

2011-12

24th Annual Report



Aro granite industries ltd.
(100% Export Oriented Unit)
An ISO 9001:2008 Company

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Board of Directors

Sunil K Arora
Managing Director

Kasturi Lal Arora
Director

Dinesh Chandra Kothari
Director

Rahul Gupta
Director

Pradeep Kumar Jain
Director

Sujata Arora
Director



Company Secretary
Sabyasachi Panigrahi

Auditors
Alok Mittal & Associates

Bankers
Bank of Baroda
The Hongkong and Shanghai Banking Corporation Limited
ICICI Bank Ltd.

Registered Office
S-16, Second Floor, Green Park Extension,
New Delhi 110 016, India
Phone: 91-11-26511021, Fax: 91-11-26511022

Unit I
103, Sipcot Industrial Complex, Hosur, 635126
Tamil Nadu, India

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 House, 2E/21, Jhandewalan Extension,
New Delhi 110055, India
Tel: 91-11-23541234, 42541234 Fax: 91-11-23352001

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



From the desk of Managing Director

It gives me immense pleasure to welcome you to the 24th Annual General Meeting of your Company and to share my views with you on the performance and future outlook of the company

During the year we have been able to achieve a sales turnover of Rs. 159.21 Crores which is approximately 6% higher than the last year's turnover. At the same time the Company has posted a pre-tax profit of Rs. 11.88 Crores against a pre-tax profit of Rs. 12.47 Crores of the previous year.

The decrease in the pre-tax profit is because of increase in raw material cost, interest costs, freight and other operating expenses. Even though there are continuous increase in costs we have not been able to raise the price. The world economical situation is such that most of our customers are struggling to make any profits at all. The business abroad is cut throat and is at a position where only the strong will survive. The depreciation of the Indian Rupee against the US Dollar and Euro has created a further increase in costs as all our raw consumables are imported in Euro and most of the imported blocks in USD.

The sign of the recovery in the world economy, felt during the start of the last fiscal, did not crystallize fully and still slowly the world market is coming out of the recessionary impact. We are optimistic that the scenario will change positively during this year and we can achieve better results with the passing of time and with our sincere & dedicated efforts. With this in view we have taken up expansion activities, expanding our slab production capacity by 50% and are also in the process of refurbishing unit 1 which should double the production from the unit.

The quality of rough granite blocks available from the domestic quarries has deteriorated as compared to last financial year and we could get mostly second choice blocks than the premium quality blocks. The company is continuing to import rough granite blocks from South Africa, Brazil, Finland, Madagascar and Norway to augment the supply of raw materials to meet its requirements.

For the coming year we aim to sustain the same aggressive strategy which has resulted in an 11% increase in the sales to North America, 75% Increase in business in Poland, 110% increase in Japan, 14% increase in Australia and a 33% increase in Germany.

In the past 2 years we have expanded our business scope to include almost 50 countries and in the coming year we will look to maintain relationships with the existing customers and look for even more alternative and untapped countries.

The process of implementing Integrated Management Systems (IMS) which include QMS 9001:2008, EMS 14001:2004, OHSAS 18001:2007 and SA 8000 is progressing rapidly and we have been awarded CE certification from TUV Nord

By Adapting, Excelling and Exploring new avenues we intend to take the company to greater days in the coming years and to achieve this we solicit your sincere, dedicated and continued support to make 2012-13 a truly rewarding year.

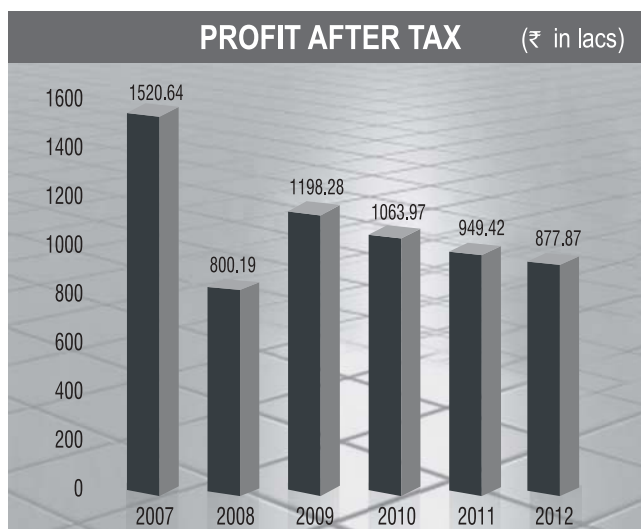
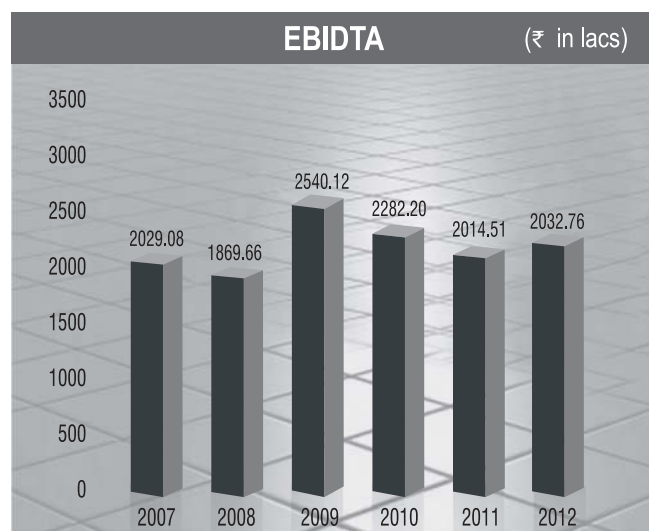
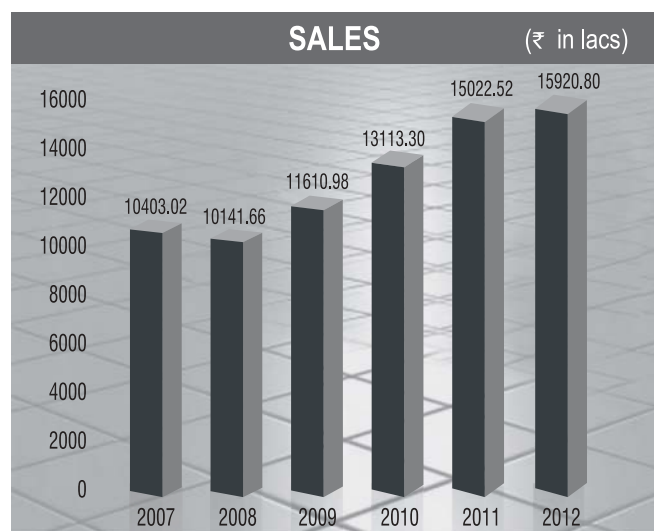
As always, I continue to seek your good wishes and support our visions and goals

