016**;
 - b) in the case of the **Profit and Loss Statement**, of the Profit for the year ended on that date; and
 - c) In the case of **Cash Flow Statement**, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

01. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015 We give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
02. As required by section 143(3) of the Act, We report that:
- a) We have obtained all the information and explanations which to the best of our knowledge and belief are necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Profit and Loss Statement, and Cash Flow Statement with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to section 133 of the Companies Act;
 - e) on the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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. – 005717N
CHARTERED ACCOUNTANTS

ALOK K. MITTAL
(PROPRIETOR)
M.No. 071205

Place : HOSUR
Date : 30.04.2016

Annexure to the Auditors' Report

Referred to in our report of even date

- (i) The Company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year and there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) According to the information available to us that physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies are noticed on physical verification between the physical stocks and the book records.
- (iii) The Company has not granted any loans to the parties covered by clause (76) of Section 2 of the Companies Act 2013.
- (iv) According to the information and explanations given to us the company has not given any guarantees for loans taken by others from Banks or Financial institutions.
- (v) The Company has not accepted any public deposit, so clause (v) is not applicable.
- (vi) Pursuant to the provision of sub-section (1) of Section 148 of the Companies Act 2013, The company is required to maintain cost records which are being made in respect of the business being carried out.
- (vii)
 - (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, 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 are in arrears, as at 31st March, 2016 for a period of more than six months from the date they become payable.
 - (b) According to the information and explanation given to us, there are no material dues of sale tax, income tax, custom duty, Wealth tax, excise duty, Value Added Tax and cess which have not been deposited on account of any disputes.
 - (c) According to the information and explanation given to us, the amount of Rs. 2,87,174/- 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) In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to banks and other financial institution.
- (ix) According to the information and explanations given to us, the company has not issued any preferential allotment and Private Placement offer during the period covered under audit.
- (x) During the period covered under our audit no fraud has been noticed by the company or by its officers and employees.
- (xi) According to the information and explanations given to us, due to inadequate profits the company has paid remuneration to Managing Director and Whole Time Director in excess of limits prescribed under the provisions of section 197 read with schedule V to the Companies Act during the period covered under our audit. However the management has seek the approval from the Central Government to comply with the requirement of the provision of section 197 of the Companies Act, of which approval is awaited.
- (xii) According to the information and explanations given to us, the company is not a Nidhi Company hence clause (xii) is not applicable.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with section 188 and 177 of Companies Act, 2013 have been disclosed in the Financial Statements etc as required by the accounting standards and Companies Act 2013.
- (xiv) According to the information and explanations given to us, the company has not issued any preferential allotment and Private Placement offer during the period covered under audit.
- (xv) According to the information and explanations given to us, the company has not entered any non-cash transactions with directors or persons connected with him during the period covered under audit.
- (xvi) According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 hence clause (xvi) is not applicable

For **ALOK MITTAL & ASSOCIATES**

Firm Reg No. – 005717N

CHARTERED ACCOUNTANTS

ALOK K. MITTAL

(PROPRIETOR)

M.No. 071205

Place : HOSUR

Date : 30.04.2016

Balance Sheet as at 31.03.2016

(Rs. in Lacs)

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
1	2	3	4
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	1,530.00	1,530.00
(b) Reserves and surplus	2	14,335.96	13,939.14
2 Non-current liabilities			
(a) Long-term borrowings	3	1,500.23	1,015.59
(b) Deferred tax liabilities (Net)		775.75	863.73
(c) Other Long term liabilities	4	40.67	8.97
(d) Long-term provisions	5	152.86	130.70
3 Current liabilities			
(a) Short-term borrowings	6	10,034.75	10,876.88
(b) Trade payables	7	1,763.83	1,869.11
(c) Other current liabilities	8	509.65	420.43
(d) Short-term provisions	9	281.45	325.22
TOTAL		30,925.15	30,979.76
II. ASSETS			
Non-current assets			
1 (a) Fixed assets			
(i) Tangible assets	10	7,255.35	7,368.62
(ii) Capital WIP		2,066.10	696.63
(b) Long-term loans and advances	11	218.94	138.17
2 Current assets			
(a) Current investments	12	1.87	1.87
(b) Inventories	13	11,060.37	11,215.30
(c) Trade receivables	14	8,081.10	8,460.29
(d) Cash and cash equivalents	15	1,164.33	2,027.07
(e) Short-term loans and advances	16	335.21	367.20
(f) Other current assets	17	741.88	704.61
TOTAL		30,925.15	30,979.76
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**]

