

Corporate Overview

February 2016

Aro granite industries ltd.

An 100% Export Oriented Unit

Disclaimer

Certain statements in this communication may be considered as 'forward looking statements' within the meaning of applicable law and regulations. These forward-looking statements involves a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward looking statements, important development that could affect the company's operations include changes in the industry structure, significant changes in politics and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

Aro granite industries limited does not undertake to revise any forward-looking statement that may be made from time to time by or on behalf of the company.

Aro granite industries limited will not be in any way responsible for any action taken based on such statement and undertakes no obligation to publicly update these forward looking statement to reflect subsequent event or circumstances.

Managing Director Message



This year was full of challenges for Aro granite industries limited The year started with decline in demand from one of our key market Russia, which was impacted by Ukraine issue. Thereafter fall in currency of Brazil and Europe further reduced demand of Indian granite. Brazilian currency fall led them reduce prices of Granite product and made them more competitive in the global markets. Consequently Indian granite exporters ended up loosing their market share. Aro granite industries limited has also been exporting to crude oil exporting nations, where the demand got impacted due to dramatic fall in oil prices.

The company has effectively changed its business model and moved into “Stock and Sell” model from “Processing on Demand“, due to shortage of Indian granite raw blocks. Your company has commissioned a warehouse of 11,000 sqm next to its processing facility which will help in better stock and display of inventory. During the year company has also forayed into CUT-TO-SIZE market. This will expand its overall product offering and allow the company to better utilize its existing infrastructure by using smaller sized granite blocks.

The current environment is very challenging & the company is striving to overcome the tough environment by expanding its product offerings, expanding our display warehouse and entering new geographies.