Sunil K Arora
Hosur, 14.04.2012



Financial Highlights

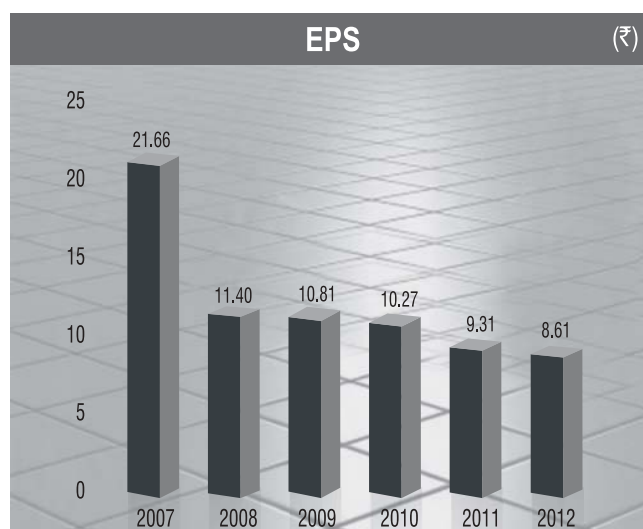
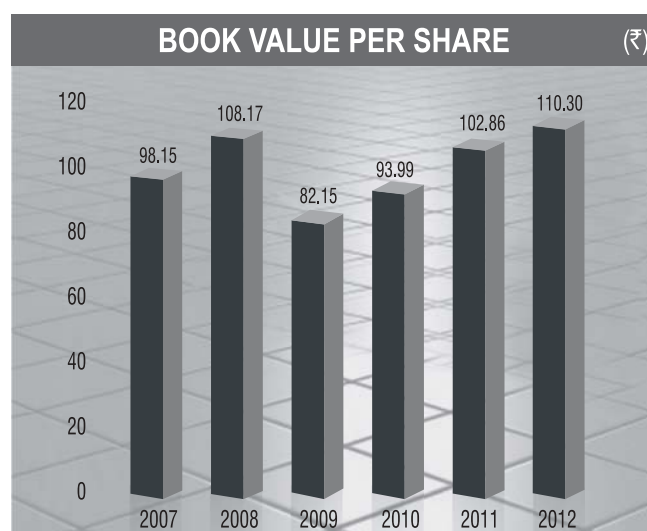
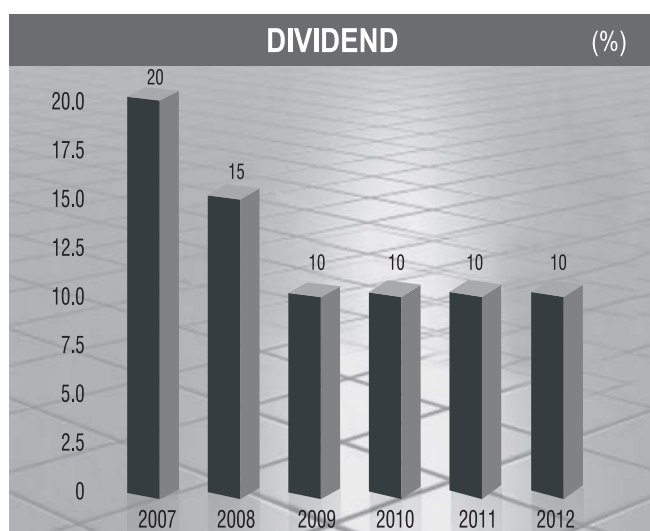
Description	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Sales	5321.02	6084.42	7358.17	7784.62	10403.02	10141.66	11610.98	13113.30	15022.52	15920.80
EBITDA	1261.67	1323.26	1667.31	1287.27	2029.08	1869.66	2540.12	2282.2	2014.51	2032.76
Depreciation	180.66	174.51	181.91	233.51	235.92	314.82	427.99	430.48	439.79	417.84
Tax	71.43	71.08	42.77	42.55	45.69	135.21	160.78	235.3	270.17	318.00
Profit after Tax	775.26	871.19	1151.62	793.72	1520.64	800.19	1198.28	1063.97	949.42	877.87
Gross Block	3196.99	3286.47	4766.40	4783.02	4837.10	9371.56	9424.53	9513.14	9901.20	11904.24
Net Worth	3050.26	3859.95	4860.65	5533.44	6889.82	7593.63	9105.04	9737.66	10491.22	11250.54
Reserves & Surplus	2594.06	3386.05	4184.60	4858.25	6214.64	6891.63	7996.69	8701.59	9471.22	10230.54
Equity Share Capital	468.00	468.00	702.00	702.00	702.00	702.00	1108.35	1036.07	1020.00	1020.00





Key Indicators

Description	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Dividend (%)	15	15	15	15	20	15	10	10	10	10
Dividend Payout Ratio (%)	9.05	8.06	9.14	13.27	9.23	13.16	9.25	9.74	10.74	11.62
EPS (Rs)	16.57	18.62	16.4	11.31	21.66	11.4	10.81	10.27	9.31	8.61
Book Value Per Share (Rs)	65.18	82.48	69.24	78.82	98.15	108.17	82.15	93.99	102.86	110.30
R O C E (%)	23.46	22.02	20.85	13.13	16.4	10.65	13.30	12.02	9.20	8.00
R O N W (%)	29.74	25.76	26.68	15.24	21.81	10.54	13.16	10.93	9.05	7.80



Notice

NOTICE is hereby given that the **24th** Annual General Meeting of the members of **ARO GRANITE INDUSTRIES LIMITED** will be held on Saturday, the 28th July 2012 at **10.30 A.M.** at LakshmiPat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110016 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31st March 2012 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Kasturi Lal Arora, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt. Sujata Arora, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Shri Pradeep Kumar Jain, who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and if thought fit to pass, with or without modifications, the following as **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 224 of the Companies Act 1956, M/s Alok Mittal & Associates, Chartered Accountants, New Delhi be and are hereby appointed as Auditors of the Company from the conclusion of the 24th Annual General Meeting upto the conclusion of the next Annual General Meeting on a remuneration to be fixed by the of Board of Directors of the Company."

AS SPECIAL BUSINESS

7. To consider and if thought fit to pass, with or without modifications, the following as **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act 1956 or any statutory modification or re-enactment thereof, consent of the Company be and is hereby accorded to Mr. Sahil Arora, a relative of Shri Kasturi Lal Arora, Smt. Sujata Arora, Directors and Shri Sunil K. Arora Managing Director of the Company, to hold an office or place of profit as Corporate Head-Marketing of the Company for a period of 5 years with effect from the date of approval by the members in the ensuing Annual General Meeting of the Company on a monthly remuneration not exceeding Rs.2,50,000/- with such increments as may be decided by the Board, provided that the total monthly remuneration payable to Mr. Sahil Arora does not exceed Rs. 2,50,000/-.

RESOLVED FURTHER THAT Shri Sunil K. Arora, Managing Director, Shri Kasturi Lal Arora, Director and Shri Sabyasachi Panigrahi Company secretary of the Company be and are hereby authorized severally to sign, file all form, documents, papers etc. with the Registrar of Companies/Ministry of Corporate Affairs and to do all such acts, deeds and things to give effect to the above resolution."

8. To consider and if thought fit to pass, with or without modifications, the following as **Ordinary Resolution**:

RESOLVED THAT in supersession of the resolution passed by the Company with respect to the borrowing powers of the Board of directors, consent of the Company be and is hereby accorded and it shall always be deemed to have been so accorded pursuant to Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act 1956 or any statutory modification or re-enactment thereof to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any committee thereof) borrowing moneys (apart from temporary loans from time to time obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose), as the Board may from time to time deem necessary for the purpose of the Company provided that the sum or sums so borrowed and remaining outstanding at any one time on account of principal shall not exceed in the aggregate Rs. 200 Crores (Rupees Two Hundred Crores)

9. To consider and if thought fit to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED that consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof, to mortgaging and/or charging by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee thereof) by way of first, second or other subservient charge as may be agreed to between the Company and the lenders and/or Debenture Trustees, all the immovable and movable properties, present and future, wheresoever situated, to or in favour of any

Financial Institutions, Banks and other lending Institutions or Funds, Trustees for Debentures, to secure their respective Rupee and Foreign Currency Loans or other financial assistance lent, granted and advanced or agreed to be lent, granted and advanced to the Company or the Debentures, Bonds or other Financial Instruments issued and allotted or as may be issued by the Company and subscribed to or agreed to be subscribed to by such Institutions/Banks/Funds, or any other persons, of such amount or amounts not exceeding Rs.200 Crores in the aggregate on account of principal, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premium on prepayment, remuneration of the Trustees, costs, charges and other monies payable by the Company to respective Financial Institutions, Banks and other lending Institutions and Debentureholders and/or Trustees under the Loan/Subscription Agreement(s) entered into/to be entered into by the Company in respect of the said Term Loans, Debentures or other Financial Instruments or assistance.

RESOLVED FURTHER that the Board be and is hereby authorised to finalise with the Financial Institutions, Banks and other lending Institutions or Debenture Trustees, the documents for creating mortgage(s) and/or charge(s) as aforesaid and to do all such acts, deeds, matters and things as may be necessary for giving effect to the above resolution."

For & on behalf of the Board

Place: Hosur
Date: 14.04.2012

(Sunil K Arora)
Managing Director

NOTES:

1. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 with respect to items no. 7 to 9 forming part of this notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.**
3. The Share Transfer Books and Register of Members of the Company shall remain closed from 24.07.2012 to 28.07.2012 (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 names shall be borne on the Company's Register of Members on July 28, 2012 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. Brief resume of Shri Kasturi Lal Arora, Smt. Sujata Arora and Shri Pradeep Kumar Jain whose appointment as Directors liable to retire by rotation (proposed at Item No. 3, 4 & 5) is given hereunder:

Shri Kasturi Lal Arora, is a Commerce Graduate of 1953 batch from University of Delhi having more than 50 years of experience in construction material business, marketing activities and has vast knowledge & experience in granite industry. He does not hold any other Directorship. He holds 2,54,917 Shares (2.46%) in the Company.

Smt. Sujata Arora, wife of Mr. Sunil K Arora, promoter and Managing Director of the Company is a B.Sc. (Home Science) Graduate from the Institute of Home Economics, New Delhi. She has wide experience of customer relationship which will help the Company in creating long term relationship with the overseas customers and also creating customer data base. She does not hold any other Directorship. She holds 3,99,048 Shares (3.85%) in the Company.

Shri Pradeep Kumar Jain, aged 53 years, is a Commerce Graduate from Hansraj College, University of Delhi. He has got vast knowledge and experience of more than 30 years in the field of Building Materials and Industrial Items. He has also wide knowledge of imported building construction materials. He does not hold any other director ship. He holds 1,03,125 Shares (1.00%) in the Company.

EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT 1956

ITEM NO 7

Looking into the expansion of the business activities of the Company and to strengthen the international marketing network, the Board of Directors at their meeting held on 14.04.2012 has considered that the Company should appoint a person to supervise the international

marketing operations of the Company. The Board proposed the name of Mr. Sahil Arora, son of Sh. Sunil K. Arora, Managing Director of the Company, who has first-hand knowledge about the granite stone and its product because of his association with the Company as a management trainee for a period of more than two years, for appointment as Corporate Head-Marketing with effect from the date of approval by the members in the ensuing Annual General Meeting of the Company. The resolution at item no. 7 is recommended for approval of the members by means of Special Resolution.