PROPRIETOR

M No. - 071205

Place: Hosur

Date: 30.04.2016

[**SUNIL K. ARORA**]

MANAGING DIRECTOR

DIN NO. - 00150668

[**K L ARORA**]

DIRECTOR

DIN NO. 00150732

[**S PANIGRAHI**]

COMPANY SECRETARY

M NO. 4522

[**S SUNDARARAJAN**]

CFO

CMA No. - 37236

Statement of Profit & Loss for the year ended 31st March 2016

(Rs. in Lacs)

Particulars	Refer Note No.	Figures for the current reporting period	Figures for the previous reporting period
1	2	3	4
I. Revenue from operations (Net of Excise Duty Rs. 201.47/- (P.Y. Rs. 219.73/-))	18	21,558.84	25,477.97
II. Other income	19	117.65	530.55
III. Total Revenue (I + II)		21,676.49	26,008.52
IV. Expenses:			
Cost of materials consumed	20	13,391.25	16,376.34
Purchases of Stock-in-Trade		319.26	144.64
Changes in Inventories of finished goods work-in-progress and Stock-in-Trade	21	(520.69)	(661.77)
Employee Benefits Expenses	22	1,297.69	1,361.85
Finance Costs	23	521.77	625.44
Depreciation and Amortization Expenses	10	912.09	858.75
Other Expenses	24	5,076.89	5,406.90
Total expenses		20,998.26	24,112.15
V. Profit before tax (III- IV)		678.23	1,896.37
VI Tax expense:			
(1) Current tax Payable		312.46	738.47
Less : Mat Credit Entitlement		132.39	336.43
Net Current Tax Liability		180.07	402.04
(2) Deferred tax		(87.98)	(174.53)
VII Profit (Loss) For the period (V-VI)		586.15	1,668.86
VIII Earnings per equity share:			
(1) Basic		3.83	10.91
(2) Diluted		3.83	10.91
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**]

PROPRIETOR

M No. - 071205

Place: Hosur

Date: 30.04.2016

[**SUNIL K. ARORA**]

MANAGING DIRECTOR

DIN NO. - 00150668

[**K L ARORA**]

DIRECTOR

DIN NO. 00150732

[**S PANIGRAHI**]

COMPANY SECRETARY

M NO. 4522

[**S SUNDARARAJAN**]

CFO

CMA No. - 37236

Cash Flow Statement for the period ended 31.03.2016

(Rs. In Lacs)		
PARTICULARS	2015-16	2014-15
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary item	678.24	1,896.36
Adjustments For		
Depreciation Provision	912.09	858.75
Loss/(Profit) on sale of assets	2.82	19.64
Interest received	(114.75)	(128.10)
Foreign currency fluctuation (Gain/Loss (unrealised))	358.15	(304.72)
Operating Profit before working capital changes	1,836.55	2,341.92
Adjustment for Working Capital Changes		
Decrease/(Increase) in Inventories	154.93	(2,146.58)
Decrease/(Increase) in Debtors	379.19	361.13
Decrease (Increase) in others current assets	(37.26)	(93.14)
Decrease (Increase) in Loans & Advances	(48.78)	251.53
(Decrease)Increase in Current Liabilities	(49.94)	(218.40)
Cash from Operations	2,234.66	496.45
Less : Income Tax & Other Taxes Paid (Net)	132.41	471.60
Cash flow before Extraordinary items	2,102.25	24.85
Net cash from operations	2,102.25	24.85
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Assets	(2,198.60)	(836.80)
Sale of assets	18.07	35.35
Interest Received	114.75	128.10
Net cash from investing Activities	(2,065.76)	(673.36)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Secured & Unsecured)	(357.48)	973.65
Payment of Dividend including Dividend Tax	(183.60)	(179.01)
Net Cash from financing Activities	(541.08)	794.64
D. TOTAL INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENT		
Cash equivalent during the year before adjustment for foreign		
Currency fluctuation (A+B+C)	(504.60)	146.14
Adjustment for foreign currency fluctuation (gain)/loss	(358.15)	304.72
Cash equivalent during the year after adjustment for foreign		
Currency fluctuation	(862.74)	450.87
Cash & Cash equivalents at the beginning of the year	2,027.07	1,576.20
Cash & cash equivalent at the end of the year	1,164.33	2,027.07

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 2016 reported upon by me as on 30.04.2016 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**]
PROPRIETOR
M No. - 071205
Place: Hosur
Date: 30.04.2016

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

[**K L ARORA**]
DIRECTOR
DIN NO. 00150732

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

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

Disclosure Pursuant to Note of Part 1 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 held	% of Holding	No. of Shares held	% of Holding	
Sunil Kumar Arora	4869315	31.83	4869315	31.83	
Dilip Kumar Lakhi	1468628	9.60	1468628	9.60	
(d) Shares issued for the period of Five Years Immediately preceeding the date of Balance Sheet.(Following disclosure should be made for each class of Shares)					
Particulars	Year (Aggregate No. of Shares)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	NIL	NIL	NIL	NIL	NIL
Fully paid up by way of bonus shares	NIL	NIL	51,00,000	NIL	NIL
Shares bought back	NIL	NIL	NIL	NIL	NIL

(Rs. In Lacs)

NOTES	Figures as at the end of current reporting period	Figures as at the end of Previous reporting period
2 RESERVE & SURPLUS		
a. Securities Premium Account		
Opening Balance	407.20	407.20
Less : Premium Utilised for various reasons	-	-
Closing Balance	407.20	407.20
b. General Reserves		
Opening Balance	2,770.68	2,570.68
(+) Current Year Transfer	200.00	200.00
(-) Bonus Issue	-	0.00
(-) Written Back in Current Year	-	-
Closing Balance	2,970.68	2,770.68
c. Surplus		
Opening balance	10,761.26	9,684.20
(+) Net Profit/(Net Loss) For the current year	586.15	1,668.86
(-) Proposed Dividends	(153.00)	(153.00)
(-) Dividends Tax	(31.15)	(26.00)
(+) Excess Provision W/back	(5.18)	0.62
(-) Transfer of Carrying Value of Assets	0.00	(213.43)
(-) Transfer to General Reserves	(200.00)	(200.00)
Closing Balance	10,958.07	10,761.26
Total	14,335.96	13,939.14
3 LONG TERM BORROWINGS		
Secured		
External Commercial Borrowing From Bank of Baroda DIFC Dubai (See Note No.25(2)(a)) Terms of Repayment- Half Yearly	1,500.23	1,015.59
	1,500.23	1,015.59
4 OTHER LONG TERM LIABILITIES		
(a) Creditors Payables for Capital Goods	40.67	8.97
Total	40.67	8.97
5 LONG TERM PROVISIONS		
(a) Provision for employee benefits		
Gratuity	132.81	111.35
Leave Encashment	20.05	19.35
Total	152.86	130.70

(Rs. In Lacs)

NOTES	Figures as at the end of current reporting period	Figures as at the end of Previous reporting period
6 SHORT TERM BORROWINGS		
Secured		
(a) Loans repayable on demand		
i) BOB CC Account	166.87	174.74
ii) Packing Credit From BOB	7,488.43	6,675.36
iii) Foreign Bill Discounted from BOB	1,117.20	1,372.99
iv) Packing Credit From HSBC	863.18	2,367.57
v) Foreign Bill Discounted from HSBC (See Note No. 25 (2)(a))	-	32.32
(b) Buyers Credit Through HSBC Loan Account	84.67	-
(e) External Commercial Borrowing From Bank of Baroda DIFC Dubai (See Note No. 25 (2)(a) Terms of Repement-Half Yearly	314.40	253.90
Total	10,034.75	10,876.88
7 TRADE PAYABLES		
a) Trade Payable Outstanding more than one year	25.81	49.81
b) Trade Payable Outstanding less than one year	1,738.02	1,819.30
	1,763.83	1,869.11
8 OTHER CURRENT LIABILITIES		
(a) Advance From Customers & Others	85.03	74.66
(b) Unpaid dividends	19.37	18.63
(c) Statutory Dues Payable	54.83	14.35
(d) Other Expenses Payable	350.42	311.87
(e) Service Tax Payable	-	0.92
Total	509.65	420.43
9 SHORT TERM PROVISIONS		
(a) Provision for employee benefits		
i) Salary & Reimbursements	-	95.07
ii) Contribution to PF & ESI	8.12	8.41
(b) Leave Encashment	0.67	2.22
(c) Provision For Gratuity	4.01	2.85
(e) Provision For Income Tax	54.50	15.67
(f) Provision For Dividend on Equity	153.00	153.00
(g) Provision For Corporate Dividend Tax	31.15	26.00
(h) Provision For CSR Expenses	30.00	22.00
Total	281.45	325.22