Except Shri Sunil K Arora, Shri Kasturi Lal Arora and Smt. Sujata Arora, being related to Shri Sahil Arora, no other Directors of the Company is any way deemed to be concerned or interested in the said resolution.

ITEM NO 8

The Company is required to borrow funds from time to time for the business of the Company which may exceed the aggregate of the paid-up capital of the Company and its free reserves. It was therefore considered desirable to obtain enabling authority from the shareholders under Section 293(1)(d) of the Companies Act, 1956 to the Board borrowing for the purpose of the Company, moneys in excess of the paid-up capital of the Company and its free reserves upto an amount of Rs. 200 crores outstanding on account of principal in the aggregate at any one time.

The Resolution is accordingly commended for approval of the Shareholders. None of the Directors is in any way deemed to be concerned or interested in the aforesaid resolution.

ITEM NO 9

In order to secure the borrowings made/to be made by the Company from time to time for the business of the Company, the Company would be required to create mortgage/charge on its immovable and movable properties in favour of Financial Institutions/Banks and other lending institutions, etc.

Under Section 293(1)(a) of the Companies Act, 1956, approval of the Shareholders is required for sale, lease or otherwise disposal of whole or substantially the whole of the Undertaking of the Company or where the Company owns more than one undertaking, the whole or substantially the whole of each of such undertaking. Since the mortgaging/charging of the immovable property as aforesaid may be regarded as disposal of the Company's property, it was considered desirable to obtain enabling authority from the Shareholders under Section 293(1)(a) of the said Act for creation of mortgage(s)/charge(s) upto a limit of Rs. 200 crore.

The Resolution is accordingly commented for approval of the Shareholders. None of the Directors is in any way deemed to be concerned or interested in the aforesaid resolution.

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.
3. 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, 2E/21, 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. In case of any difficulty, please write to the **Company Secretary at S-16, Second Floor, Green Park Extension, New Delhi 110016 or E mail: investorgrievance@arotile.com**. Please quote your folio no/DP ID/Client ID or numbers of shares for prompt attention.
4. To avoid fraudulent encashment of Dividend Warrant, Members are requested to advise the details of their Bank Account i.e. Name and address of the Bank, Account No and Name of the Account Holder(s) for printing on the Dividend Warrants.
5. Pursuant to Section 205C of the Companies Act 1956, the amount of dividend which remain unclaimed/unpaid for a period of 7 years is required to be transferred by the Company to the Investors Education and Protection Fund (IE&PF) constituted by the Central Government. Accordingly unclaimed/unpaid dividend for the year ended 31.03.2005 will be transferred to IE&PF. It may be noted that no claim shall lie against IE&PF or the Company after transfer of the said unclaimed/unpaid dividend to the IE&PF. Therefore, those Shareholders who have not yet encashed the said dividend warrants may write to the Company for revalidation/issue of duplicate dividend warrants quoting their folio no/DP ID/Client ID.
7. Copies of Annual Reports will not be distributed at the Meeting. Members are therefore requested to bring their copies to the meeting.

Directors' Report

The Directors' have pleasure in presenting the 24th Annual Report together with Audited Accounts of the Company for the year ended on 31st March 2012.

FINANCIAL RESULTS

(Rs. in lacs)

	31.03.2012	31.03.2011
Gross Profit before Depreciation	1605.42	1687.03
Depreciation	417.84	439.79
Net Profit before Tax	1250.81	1247.24
Provision for Tax – Current	318.00	270.17
– MAT Credit	79.95	–
– Deferred	71.66	27.64
Surplus available for appropriation	949.42	949.42
Dividend (including Dividend Tax)	118.55	118.94
Amount transferred to General Reserve	200.00	200.00
Surplus carried to Balance Sheet	7142.66	6583.34

WORKING RESULTS

During the year the company has achieved a sales turnover of Rs. 159.21 Crores which is approximately 6% higher than the last year's turnover of Rs. 150.23 Crores. At the same time the Company has posted a pre-tax profit of Rs. 11.88 Crores against a pre-tax profit of Rs. 12.47 Crores of the previous year.

The marginal decrease in the pre-tax profit is because of increase in raw material cost, interest costs, freight and other operating expenses. The company has had to increase the use of generators as there is a power shortage in Tamil Nadu which resulted in loss of production and an increased running cost. Though the Company has been able to achieve higher sales than last year, the profit has reduced marginally because of these facts.

The sign of the recovery in the North American economy, felt during the start of the last fiscal, did not crystallize to the extent expected but was better than the scenario the previous year. Still slowly the world market is coming out of the recessionary impact thus leading to the current and well documented euro zone crisis. We are optimistic that the scenario will change positively during this year and are putting more efforts into gaining a larger market share in Germany and Poland, which are 2 countries performing well in Europe.

The quality of rough granite blocks available from the domestic quarries has deteriorated even further as compared to last financial year and we could get mostly second choice blocks than the premium quality blocks. There is also blatant increase of raw material prices due to the shortage of good material and the entry of new companies into the industry. The company is continuing to import rough granite blocks from South Africa, Brazil, Finland, Madagascar, Spain and Norway to augment the supply of raw materials to meet its requirements. Further the company has also started importing unpolished granite slabs from Saudi Arabia to cater to the requirements of its esteemed Customers. We have also taken up purchasing of finished goods from Ongole as those factories are able to process granites from nearby quarries and the transport cost from Andhra Pradesh has become exorbitant.

The company has also entered into the final stage of adding a further 4 gang-saws (12 gang-saws in total) along with other required machines and the refurbishment of unit one in the hopes that US market will regain strength. Despite the Euro crisis your company has already entered into new markets like Greece, Portugal and Iran. This expansion will allow your company to enter into even more untapped markets.

The process of implementing Integrated Management Systems (IMS) which include QMS 9001:2008, EMS 14001:2004, OHSAS 18001:2007 and SA 8000 is progressing rapidly and during the year 2012-13 the certification is likely to be completed. The Company's products ie Slabs for Cladding, Slabs for floors and stairs and Modular tiles have been awarded CE Certification by TUV Nord India for a period of 10 years.

DIVIDEND

Your Directors are pleased to recommend a dividend of 10% (Re. 1/- per Equity Share of Rs. 10/- each) for the year ended 31st March 2012 subject to the approval of the members at the Annual General Meeting.

FIXED DEPOSIT

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

DIRECTORS

There was no change in the Directorship of the Company during the year.

AUDITORS

The Auditors of the company M/s Alok Mittal & Associates, Chartered Accountants retire and eligible for re-appointment. The observations of the Auditors in their Report on Accounts read with the relevant notes are self explanatory.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Report on Corporate Governance and Auditors' Certificate regarding compliance of the conditions of Corporate Governance are made a part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures in financial statements;
- the directors had selected such accounting policies and applied them consistently and made judgements and estimates that 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 or loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required in terms of Section 217(1) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

PERSONNEL

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 regarding employees is given in annexure to the directors' Report

LISTING

The Equity Shares of the Company are listed in Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees for the year 2011-2012 have already been paid to The Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place: Hosur
Date: 14.04.2012

Sunil K Arora
Managing Director

Sujata Arora
Director

ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988.

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 8158048 units were consumed and the per Sq. mt. power consumption cost only Rs. 150.41.

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.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The details regarding foreign exchange earnings and outgo are given in Notes to Profit & Loss Account and Balance Sheet.

Statement of Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act 1956 and the Companies (Particulars of Employees) Rules 1975 forming part of the Directors' Report for the year ended March 31, 2012.

Employed throughout the year ended March 31, 2012 in receipt of remuneration not less than Rs. 24,00,000/- per annum.

Name	Age	Qualification	Experience	Date of Commencement of Employment	Designation Employment	Remuneration	Last
Mr. Sunil K Arora	53 Years	B.Sc	25 Years	03.05.1988	Managing Director	1,49,00,000/-	Since Inception

Management Discussion and Analysis

Granite Industry-Structure and Developments

India, is the proud home to vast resources of granite with more than 125 varieties of different colours and textures such as black, grey, pink, multi coloured etc. These varieties are used to produce monuments, building slabs, tiles, surface plates etc. Of these enormous deposits of granites discovered in the country, popular and famous varieties are mainly found in South India.

Export of Granite is freely allowed and is exported mainly to Japan, USA, UK, Germany, Netherlands, Italy, West Asia, Eastern Europe, and Latin America.

Outlook

India, which is blessed with various types of unique colours and large deposits of granite, has already claimed its privileged status as the Number one country for granites so far as color, variety, quality and pricing are concerned. With the availability of number of new color of granites found and with the cheap and skilled labor as well as the quality coupled with, India will continue to dominate the Granite world in the Years to come

Opportunities & Threats for the Indian Granite Industry

The Factors helping the growth of the industry are

1. Introduction of Stones for New applications and utilities Etc
2. Spurt in demand for Indian Granites Worldwide.
3. Increased domestic demand
4. Availability of new deposits of Granites with new color, texture etc

The major threat areas include

1. Non Availability of best quality blocks for processing.
2. Frequent power disruptions and high dependency on diesel affecting the production and the cost of Raw materials and Finished goods.
3. Absence of proper infrastructure.
4. Spiraling Raw material cost coupled with the increase in other overheads
5. Paucity of Skilled Labor, ever increasing labour cost

Risks and Concerns

The increase in the Raw material cost along with other operating expenses blended with the stagnation of selling price of the End products will shrink the profit margin. The increase in Competition at both National and International level may result in Lower profitability and reduction in selling price. Further unstable currency fluctuations too affect the profitability of the Company.

Product wise Performance

India's Export of Granite during the last two years is as follows.

(Rs in Crores)

	2011-12	2010-11	% in Growth
Total export of Granite products	7700.00 (approx.)	7000.00	10.00 (approx.)
ARO'S Export of Granite Products	148.41	137.48	7.95

Internal Control Systems and their adequacy

The Company has adequate system of internal control relating to the purchase of Raw Materials, Stores, Consumables and Packing Materials and for the sale of goods commensurate with the size of the Company and the nature of business.

The system of internal control of the Company is adequate keeping in mind the size and complexity of your Company's business. Systems are regularly reviewed to ensure effectiveness.

Discussion on Financial Performance with respect to operational Performance

The turn over achieved by the Company for the Year ended 31.03.2012 is Rs 159.21 Crores Compared to the Previous Year turnover Of Rs 150.23 Crores showing an increase of 06.00 %. The sales during the year was 6,64,839 Sq Mtrs compared to 6,89,384 Sq Mtrs of the last Year. The Production during the year was 7,17,896 Sq Mtrs compared to 7,22,901 Sq Mtrs of the last Year. Profit before tax stands at Rs 11.88 Crores against Rs 12.47 Crores of Last Year. The Profit after Tax is Rs 8.78 Crores compared to Rs 9.49 Crores of Last Year. The Earning Per Share is Rs 8.61 against Rs 9.31

Material developments in Human Resources/Industrial Relations front including the number of people employed

The Company continues to invest in training and education of its employees and has been organizing various training programme from time to time.

The Company emphasizes training and motivation as it is the key to improve productivity. Intensive induction program of new recruits and skill based training programs are being carried out. HR policies are being aligned with the current trends in the market. Various welfare activities and incentives are being carried out for staff and workers alike making ARO an enjoyable place to be associated with. The Company maintains cordial relations with its employees and takes all possible care for their welfare.

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 Six Directors comprise of five Non-Executive Directors (NED) out of which three 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 2012 on 22nd April 2011, 29th July 2011, 18th October 2011, 14th January 2012. Attendance and other details are given below:

Sl. No	Name of Director	Category	No. of Board Meetings Attended	Attendance at last AGM (29.07.2011)	Outside Directorship (Col. 7) and Committee positions (Col. 8 & 9)		
					Directorship#	Committee* Membership	Committee* Chairmanship
(1)	(2)	(3)	(4)	(6)	(7)	(8)	(9)
1	Shri Sunil K Arora, Managing Director	Executive	4	YES	NIL	–	–
2	Shri Kasturi Lal Arora	Non-Executive	4	YES	NIL	–	–
3	Shri Dinesh Chandra Kothari	Non-Executive & Independent	4	YES	4	5	1
4	Shri Rahul Gupta	Non-Executive & Independent	4	YES	1	–	–
5	Smt. Sujata Arora	Non-Executive	-	NO	NIL	–	–
6	Shri Pradeep Kumar Jain	Non-Executive Independent	4	NO	NIL	–	–

As per Section 275 read with Section 278 of the Companies Act, 1956 and explanation to Clause 49(1)(c)(ii) of the Listing Agreement with the Stock Exchanges.

* Only covers Memberships/Chairmanship of Audit Committees and Shareholders/Investors Grievance Committees.

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, is any.

The Company has a Code of Conduct for Management Cadre Staff which is strictly adhered to. In terms of Clause 49 of the Listing Agreement and contemporary practice 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. The Terms of Reference of the Committee are in conformity with the provisions of Section 292A of the Companies Act 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges. The Audit Committee is consists of the four Non-Executive Directors namely Shri Dinesh Chandra Kothari (Chairman of the Committee), Shri Kasturi Lal Arora, Shri Rahul Gupta and Shri Pradeep Kumar Jain of which three are independent. Company Secretary acts as the Secretary of the Committee. During the financial year ended 31.03.2012, four meetings of the Audit Committee were held. Dates of meetings (Number of Members attended): 22nd April 2011(4), 29th July 2011(4), 18th October 2011(4) and 14th January 2012 (4).

4. REMUNERATION COMMITTEE (NON-MANDATORY):

Remuneration Committee was not required to be constituted.

5. REMUNERATION PAID TO DIRECTORS

- a) **Executive Directors:** The aggregate value of salary, HRA paid during the financial year ended 31st March 2012 to Shri Sunil K. Arora, Managing Director was Rs. 1,08,00,000/- plus commission of Rs. 41,00,000/-
- b) **Non-Executive Directors:** During the year 2011-2012, the Company has paid sitting fees aggregating to Rs. 2,40,000/- to all the Non-Executive Directors for attending the meetings of Board and/or Committee thereof. In addition to sitting fees Rs. 5,00,000/- each was paid as commission to Shri Kasturi Lal Arora and Smt. Sujata Arora, Non-Executive Directors.

6. SHAREHOLDER/INVESTORS' GRIEVANCE COMMITTEE

The Company has Shareholders'/Investors' Grievance Committee at the Board Level which consists of three Directors, namely Shri Kasturi Lal Arora (Chairman of the committee), Shri Sunil K Arora and Shri Dinesh Chandra Kothari. The composition of the committee is in conformity with clause 49(IV)(G)(iii) of the Listing Agreement. Shri Sabyasachi Panigrahi, Company Secretary is the Compliance officer of the Committee who oversees the investors grievances including Transfer/Transmission of Equity Shares, De-materialisation/Re-materialisation of Equity Shares, non-receipt of Dividend, Annual Reports etc. All the complaints received by the Company have been resolved promptly to the satisfaction of the Shareholders. All the valid requests for transfer of Equity Shares in physical form were processed in time and there are no pending transfers of Equity Shares.

7. GENERAL BODY MEETING

For the year	Venue	Day, Date & Time	Whether Spl Resolution
2008-2009	Sri Sathya Sai International Centre, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi 110003	Thursday, 30th July 2009 at 10.30 A.M.	YES
2009-2010	Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110016	Thursday, 29 th July 2010 YES at 10.30 A.M.	
2010-2011	Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110016	Friday, 29 th July 2011 at 10.30 A.M.	YES

8. DISCLOSURES

Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management or relatives etc. that may have potential conflict with the interest of the Company at large: NONE. Suitable disclosures as required by Accounting Standard (AS-18) on Related Party Transactions has been made in the Annual Report.

Details of Non-Compliances by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any other Statutory Authorities, on any matter related to Capital Market, during the last three years: There was no cases on non-compliances of any matter related to Capital Market during last three years

9. MEANS OF COMMUNICATION

Quarterly, Half-yearly and Annual Financial Results are normally published in leading National newspapers i.e. The Economic Times, Business Standard, Hindu Businessline Pioneer, Veer Arjun having wide circulation and promptly furnished to the Stock Exchanges for display on their respective web sites. The "Management Discussion & Analysis" and "Shareholders Information" forms part of the Annual Report.

10. (i) GENERAL SHAREHOLDERS' INFORMATION

(a) Annual General Meeting

- Day & Date : Saturday, the 28th July 2012
- Time : 10.30 A.M.
- Venue : Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110016

- (b) As required under clause 49(IV)(G)(i), a brief resume and other particulars of the appointment of Directors retiring by rotation at the aforesaid Annual General Meeting and seeking re-appointment are being given in the Explanatory Statement to the Notice convening the said meeting.

(ii) Financial Calendar (Tentative)

Financial Reporting	
For the quarter ending 30.06.2012	Within 45 days of the end of the Quarter
For the half year ending 30.09.2012	
For the quarter ending 31.12.2012	
For the Year ending 31.03.2013	
(If unaudited)	
(If audited)	Within 60 days of the end of the quarter
Annual General Meeting for the	
Financial Year 2012-2013	Between July-September 2013

- (iii) **Date of Book Closure** : From 24.07.2012 to 28.07.2012 (both days inclusive)

- (iv) **Dividend Payment Date** : Before 27th August 2012

(v) Listing on Stock Exchange(s) including Scrip Code:

Sr. No	Name of the Stock Exchanges	Scrip Code No
1	Bombay Stock Exchange Limited	513729
2	National Stock Exchange of India Limited	AROGANITE/EQ

The Listing Fee for the year 2012-2013 has been paid to the said Stock Exchanges.