(Rs. in Lacs)

Fixed Assets	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1st April 2015	Additions/ (Disposals)	Deletion	Balance as at 1st April 2015	Depreciation charge for the year	On disposals	Balance as at 31 March 2016	Balance as at 31 March 2015
Tangible Assets								
Land	282.30	24.33	-	-	-	-	306.63	282.30
Buildings	2,982.12	-	-	740.09	94.80	-	834.89	2,242.02
Plant and Equipment	7,215.27	703.99	-	2,962.78	652.35	-	3,615.13	4,253.65
Furniture and Fixtures	36.34	0.08	-	21.01	4.34	-	25.34	15.34
Electrical Equipment	517.48	4.30	-	146.10	104.90	-	251.00	371.39
Office equipment	42.90	9.65	-	28.12	15.15	-	43.27	14.77
Vehicles	317.86	76.76	32.21	135.47	37.98	12.60	160.85	182.39
Canteen equipment	12.22	0.48	-	5.47	2.56	-	8.03	6.76
Total	11,406.50	819.58	32.21	4,039.04	912.08	12.60	4,938.51	7,368.62
Previous Year	11,869.22	140.18	602.89	3,512.53	858.75	333.38	4,037.89	8,356.69
Capital WIP								
Buildings	662.18	1,038.48	-	-	-	-	1,700.66	662.17
Plant and Equipment	7.67	726.45	562.43	-	-	-	171.69	26.78
Electrical Equipment	26.78	166.97	-	-	-	-	193.75	7.67
Total	696.63	1,931.90	562.43	-	-	-	2,066.10	696.62
Previous Year	-	669.63	-	-	-	-	669.63	-

(Rs. In Lacs)

NOTES	Figures as at the end of current reporting period	Figures as at the end of Previous reporting period
11 LONG TERM LOANS & ADVANCES		
a. Capital Advances		
Unsecured, considered good	74.32	19.86
b. Security Deposits		
Unsecured Considered Good	144.62	118.31
Total	218.94	138.17
12 CURRENT INVESTMENT		
Investment in Equity Instrument (Market Value as on 31.03.2016 Rs. 553432/-)	1.87	1.87
Total	1.87	1.87
13 INVENTORIES		
a. Raw Materials and components (Valued at Actual Cost)	3,954.26	4,598.70
b. Work-in-progress (Valued at Actual Cost)	378.45	377.15
c. Finished goods (Valued at Actual Cost)	5,607.06	5,087.68
d. Stores and spares (Valued at Actual Cost)	435.31	403.02
e. Packing Material (Valued at Actual Cost)	60.19	73.61
f. Consumable (Valued at Actual Cost)	625.10	675.14
Total	11,060.37	11,215.30
14 TRADE RECEIVABLE		
Trade receivables outstanding for a period less than six months from the date they are due for payment (Unsecured considered good)	6,566.17	7,260.13
	6,566.17	7,260.13
Trade receivables outstanding for a period exceeding six months from the date they are due for payment (Unsecured considered good)	1,514.93	1,200.16
	1,514.93	1,200.16
Total	8,081.10	8,460.29
15 CASH AND CASH EQUIVALENTS		
a. Balances with banks		
This includes:		
Earmarked Balances (eg/- unpaid dividend accounts)	19.98	19.23
Fixed Deposit with Bank	1,043.64	659.43
Cash at Bank	92.06	1,340.73
b. Cash on hand	8.65	7.68
Total	1,164.33	2,027.07
16 SHORT TERM LOANS & ADVANCES		
a. Others (specify nature)		
Unsecured, considered good		
Advance For Raw Material Consumables	329.44	365.16
Other Advance	5.77	2.04
Total	335.21	367.20
17 OTHER CURRENT ASSETS		
Prepaid Expenses	30.63	32.21
Income Tax Refunds Due	-	5.18
Material In Transit & others	20.07	4.83
Excise Duty Receivable	2.75	2.71
Service Tax Receivable	55.03	38.21
Margin money with Banks	499.31	464.48
VAT & Sales Tax Receivable	134.09	156.99
Total	741.88	704.61