(vi) Market Price Data

(Rs)

	Bombay Stock Exchange Limited (BSE)		National Stock Exchange of India Limited (NSE)	
MONTHS (2011-2012)	HIGH	LOW	HIGH	LOW
APRIL 2011	47.45	40.10	47.75	40.15
MAY 2011	43.60	40.05	46.00	40.55
JUNE 2011	48.00	40.00	44.95	38.00
JULY 2011	44.00	40.00	43.40	38.75
AUGUST 2011	44.90	35.00	45.00	35.10
SEPTEMBER 2011	40.90	36.25	41.00	35.80
OCTOBER 2011	42.65	37.00	42.95	35.00
NOVEMBER 2011	42.15	34.15	39.90	34.05
DECEMBER 2011	38.90	33.00	38.25	32.15
JANUARY 2012	40.95	33.25	41.70	33.15
FEBRUARY 2012	40.70	35.10	41.85	34.55
MARCH 2012	38.85	33.30	40.35	33.00

(vii) Share Transfer System:

All valid requests for transfer/transmission of Equity Shares in physical form are processed within a period of 15-20 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.

(viii) Dematerialisation of Shares & Liquidity:

Trading in the Equity Shares of the Company is permitted only in dematerialised form. Shareholders may dematerialise their shareholdings with one of the depositories namely NSDL and CDSL. The ISIN No. of the Company's Equity Share is **INE210C01013**. The Equity Shares of the Company are actively traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. As on 31.03.2012, 97,05,264 (95.15%) Equity Shares of the Company have been dematerialised.

(ix) Distribution of Shareholding (As on 31.03.2012)

No of Equity Shares (Range)	No of Share Holders		No of Shares		% of Shareholding	
	Physical Form	Demat Form	Physical Form	Demat Form	Physical Form	Demat Form
1-100	1082	2050	10137	70251	0.10	0.69
101-500	794	1237	235074	335860	2.30	3.29
501-1000	115	254	88025	198510	0.86	1.95
1001-5000	34	185	65875	400544	0.65	3.93
5001-10000	3	35	28125	252215	0.28	2.47
10001-50000	1	37	11250	820146	0.11	8.04
50001- 100000	1	12	56250	861192	0.55	8.44
100001-above	0	16	0	6766546	0.00	66.34
Sub-Total	2030	3862	494736	9705264	4.85	95.15
Total	5892		10200000		100.00	

(x) Shareholding Pattern (As on 31.03.2012)

Sr. No	Shareholders	No of Shares	%
1	Directors & Relatives	41,76,421	40.95
2	Non-Resident Individuals/OCBs	4,19,870	04.12
3	Private Corporate Bodies	10,16,249	09.96
4	General Public	45,87,460	44.97
	Total	1,02,00,000	100.00

(xi) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion dates and likely impact on Equity

The Company had not issued any GDRs, ADRs etc.

(xii) Plant Locations

Unit I	103, SIPCOT Industrial Complex Hosur, Tamil Nadu, 635 126
Corp. Off. & Works	At: Koneripalli Village, Via: Shoolagiri Taluk: Hosur, Dist: Krishnagiri Tamil Nadu 635 117

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

Aro granite industries ltd.
Regd. Office
 S-16, Second Floor
 Green Park Extension
 New Delhi 110 016
 Phone No.: 91-11-26511021
 Fax No.: 91-11-26511022

E mail: investorgrievance@arotile.com

Registrar & Transfer Agent (RTA)
 M/s Alankit Assignments Limited
 Alankit House, 2E/21,
 Jhandewalan Extension
 New Delhi 110055
 Phone No: 91-11-23541234
 91-11-42541234
 Fax No.: 91-11-23552001,
 91-11-42541201
 E mail: alankit@alankit.com

11. 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

Auditors' Certificate on Corporate Governance

To,

The Members,

Aro granite industries limited,

We have examined the compliance of the conditions of Corporate Governance by Aro granite industries limited, for the year ended 31st March 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors & Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company as on 31st March 2012 there were no investor grievances remaining unattended/pending for more than 30 days.

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

For Alok Mittal & Associates,
Chartered Accountants

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

Place: Hosur
Date: 14.04.2012

Auditors' Report

To the Members of **ARO GRANITE INDUSTRIES LTD.**

We have audited the attached Balance Sheet of **ARO GRANITE INDUSTRIES LTD. as at 31st March 2012**. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion:

As required by the Companies (Auditors Report) Order, 2003 as amended by the Companies (Auditors' Report) Amendment Order, 2004 issued by the Central Government in terms of Sec. 227 (4A) of The Companies Act, 1956, we annex hereto a statement on the matters specified in the paragraph 4 and 5 of the said order

Further to our comments in the annexure referred to in above paragraph, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from examination of the books;
- c) The Balance Sheet and statement of Profit & Loss dealt with by this report are in agreement with the books of account;
- d) In our opinion the Statement of Profit & Loss Account and the Balance Sheet comply with the accounting standards specified by the Institute of Chartered Accountants of India referred to in sub section (3c) of section 211 of the Companies Act, 1956.
- e) On the basis of written representation received from the directors as on 31.03.2012, none of the directors are disqualified as on 31st March 2012 from being appointed as directors in terms of clause (g) of Section 274 of The Companies Act 1956.
- f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by The Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) In the case of Balance Sheet, the state of the affairs of the Company as at 31st March, 2012.
 - ii) In the case of Statement of Profit & Loss, of the Profit of the company for the period ending on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **ALOK MITTAL & ASSOCIATES**

(Firm Reg No – 005717 N)

CHARTERED ACCOUNTANTS

(**ALOK K. MITTAL**)

PARTNER

M. NO. – 71205

Place: Hosur

Date: 14.04.2012

Annexure to the Auditors' Report

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. Fixed assets disposed during the year were not substantial and therefore, do not affect the going concern assumption.
- (ii) The inventory has been physically verified during the year by the Management. The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification between the physical stocks and the book records.

- (iii) The Company has not taken loans from the parties listed in the register maintained under Sec. 301 of the Companies Act, 1956. The company has not granted any loans to the parties listed in the register maintained under section 301 of the companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods.
- (v) In our opinion and according to the information and explanations given to us, we are of the opinion that there are no contracts or agreements referred to in section 301 of the companies Act, 1956.
- (vi) The Company has not accepted any public deposit, so clause (VI) is not applicable.
- (vii) In our opinion, the Company has internal audit system commensurate with the size and nature of its business.
- (viii) The company is not required to maintain the cost records under section 209 (1) (d) of the Companies Act 1956, so clause (viii) is not applicable.
- (ix)
 - (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Investors Education & Protection Fund, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other material statutory dues applicable to it.
 - (b) According to information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sale Tax, Provident Fund, Investors Education & Protection Fund, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, were in arrears, as at 31st March, 2012 for a period of more than six months from the date they become payable.
 - (c) According to the information and explanation given to us, there are no dues of sale tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The company has no accumulated losses as at 31st March, 2012, and it has not incurred cash losses during the financial year covered our audit and the immediately preceding financial year.
- (xi) 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.
- (xii) According to the information and explanations given to us the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities so clause (xii) is not applicable.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv)
 - (a) The Company has not made any dealing in shares during the year under consideration.
 - (b) Based on audit procedures and to the best of our knowledge and belief and according to the information and explanation given to us, the shares and securities have been held by the company in its own name.
- (xv) In our opinion, the company has not given any guarantees for loans taken by others from Banks or Financial institutions.
- (xvi) To the best of our knowledge and belief and according to the information and explanation given to us, no term loan was availed by the company during the financial year.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no fund raised on short – term basis have been used for long –term investment.
- (xviii) The company has not issued any debentures.
- (xix) The company has not raised any money by public issue during this year, so clause (xix) is not applicable.
- (xx) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

(Alok K. Mittal)
 Partner
 M. NO. : 71205

Place: Hosur
 Date: 14.04.2012

Balance Sheet as at 31.03.2012

(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	1,020.00	1,020.00
(b) Reserves and surplus	2	10,230.54	9,471.22
2 Non-current liabilities			
(a) Long-term borrowings	3	312.46	484.00
(b) Deferred tax liabilities (Net)		816.13	744.46
(c) Other Long term liabilities	4	932.62	-
(d) Long-term provisions	5	52.58	62.84
3 Current liabilities			
(a) Short-term borrowings	6	6,810.97	5,208.15
(b) Trade payables		1,494.04	1,154.07
(c) Other current liabilities	7	176.26	125.17
(d) Short-term provisions	8	181.42	231.51
TOTAL		22,027.02	18,501.42
II. ASSETS			
Non-current assets			
1 (a) Fixed assets			
(i) Tangible assets	9	6,831.18	6,766.18
(iii) Capital work-in-progress	9	1,522.27	-
(b) Long-term loans and advances	10	163.89	106.97
2 Current assets			
(a) Current investments	11	1.87	1.87
(b) Inventories	12	6,671.29	5,687.35
(c) Trade receivables	13	5,617.97	4,498.96
(d) Cash and cash equivalents	14	754.73	1,001.57
(e) Short-term loans and advances	15	360.98	371.11
(f) Other current assets	16	102.84	67.41
TOTAL		22,027.02	18,501.42
Notes on Accounts	24		