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

(Rs. In Lacs)		
NOTES	Figures for the current reporting period	Figures for the previous reporting period
18 REVENUE FROM OPERATION		
Sales - Export	20,475.24	24,320.52
Sales - DTA	1,285.07	1,377.18
TOTAL	21,760.31	25,697.70
Less:		
Excise duty	201.47	219.73
TOTAL	21,558.84	25,477.97
19 OTHER INCOME		
Interest Income	114.76	128.10
Exchange Fluctuation	0.00	304.72
Other non-operating income (net of expenses)	2.89	97.73
TOTAL	117.65	530.55
20 COST OF MATERIAL CONSUMED		
(A) Raw Material Consumption		
OPENING STOCKS	4,598.71	3,077.14
ADD: PURCHASES	9,754.77	14,264.49
	14,353.48	17,341.63
LESS: CLOSING STOCKS	3,954.26	4,598.71
	10,399.22	12,742.92
(B) Consumable Consumption		
OPENING STOCKS	675.14	786.33
ADD: PURCHASES	2,288.86	2,704.51
	2,964.00	3,490.84
LESS: CLOSING STOCKS	625.10	675.14
	2,338.90	2,815.70
(C) Packing Material Consumption		
OPENING STOCKS	73.61	67.53
ADD: PURCHASES	639.71	823.80
	713.32	891.33
LESS: CLOSING STOCKS	60.19	73.61
	653.13	817.72
Cost of Material Consumed (A+B+C)	13,391.25	16,376.34
21 FINISHED GOODS & WIP		
OPENING STOCKS	5,464.83	4,803.06
CLOSING STOCKS	5,985.51	5,464.83
	(520.68)	(661.77)
22 EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages	954.08	925.76
Contribution to Provident and Other Funds	54.67	45.77
Staff Welfare Expenses	131.14	154.52
Managerial Remuneration	157.80	235.80
TOTAL	1,297.69	1,361.85

(Rs. In Lacs)

NOTES	Figures for the current reporting period	Figures for the previous reporting period
23 FINANCE COST		
Bank Charges	71.99	113.45
Packing Credit	324.96	318.64
Cash Credit	20.47	33.66
Foreign Bills Discounted / Purchases	104.35	159.69
TOTAL	521.77	625.44
24 OTHER EXPENSES		
Advertisement & Publicity	5.67	6.50
Auditors Remuneration		
- Auditor's Fee	4.24	3.85
- Tax Audit Fee	1.27	1.15
- Other Management Services	0.58	0.50
CSR Activity Expenses	30.00	22.00
Donation	0.73	0.64
Freight and Forwarding Charges	970.77	1,126.71
Insurance Expenses	83.09	98.87
Loss on Sale of Assets	2.82	19.64
Loss on Exchange Fluctuation	358.14	-
Legal Expenses	11.49	7.91
Membership & Subscription	3.24	5.39
Miscellaneous Expenses	2.22	2.18
Other Manufacturing Expenses	801.58	850.15
Printing & Stationery	20.90	21.80
Power & Fuel	1,122.17	1,301.33
Professional Service Charges	35.21	36.60
Rent Paid	6.79	3.14
Rates & Taxes	50.13	46.89
Rebate & Discount	229.44	223.29
Repairs to Buildings	101.28	160.28
Repair to Plant & Machinery	184.09	224.34
Repair & Maintenance		
- Electricals	14.65	16.43
- Vehicles	84.79	79.94
- Others	46.72	49.47
Sales Promotion	215.16	336.95
Security Service Charges	49.61	43.31
Stores & Spares Consumptions	412.85	462.56
Telephone & Telex	44.51	47.02
Travelling & Conveyance		
- Employees (Foreign Travel - 21.52 Lacs/-) (P.Y. 66.69 Lacs)	96.68	156.57
- Director (Foreign Travel - 66.79 Lacs (P.Y. 41.20 Lacs)	86.07	51.49
TOTAL	5,076.89	5,406.90

NOTE - 25

1. Significant Accounting Policies

- a) **GENERAL** - The accounts are prepared on historical cost basis, and on the accounting principles of going concern. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles
- b) **FIXED ASSETS** - Fixed assets are stated at the cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition.
- c) **DEPRECIATION** - Depreciation on fixed assets has been provided on Straight Line Method (SLM) basis on the rates specified in schedule II of the companies Act, 2013, as applicable on the last date of the accounting period.
- d) **INVENTORIES** – Inventories are valued at the lower of the cost or net realizable value. The cost of the inventories is assigned by using At Cost Method. Raw material, Stores & Spares and Packing Materials have been valued at cost. Process Stock is valued at cost, which is determined by taking direct material, labour cost and certain related Factory Overheads, Finished Goods have been determined on full absorption cost basis which includes all direct cost, depreciation, etc.
- e) **REVENUE RECOGNITION** - The Company follows Mercantile System of Accounting and recognizes income and expenditure on accrual basis.
- f) **FOREIGN CURRENCY TRANSACTION**: Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transactions.

The outstanding foreign currency assets and liabilities are restated at the year-end rates. The net profit or loss arising on restatement/ settlement is adjusted to the profit & Loss account.

- g) **BORROWING COSTS**: Borrowing cost that are attributable to the acquisition or constructions of qualifying assets are capitalized as a part of the cost of such assets. A qualifying assets is one that takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- h) **PROPOSED DIVIDEND**: The company provides for the dividend as proposed by the Directors in the books of account, pending approval at the Annual General Meeting.
- i) **CONTINGENT LIABILITIES**: contingent liabilities are not provided and are disclosed by way of notes.
- j) **RETIREMENT BENEFITS** – The Company's contribution in respect of Provident Fund is charged against revenue every year. In respect of Gratuity, Provision for Gratuity & Leave encashment is made by charging Profit & Loss Account by an amount determined by actuarial valuation.
- k) **DEFERRED TAXATION** – Deferred Tax arising from timing difference between book and tax profit is accounted for under the liability method at the current rate of tax, to the extent that the timing difference are expected to crystallize.

2. NOTES TO ACCOUNTS :

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

(A) **Working Capital From Bank Of Baroda and The Hongkong and Sanghai 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 of 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. 1117.20** Lacs (P.Y. Rs. 1,405.31 Lacs)
 ii. Guarantee & counter Guarantee Outstanding **Rs. 9.61** Lacs (P.Y. Rs. 21.40 Lacs)
 iii. Letter of Credit **Rs. 583.60** Lacs (P.Y. Rs. 669.30 Lacs)
- (c) In compliance with **Accounting Standard – 22 relating to “Accounting for taxes on Income”** issued by the Institute of Chartered Accountants of India, the company has adjusted the deferred tax liability (net) arising out of timing difference for the period up to 31st March 2016 with the Balance of Deferred Tax Liability (Net) accruing during the year aggregating to Rs. 87.97 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	–	827.83 (931.43)
Provision for Gratuity & EL	52.09 (67.71)	– –

- (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/ Managing Director	Remn./ Comm.-	Rs. 144.00 (Rs. 210.00)
2.	Mr.K.Raghavendra	Executive Director	Salary	Rs. 14.55 (Rs. 5.79)
3.	Mrs. Sujata Arora	Director	Commission.-	NIL (Rs. 10.00)
4.	Mr. K.L. Arora	Director	Commission -	NIL (Rs. 10.00)
5.	Shivani Arora	Daughter of MD	Salary	Rs. 7.28 (Rs. 6.65)
6.	Sahil Arora	Son of MD	Salary	Rs. 12.92 (Rs. 11.66)
7.	Aro Granite International Inc	Proprietor is sister of MD	Sales	Rs. 1467.22

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

	2015-16	2014-15
EPS Basic	3.83	10.91
EPS Diluted	3.83	10.91

- (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 :**

	2015-16 (Rs. In Lacs)	2014-15 (Rs. In Lacs)
I Salary	Rs.107.67	Rs. 94.70
II Rent Free Accom. /HRA	Rs. 50.88	Rs. 46.09
III Commission	–	Rs. 95.00

(j) **Director's Traveling**

	2015-16 (Rs. In Lacs)	2014-15 (Rs. In Lacs)
I. Local	Rs. 19.28	Rs. 10.29
II. Foreign	Rs. 66.79	Rs. 41.20

(k) **Additional Information Related to Quantitative Details:**

I. Licensed & Installed Capacity and Actual Production :

Class of goods	Unit	Licensed Capacity (Per annum)		Installed Capacity (Per annum)		Production	
		2016	2015	2016	2015	2016	2015
SLAB PLANT Granite Slabs	Sq.Mt	5,85,000	5,85,000	5,85,000	5,85,000	4,68,791	5,38,751
TILE PLANT Granite Tiles	Sq.Mt	3,60,000	3,60,000	3,60,000	3,60,000	2,05,584	2,42,800