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. 05717N
CHARTERED ACCOUNTANTS

[**ALOK K. MITTAL**]
PARTNER
M No. - 71205

[**SUNIL K. ARORA**]
MANAGING DIRECTOR

[**SUJATA ARORA**]
DIRECTOR

[**S PANIGRAHI**]
COMPANY SECRETARY

Place: Hosur
Date: 14.04.2012

Statement of Profit & Loss for the year ended 31st March 2012

(Rs. in Lacs)

Particulars	Refer Note No.	Figures for the current reporting period	Figures for the previous reporting period
I. Revenue from operations	17	15,920.80	15,022.52
II. Other income	18	(52.82)	(148.81)
III. Total Revenue (I+II)		15,867.98	14,873.71
IV. Expenses:			
Cost of materials consumed	19	9,592.76	8,913.78
Purchases of Stock-in-Trade		277.58	247.12
Changes in Inventories of finished goods work-in-progress and Stock-in-Trade	20	(740.13)	(297.35)
Employee Benefits Expenses	21	1,410.37	1,218.63
Finance Costs	22	427.34	326.14
Depreciation and Amortization Expenses	9	417.84	439.79
Other Expenses	23	3,294.64	2,778.35
Total expenses		14,680.40	13,626.47
V. Profit before tax (III-IV)		1,187.58	1,247.24
VI. Tax expense:			
(1) Current tax Payable		318.00	270.17
Less : Mat Credit Entitlement		79.95	-
Net Current Tax Liability		238.05	-
(2) Deferred tax		71.66	27.64
VII. Profit (Loss) for the period (V - VI)		877.87	949.42
VIII. Earnings per equity share:			
(1) Basic		9.30	9.58
(2) Diluted		8.61	9.31
Notes on Accounts	24		

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. 05717N
CHARTERED ACCOUNTANTS

[**ALOK K. MITTAL**]
PARTNER
M No. - 71205

[**SUNIL K. ARORA**]
MANAGING DIRECTOR

[**SUJATA ARORA**]
DIRECTOR

[**S PANIGRAHI**]
COMPANY SECRETARY

Place: Hosur
Date: 14.04.2012

Cash Flow Statement for the year Ended 31st March, 2012

(Rs. in Lacs)

PARTICULARS	2011-12	2010-11
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary item	1,187.58	1,250.81
Adjustments For Depreciation Provision	417.84	439.79
Loss/(Profit) on sale of assets	0.61	2.48
Interest received	(49.25)	(35.78)
Foreign currency fluctuation (Gain)(Loss (unrealised)	(102.25)	(196.81)
Operating Profit before working capital changes	1,454.54	1,460.49
Adjustment for Working Capital Changes		
Decrease/(Increase) in Inventories	(983.94)	(663.75)
Decrease/(Increase) in Debtors	(1,119.01)	(350.26)
Decrease (Increase) in others current assets	(35.43)	137.66
Decrease (Increase) in Loans & Advances	(64.70)	(124.60)
(Decrease)Increase in Current Liabilities	1,277.04	(222.44)
Cash from Operations	528.49	237.09
Less : Income Tax & Other Taxes Paid (Net)	251.34	292.65
Cash flow before Extraordinary items	277.15	(55.56)
Net cash from operations	277.15	(55.56)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Addition to fixed assets & capital		
Purchase of Assets	(2,006.83)	(425.46)
Sale of assets	1.10	6.83
Dividend and Interest Received	49.25	35.78
Net cash from investing Activities	(1,956.48)	(382.85)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Secured & Unsecured)	1,431.28	949.25
Buy back of Shares	-	(76.91)
Payment of Dividend including Dividend Tax	(118.94)	(119.33)
Net Cash from financing Activities	1,312.34	753.00
D. TOTAL INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT		
Cash equivalent during the year before adjustment for foreign Currency fluctuation (A+B+C)	(366.99)	314.59
Adjustment for foreign currency fluctuation (gain)/loss	102.25	196.81
Cash equivalent during the year after adjustment for foreign Currency fluctuation	(264.75)	511.39
Cash & Cash equivalents at the beginning of the year	641.85	130.45
Cash & cash equivalent at the end of the year	377.10	641.85

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 2012 reported upon by us as on 14.04.2012 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. MITAL**)
PARTNER
M No. - 71205

Place: Hosur
Date: 14.04.2012

Disclosure Pursuant to Note of Part I of Schedule VI to the Companies Act 1956

(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					
1,46,00,000 (PY 1,46,00,000) equity shares of Rs. 10 each	1,46,00,000	1,460.00	1,46,00,000	1,460.00	
40,000, 10% Convertible Cumulative Preference Shares (CCPS) of Rs. 100 each (PY 40,000 CCPS)	40,000	40.00	40,000	40.00	
	1,46,40,000	1,500.00	1,46,40,000	1,500.00	
ISSUED, SUBSCRIBED AND PAID UP					
1,02,00,000 Equity Shares (PY 1,02,00,000 Equity Shares) of Rs. 10 each	1,02,00,000	1,020.00	1,02,00,000	1,020.00	
Total	1,02,00,000	1,020.00	1,02,00,000	1,020.00	
(b) Disclosure pursuant to Note no. 1 of Part I of Schedule VI to the Companies Act, 1956 (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	1,02,00,000		1,020.00		
Shares Issued during the year	-		-		
Shares bought back during the year	-		-		
Shares outstanding at the end of the year	1,02,00,000		1,020.00		
(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	3246210	31.83	3203910	31.41	
Dilip Kumar Lakhi	1002600	9.83	808928	7.93	
(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)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	NIL	NIL	NIL	NIL	NIL
Fully paid up by way of bonus shares	NIL	NIL	NIL	3,694,500	NIL
Shares bought back	NIL	160,729	722,779	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	468.05
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised for various reasons		
For Buy Back of Shares	-	60.85
Closing Balance	407.20	407.20
b. General Reserves		
Opening Balance	2,480.68	2,280.68
(+) Current Year Transfer	200.00	200.00
(-) Written Back in Current Year	-	-
Closing Balance	2,680.68	2,480.68
c. Surplus		
Opening balance	6,583.34	5,952.86
(+) Net Profit/(Net Loss) For the current year	877.87	949.42
(-) Proposed Dividends	(102.00)	(102.00)
(-) Dividends Tax	(16.55)	(16.94)
(-) Transfer to General Reserves	(200.00)	(200.00)
Closing Balance	7,142.66	6,583.34
Total	10,230.54	9,471.22
3 LONG TERM BORROWINGS		
Secured		
(a) Term loans		
from the ICICI Bank Ltd (Secured By way of 1st Charge on all the Immovable and Movable assets including all Movable Machinery and Movable Fixed Assets of Unit II both present and future also secured by personal guarantee of Mr. Sunil K Arora)	-	484.00
(b) HSBC Loan Account - Pedrini (Secured By way of exclusive charge on the machine financed by this loan) Terms of Repayment - Half Yearly	109.96	-
(c) HSBC Loan Account - Gaspri (Secured By way of 1st Charge on the Plant & Machinery of Unit II of the company on paripassu basis with ICICI Bank) Terms of Repayment - Yearly	202.50	-
	312.46	484.00
4 OTHER LONG TERM LIABILITIES		
(a) Creditors Payables for Capital Goods	932.62	-
(b) Others	-	-
Total	932.62	-

(Rs. in Lacs)

NOTES	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
5 LONG TERM PROVISIONS		
(a) Provision for employee benefits		
Gratuity (unfunded)	52.58	62.84
Total	52.58	62.84
6 SHORT TERM BORROWINGS		
Secured		
(a) Loans repayable on demand		
i) BOB CC Account	269.76	349.49
ii) Packing Credit BOB & HSBC	4,977.41	2,963.66
iii) Foreign Bill Discounted from Bank BOB & HSBC (Secured By way of hypothecation of stock, Pledge of Govt Securities, ECGC, and Book Debts of both the Units of the company on Pari Passu basis. Second charge on Fixed Assets of the Unit - II and Personal guarantees of Promoters/Directors Mr. Sunil K Arora, Mr. Kasturi Lal Arora, Smt. Sujata Arora)	894.52	1,400.40
(b) Term loans	484.00	483.99
from the ICICI Bank Ltd (Secured By way of 1st Charge on all the Immovable and Movable assets including all Movable Machinery and Movable Fixed Assets of Unit II both present and future also secured by personal guarantee of Mr. Sunil K Arora) Terms of Repayment - Half Yearly		
(c) HSBC Loan Account - Pedrini	75.46	-
(d) HSBC Loan Account - Gaspri	101.25	-
(e) Sales Tax Term Loan	8.57	10.60
Total	6,810.97	5,208.15
7 OTHER CURRENT LIABILITIES		
(a) Interest accrued but not due on borrowings	0.57	1.68
(b) Advance From Customers	72.12	23.30
(c) Unpaid dividends	18.55	17.94
(d) Statutory Dues Payable	25.03	26.81
(e) Other Expenses Payable	60.00	51.44
(f) Bonus Payable	-	4.01
Total	176.26	125.17
8 SHORT TERM PROVISIONS		
(a) Provision for employee benefits		
i) Salary & Reimbursements	62.11	99.48
ii) Contribution to PF & ESI	4.93	3.93
(b) Provision For Income Tax	(4.16)	9.16
(c) Provision For Dividend on Equity	102.00	102.00
(d) Provision For Corporate Dividend Tax	16.54	16.94
Total	181.42	231.51