(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 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
Slab Plant	4,49,663	5,23,488	17,525.50	20,884.05
Tile Plant	1,97,249	2,52,254	4,033.34	4,813.65

(l) **Details of Finished Goods**

I. Details of Opening Stock :

Class of Goods	Quantity In Sq.M.		(Rs. In Lacs)	
	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
-Slab Plant	1,86,429	1,71,166	3,900.32	3,330.81
-Tile Plant	98,054	1,07,508	1,187.36	1,093.59

II. Details of Closing Stocks :

Class of Goods	Quantity In Sq.M.		(Rs. In Lacs)	
	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
- Slab Plant	2,05,557	1,86,429	4,299.66	3,900.32
-Tile Plant	1,06,389	98,054	1,307.41	1,187.36

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

SLAB PLANT	Quantity In Cub. Mtr.		(Rs. In Lacs)	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Rough Blocks	13,048.560	15,057.340	6,396.79	7,640.43
Indigenous	2,609.498	3,564.128	2,592.07	3,646.24
Imported			2,683.76	3,225.68
Stores, Spares, Consumables & Packing			1,277.15	1,617.75
Imported			1,406.61	1,607.93
Indigenous				

TILE PLANT	Quantity In Cub. Mtr.		(Rs. In Lacs)	
Rough Blocks	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Indigenous	3,960.324	4,143.148	1,298.50	1,248.84
Imported	169.209	311.623	111.86	207.42
Stores, Spares, Consumables & Packing			721.11	870.30
Imported			96.90	161.80
Indigenous			624.21	708.50

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

	Year ended 31.03.2016 (Rs. In Lacs)	Year ended 31.03.2015 (Rs. In Lacs)
Export of Goods (FOB)	20,196.42	24,173.48

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

	Year Ended 31.03.2016 (Rs. In Lacs)		Year Ended 31.03.2015 (Rs. In Lacs)	
Value of Imports (CIF)				
Capital Goods	707.14	15.67%	54.64	0.82%
Raw Materials	1,845.48	40.89%	4,519.44	67.55%
Consumables	1,303.81	28.89%	1,739.82	26.00%
Stores & Spares	501.54	11.11%	278.13	4.16%
Overseas Business Travelling	104.67	2.31%	75.46	1.13%
Other Expenses	50.16	1.13%	23.38	0.34%

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

	Year Ended 31.03.2016 (Rs. In Lacs)	Year Ended 31.03.2015 (Rs. In Lacs)
Audit Fee	4.87	4.33
Tax Audit Fee	1.43	1.29
Other Management Services	0.63	0.55
	6.93	6.17

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

(r) 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]
PROPRIETOR
M No. - 071205
Place: Hosur
Date: 30.04.2016

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

[K L ARORA]
DIRECTOR
DIN NO. 00150732

[S PANIGRAHI]
COMPANY SECRETARY
M NO. 4522

[S SUNDARARAJAN]
CFO
CMA No. - 37236



BALANCE SHEET EXTRACT AND COMPANY'S GENERAL BUSINEES PROFILE

Granite Tiles & Slabs



Aro granite industries ltd.

(CIN: L74899DL1988PLC031510)

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

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

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



ADMISSION SLIP

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

I/We hereby record my/our presence at the 28th Annual General Meeting of the Company being held at Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110016 on Saturday, the 10th September 2016 at 10.00 A.M.

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

Signature of the attending Shareholder/Proxy/Authorised Representative*

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

#Applicable for shareholders holding shares in dematerialised form.

*Strike out which is not applicable

Aro granite industries ltd.

(CIN: L74899DL1988PLC031510)

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

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

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

PROXY FORM

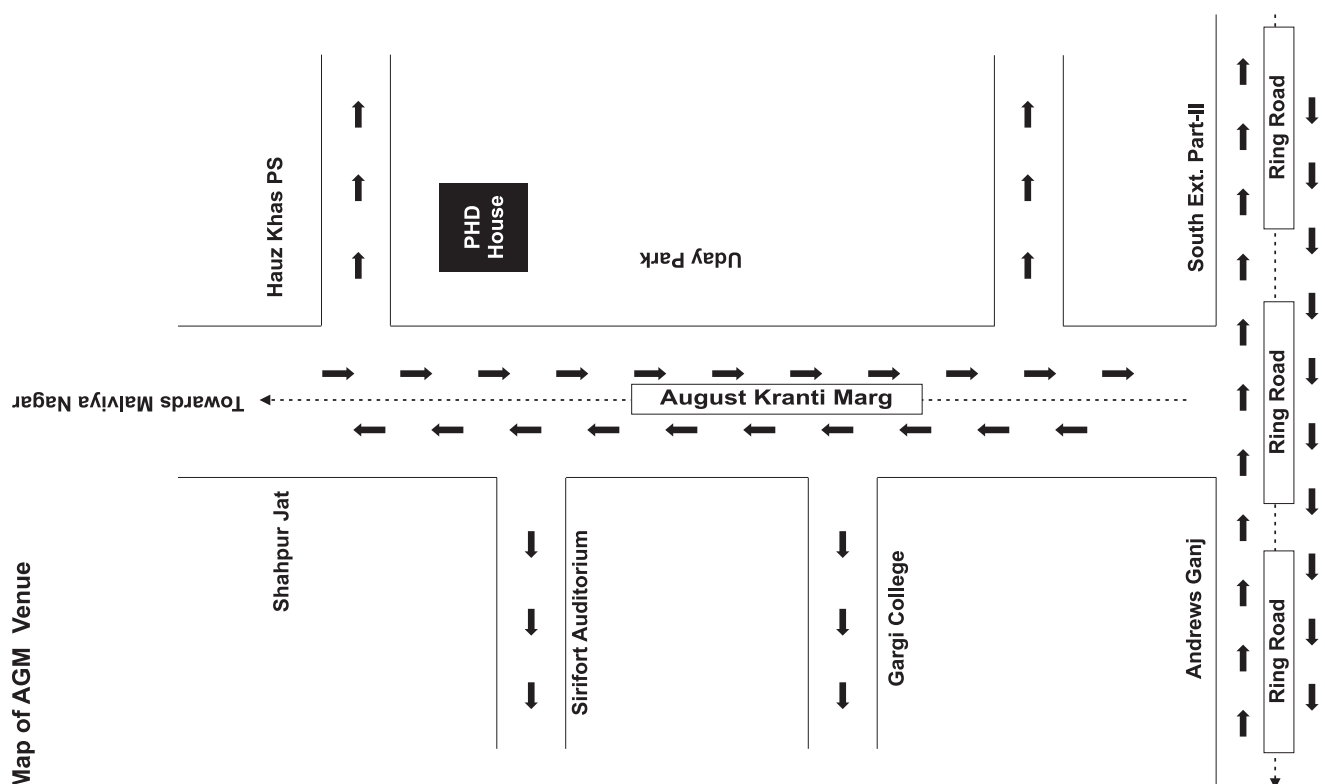
Name of the member(s):	
Registered Address:	
E-Mail ID:	
Folio No./DPID/Client ID:	

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

- (1) Name: _____ Address: _____
E Mail ID: _____ Signature: _____ or failing him;
- (2) Name: _____ Address: _____
E Mail ID: _____ Signature: _____ or failing him;
- (3) Name: _____ Address: _____
E Mail ID: _____ Signature: _____ or failing him;

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on Saturday, the 10th September 2016 at 10.00 A.M. at Lakshmipat Singhanian 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
ORDINARY BUSINESS	
1	Adoption of Audited Financial Statements for the year ended 31st March 2016.
2	Declaration of Dividend for the year ended 31st March 2016.
3	Appointment of Smt. Sujata Arora, Director who retires by rotation and being eligible offers herself for re-appointment.
4	Ratification of appointment of M/s Alok Mittal & Associates, Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of 28th Annual General Meeting till the conclusion of 29th Annual General Meeting.
SPECIAL BUSINESS	
5	Re-appointment of Shri Sunil Kumar Arora as the Managing Director of the Company
6	Approval of Statement of Schedule V with regard to Shri K. Raghavendra Acharya Executive Director.

Signed this _____ Day of _____ 2016

Signature of Shareholder

Signature of Proxy holder(s)

Affix
revenue
stamp

Notes:

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



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Aro granite industries ltd.

(100% Export Oriented Unit)

Tel: 91-4344 252100

Fax: 91-4344 252217

Email: aro@arotile.com

Website: www.arotile.com