NOTE - 9

Rs. in Lacs

Fixed Assets	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1st April 2011	Additions/ (Disposals)	Deletion	Balance as at 31 March 2012	Balance as at 1st April 2011	Depreciation charge for the year	On disposals	Balance as at 31 March 2012
a Tangible Assets								
Land	254.80	-	-	254.80	-	-	-	254.80
Buildings	2,564.90	0.47	-	2,565.37	457.37	85.68	-	2,107.53
Plant and Equipment	6,109.10	446.13	-	6,555.23	2,351.77	270.98	-	3,757.33
Furniture and Fixtures	61.32	8.11	-	69.44	28.65	3.95	-	32.67
Electrical Equipment	494.82	0.66	-	495.47	146.22	23.53	-	348.60
Office equipment	150.95	2.85	-	153.80	64.53	8.97	-	86.42
Vehicles	246.71	23.50	3.79	266.42	83.27	23.79	2.08	163.44
Canteen equipment	18.59	2.84	-	21.43	3.21	0.94	-	15.38
Total	9,901.20	484.55	3.79	10,381.97	3,135.02	417.84	2.08	6,766.18
Previous Year	9,513.14	425.46	10.49	9,901.20	2,721.99	439.79	(26.76)	6,791.15
b Capital Work In Progress	-	1,522.27	-	1,522.27	-	-	-	-
Total	-	1,522.27	-	1,522.27	-	-	-	1,522.27

(Rs. in Lacs)

NOTES	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
10 LONG TERM LOANS & ADVANCES		
a. Capital Advances		
Unsecured, considered good	67.82	22.79
b. Security Deposits		
Unsecured Considered Goods	96.07	84.18
Total	163.89	106.97
11 CURRENT INVESTMENT		
Investment in Equity Instrument (Market Value as on 31.03.2012 Rs. 10,04,855/-)	1.87	1.87
Total	1.87	1.87
12 INVENTORIES		
a. Raw Materials and components (Valued at FIFO)	1,602.99	1,564.10
b. Work-in-progress (Valued at Actual Cost)	247.36	332.82
c. Finished goods (Valued at Actual Cost)	3,801.49	2,975.90
d. Stores and spares (Valued at FIFO)	424.26	300.77
e. Packing Material (Valued at FIFO)	61.90	76.62
f. Consumable (Valued at FIFO)	533.29	437.14
Total	6,671.29	5,687.35
13 TRADE RECEIVABLE		
Trade receivables outstanding for a period less than six months from the date they are due for payment (Unsecured considered good)	5,161.47	3,727.35
	5,161.47	3,727.35
Trade receivables outstanding for a period exceeding six months from the date they are due for payment (Unsecured considered good)	456.50	771.61
	456.50	771.61
Total	5,617.97	4,498.96
14 CASH AND CASH EQUIVALENTS		
a. Balances with banks		
This includes:		
Earmarked Balances (eg/- unpaid dividend accounts)	19.15	18.35
Margin money with Banks	377.63	359.73
Fixed Deposit with HSBC	107.26	103.01
Cash at Bank	233.37	516.12
b. Cash on hand	17.32	4.36
	754.73	1,001.57
15 SHORT TERM LOANS & ADVANCES		
a. Others (specify nature)		
Unsecured, considered good Advance For Raw Material Consumables	203.85	364.02
Other Advance	157.13	7.09
	360.98	371.11
16 OTHER CURRENT ASSETS		
Prepaid Expenses	15.14	10.62
Material In Transit & others	0.94	0.42
Excise Duty Receivable	0.19	0.46
Service Tax Receivable	14.58	16.85
VAT & Sales Tax Receivable	71.99	39.06
	102.84	67.41

Disclosure Pursuant to Note of Part II of Schedule VI to the Companies Act 1956

(Rs. in Lacs)

NOTES	Figures for the current reporting period	Figures for the current reporting period
17 REVENUE FROM OPERATION		
Sales - Export	15,026.90	13,976.10
Sales - DTA	1,011.13	1,162.99
TOTAL	16,038.03	15,139.09
Less: Excise duty	117.23	116.57
TOTAL	15,920.80	15,022.52
18 OTHER INCOME		
Interest Income	49.25	35.60
Dividend Income	-	0.18
Exchange Fluctuation	(102.25)	(196.81)
Other non-operating income (net of expenses)	0.19	12.22
TOTAL	(52.82)	(148.81)
19 COST OF MATERIAL CONSUMED		
(A) Raw Material Consumption		
OPENING STOCKS	1,564.10	1,355.39
ADD: PURCHASES	7,071.89	6,723.38
	8,635.99	8,078.78
LESS: CLOSING STOCKS	1,602.99	1,564.10
	7,033.00	6,514.68
(B) Consumable Consumption		
OPENING STOCKS	437.14	326.26
ADD: PURCHASES	2,151.46	1,970.54
	2,588.60	2,296.80
LESS: CLOSING STOCKS	533.29	437.14
	2,055.31	1,859.66
(C) Packing Material Consumption		
OPENING STOCKS	76.62	70.64
ADD: PURCHASES	489.72	545.42
	566.35	616.06
LESS: CLOSING STOCKS	61.90	76.62
	504.45	539.44
Cost of Material Consumed (A+B+C)	9,592.76	8,913.78
20 FINISHED GOODS & WIP		
OPENING STOCKS	3,308.72	3,011.37
CLOSING STOCKS	4,048.85	3,308.72
	(740.13)	(297.35)
21 EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages	594.62	506.45
Contribution to Provident and Other Funds	29.31	24.61
Labour Charges	550.14	451.93
Staff Welfare Expenses	106.30	106.65
Managerial Remuneration	130.00	129.00
	1,410.37	1,218.63

(Rs. in Lacs)

NOTES	Figures for the current reporting period	Figures for the current reporting period
22 FINANCE COST		
Bank Charges	110.56	46.60
Packing Credit	78.26	51.61
Cash Credit	36.42	37.75
Interest on Income Tax	0.88	2.23
Demand Draft Charges	2.34	2.52
Foreign Bills Discounted/Purchases	116.48	77.75
Interest on ICICI Term Loan	82.40	107.68
	427.34	326.14
23 OTHER EXPENSES		
Adv. & Publicity	9.45	14.30
Auditors Remuneration		
– Auditor's Fee	2.75	2.50
– Tax Audit Fee	0.83	0.75
– Other Management Services	0.33	0.30
Bad Debts Written Off	-	9.83
Donation	0.58	20.53
Freight and Forwarding Charges	749.74	605.61
Insurance Expenses	53.57	52.24
Loss on Sale of Assets	0.61	2.48
Legal Expenses	5.80	5.09
Membership & Subscription	3.30	2.62
Misscellaneous Expenses	2.20	1.96
Other Manufacturing Expenses	16.15	12.88
Printing & Stationery	18.75	16.38
Power & Fuel	1,067.11	950.63
Professional Service Charges	13.79	26.85
Rent Paid	9.26	7.20
Rates & Taxes	22.01	116.77
Rebate & Discount	69.28	37.80
Repairs to Buildings	162.21	72.08
Repair to Plant & Machinery	227.87	125.12
Repair & Maintenance		
– Electricals	23.71	9.18
– Vehicles	22.90	17.59
– Others	29.19	25.64
Sales Promotion	214.96	112.11
Security Service Charges	40.87	34.64
Stores & Spares Consumptions	317.65	317.50
Telephone & Telex	34.37	42.79
Travelling & Conveyance		
– Employees (Foreign Travel - 35.03 Lacs/-) (P.Y. 33.99 Lacs)	136.80	99.05
– Director (Foreign Travel - 34.85 Lacs (P.Y. 24.28 Lacs)	38.61	35.92
	3,294.64	2,778.35

NOTE - 24

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 and on pro-rata basis on the rates specified in schedule XIV of the companies Act, 1956, as applicable on the last date of the accounting year.
- d) **INVENTORIES** – Inventories are valued at the lower of the cost or net realizable value. The cost of the inventories is assigned by using First-in First out (FIFO) Method. Raw material, Stores & Spares and Packing Materials have been valued at cost. Process Stock is valued at cost, which is determined by taking direct material, labor 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.

Foreign Currency Liabilities incurred for acquisition of Fixed Assets are translated at the exchange rate prevailing on the last working day of the accounting year or forward cover rates, as applicable. The net variation arising out of the said transaction is adjusted to the profit and loss account.

Other 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 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.
 - i. Bills of Exchange discounted **Rs. 1093.14** Lacs (P.Y.Rs.1400.40 Lacs)
 - ii. Guarantee & counter Guarantee Outstanding **Rs. 50.85** Lacs (P.Y.Rs. 50.85 Lacs)
 - iii. Letter of Credit **Rs 751.15 Lacs** (PY. Rs 807.88 lacs)
- b. In compliance with **Accounting Standard – 22 relating to "Accounting for taxes on Income"** issued by the Institute of Chartered Accountants of India, the company has adjusted the deferred tax liability (net) arising out of timing difference for the period upto 31st March 2012 with the Balance of Deferred Tax Liability (Net) accruing during the year aggregating to Rs.71.65/- has been recognized in the Profit and Loss Account.
- c. Major components of Deferred Tax Assets and Liabilities arising on account of timing difference are:

	Assets (Rs. in Lacs)	Liabilities (Rs. in Lacs)
Depreciation	–	836.80 (770.38)
Provision for Gratuity& EL	20.69 (25.93)	

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

(Rs. in Lacs)

Sl. No.	Name of the Related party	Relationship	Transaction	Amount
1.	Mr. Sunil K Arora	Key management Personnel	Remn./Comm.	Rs. 120 (Rs 119)
2.	Mrs. Sujata Arora	Director	Commission.	Rs. 5 (Rs 5)
3.	Mr. K.L. Arora	Director	Commission	Rs. 5 (Rs.5)

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

	2011-12	2010-11
EPS (before deferred tax)	9.30	9.58
EPS (after deferred tax)	8.61	9.31

- f. 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.

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

- h. Director's Remuneration :

	2011-12 (Rs. in Lacs)	2010-11 (Rs. in Lacs)
I Salary	Rs. 86.60	Rs. 61.20
II Rent Free Accom./HRA	Rs. 21.40	Rs. 16.80
III Commission	Rs. 22.00	Rs. 51.00

- i. Director's Traveling

	2011-12 (Rs. in Lacs)	2010-11 (Rs. in Lacs)
I. Local	Rs. 3.57	Rs. 1.06
II. Foreign	Rs. 35.03	Rs. 34.86

- j. Additional Information pursuant to the provisions of paragraphs, 3, 4C and 4D of part II Schedule of the Companies Act, 1956.

- I. Licensed & Installed Capacity and Actual Production:

Class of goods	Unit	Licensed Capacity (Per annum)		Installed Capacity (Per annum)		Production	
		2012	2011	2012	2011	2012	2011
UNIT-I Granite Tiles	Sq.Mt.	1,80,000	1,80,000	1,80,000	1,80,000	77,579	75,888
UNIT-2 Granite Slabs	Sq.Mt	3,90,000	3,90,000	3,90,000	3,90,000	3,96,467	3,60,124
UNIT-2 Tile Plant	Sq.Mt	3,60,000	3,60,000	3,60,000	3,60,000	2,43,850	2,86,889

(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 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2012	Year ended 31.03.2011
UNIT-I - Tile Plant	72,340	74,273	775.19	883.57
UNIT-II - Slab Plant	3,64,202	3,43,427	11590.25	10350.21
UNIT-II - Tile Plant	2,28,297	271,684	3672.58	3905.31

I. Details of Finished Goods :

I. Details of Opening Stock :

Class of Goods	Quantity in Sq.M.		(Rs. in Lacs)	
	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2012	Year ended 31.03.2011
UNIT-I - Tile Plant	11,021	9,406	86.14	75.25
UNIT-II - Slab Plant	1,37,002	1,20,305	2075.94	2052.02
UNIT-II - Tile Plant	80,364	65,159	810.22	575.46

II. Details of Closing Stocks :

Class of Goods	Quantity in Sq.M.		(Rs. in Lacs)	
	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2012	Year ended 31.03.2011
UNIT-I - Tile Plant	16,260	11,021	146.51	86.14
UNIT-II - Slab Plant	1,69,267	1,37,002	2556.65	2079.54
UNIT-II - Tile Plant	95,917	80,364	1,098.31	810.22

m. Details of Raw materials consumed during the year :

UNIT-I - TILE PLANT		Quantity (in CBM)		(Rs. in Lacs)	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
Rough Blocks					
Indigenous		1296.359	2113.649	313.44	529.72
Imported		3.95	280	Nil	Nil
Stores, Spares, Consumables & Packing				306.73	202.05
Imported				12.85	Nil
Indigenous				293.88	202.05

UNIT-II - SLAB PLANT		Cub. Mtr.		(Rs. in Lacs)	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
Rough Blocks					
Indigenous		10517.316	11,066.573	3839.25	3736.77
Imported		2039.808	1165.374	1651.47	898.39
Stores, Spares, Consumables & Packing				2018.94	1746.50
Imported				1117.43	965.96
Indigenous				901.51	780.54

UNIT-II - TILE PLANT	Cub. Mtr.	Cub. Mtr	(Rs. in Lacs)	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Rough Blocks				
Indigenous	4226.859	5286.376	1137.90	1225.49
Imported	244.145	220.344	131.90	124.31
Stores, Spares, Consumables & Packing			1266.99	768.05
Imported			211.61	212.44
Indigenous			1055.38	555.61

n. Earning in Foreign Exchange :

	Year Ended 31.03.2012 (Rs. in Lacs)	Year Ended 31.03.2011 (Rs. in Lacs)
Export of Goods (FOB)	14841.48	13748.46

o. Expenditure in Foreign Currency :

	Year Ended 31.03.2012 (Rs. in Lacs)		Year Ended 31.03.2011 (Rs. in Lacs)	
Value of Imports (CIF)				
Capital Goods	1880.59	39.00 %	207.37	07.40 %
Raw Materials	1639.06	34.00 %	1177.90	41.80 %
Consumables	947.85	19.70 %	1140.57	40.50 %
Stores & Spares	209.51	4.40 %	222.71	7.90 %
Overseas Business Travelling	119.29	2.50 %	57.15	2.00 %
Other Expenses	19.69	0.40 %	12.32	0.40 %

p. Auditors Remuneration: (Including Service Tax)

	Year Ended 31.03.2012 (Rs. in Lacs)	Year Ended 31.03.2011 (Rs. in Lacs)
Audit Fee	3.09	2.75
Tax Audit Fee	0.92	0.82
Other Management Services	0.36	0.33
	4.38	3.91

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 No-005717 N)
CHARTERED ACCOUNTANTS

[ALOK K. MITTAL]
PARTNER
M No. - 71205

[SUNIL K. ARORA]
MANAGING DIRECTOR

[SUJATA ARORA]
DIRECTOR

[S PANIGRAHI]
COMPANY SECRETARY

Place: Hosur
Date: 14.04.2012

ANNEXURE - I

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

BALANCE SHEET EXTRACT AND COMPANY'S GENERAL BUSINEES PROFILE

I Registration Details

Registration No.	55-31510	State Code	55	
Balance Sheet Date	31 DATE	03 MONTH	2012 YEAR	

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

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

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

Source of Funds

Total Assets 2,202,702	Total Liabilities 2,202,702
Paid up Capital 102000	Reserves & Surplus 1023054
Secured Loans 712343	Unsecured Loans Nil
Net Fixed Assets 835345	Investments 187
Net Current Assets 1165609	Misc. Expenditure Nil
Accumulated Loss Nil	

IV Performance of Company (Amount in Rs. Thousand)

Turnover 1603803	Total Expenditure 1468040
Profit/Loss before Tax 118758	Profit/Loss after Tax 87787
Earning Per Share 8.61	Dividend Rate 10%

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

ITC code No.

680233

Product Description

GRANITE TILES & SLABS

Our Geographical Spread





Aro granite industries ltd.

(100% Export Oriented Unit)
An ISO 9001:2008 Company

Tel: 91-4344 252100
Fax: 91-4344 252217
Email: aro@arotile.com
Website: www.arotile.com



Alok Mittal & Associates
Chartered Accountants
X-13, Hauz Khas, New Delhi 110 016
Tel : 26568536, 26968470
Fax : 011-41655810
E-mail : caalokmittal@gmail.com

To the Members of Aro granite industries Ltd.

Addendum to our Audit Report dated 14.04.2012

Point No. VIII of the Annexure to the Audit Report dated 14.04.2012 for the Financial Year ended 31.03.2012 be read as follows:

Pursuant to the provisions of 209(1)(d) of the Companies Act 1956, the Company is required to maintain cost records which are being made in respect of the business being carried out. However, we have not carried out a detailed examination of such records with a view to determining whether they are accurate or complete.

Dated: 25.07.2012
Place: New Delhi



For Alok Mittal & Associates
Chartered Accountants


Alok K. Mittal
Partner
M No. 71205
(Firm Reg. No 005717N)