February 2016

Company Snapshot

Started commercial operation in 1991

Largest processed Granite exporter out of India

Awarded Top Export Award by CAPEXIL for 2012-13*

*2012-13 was the latest awards announced as of 2016

100% EOU

100% export oriented, located at Hosur, Tamil Nadu

Listed on NSE Since 2007 & BSE Since 1997 in India

Supply of over 100 shades of Granite from India and other countries

Export to more than 50 countries

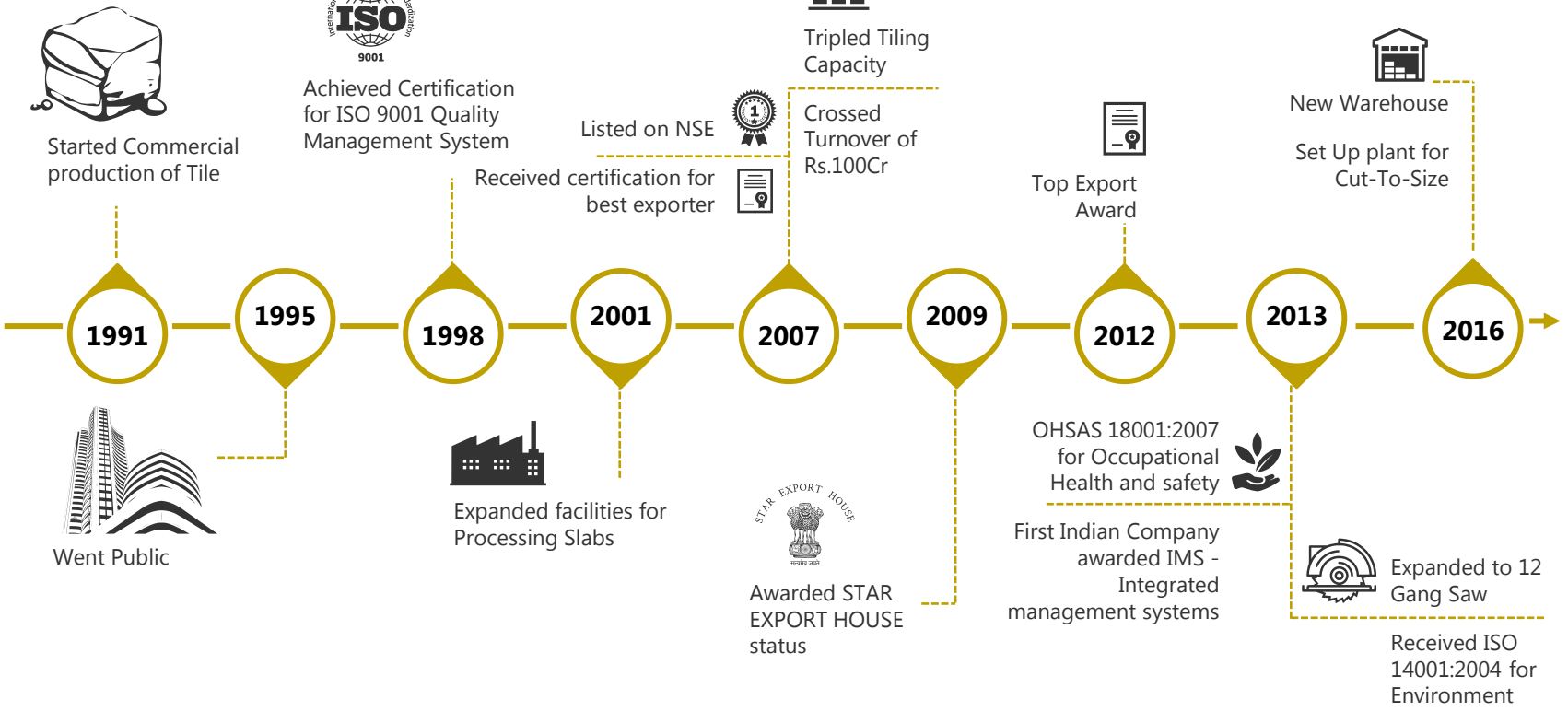
Installed capacity

Granite Slab: 585,000 Square Meters

Granite Tiles: 360,000 Square Meters

Awarded with "Special Export Award" by CAPEXIL for 7 years in a row

Milestones


1991
Started Commercial production of Tile
Went Public
1995
1998
Achieved Certification for ISO 9001 Quality Management System
Expanded facilities for Processing Slabs
2001
Listed on NSE
Received certification for best exporter
2007
Tripled Tiling Capacity
Crossed Turnover of Rs.100Cr
Awarded STAR EXPORT HOUSE status
2009
2012
Top Export Award
OHSAS 18001:2007 for Occupational Health and safety
First Indian Company awarded IMS - Integrated management systems
2013
New Warehouse
Set Up plant for Cut-To-Size
Expanded to 12 Gang Saw
Received ISO 14001:2004 for Environment
2016

Management Team

Full Name	Age	Designation	Total Years of Experience	Year of Joining Aro granite industries ltd.	Educational Qualification
Sunil Kumar Arora	57	Promoter & Managing Director	35	1988 (Founder & Promoter)	BSc, Chemistry (H) from St. Stephen's College, Delhi
K. Raghavendra Acharya	48	Executive Director	23	2000	Post Graduate Degree in Foreign Trade Management
V. Arul	49	Corporate Head Production	26	1990	B.E-MECHANICAL
S. Sundara Rajan	47	Chief Financial Officer (CFO)	24	2008	B.COM , ACMA , CS (F)
Mayank K. Sanghvi	64	Corporate Head Marketing (DTA)	31	2004	B.COM

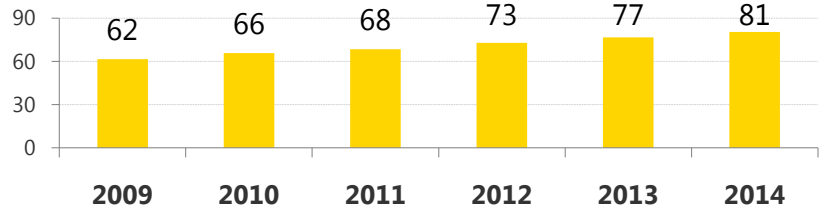
Management Team

Full Name	Age	Designation	Total Years of Experience	Year of Joining Aro granite industries limited.	Educational Qualification
Sahil Arora	27	Corporate Head – International Marketing	6	2010	Bachelor of Business Management Post Graduate Degree in Management from Indian School of Business (ISB)
Sanjeev Bansal	48	Corporate Head – International Marketing	23	2010	B.COM
R Rajaram	64	Corporate Advisor – HR & Legal	27	2011	M.Phil, BGL,PGDPM, PGDEL, DPM, DLL
Sabyasachi Panigrahi	46	Company Secretary	20	1997	B.COM(H), FCS, LLB

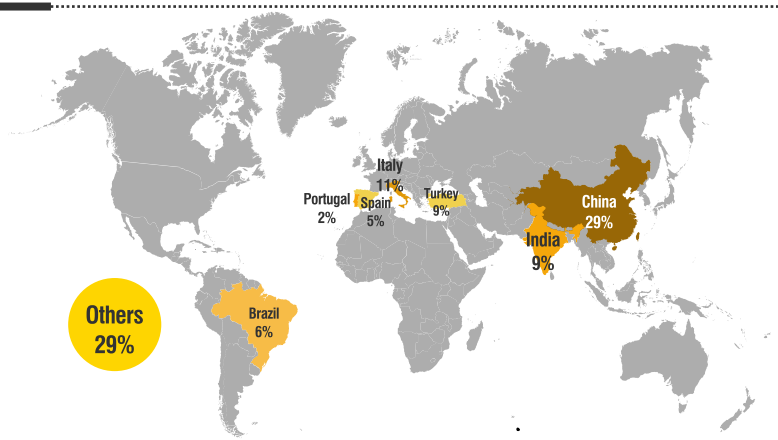
Global Granite Industry

- Production of stone increasing at CAGR 5.5% since 2009
- 75% of the granite products are used in Building Material
- Largest consumer of granite globally are China, USA, North America, Japan and European countries
- Global Stone Export in 2014 was $22,870 million

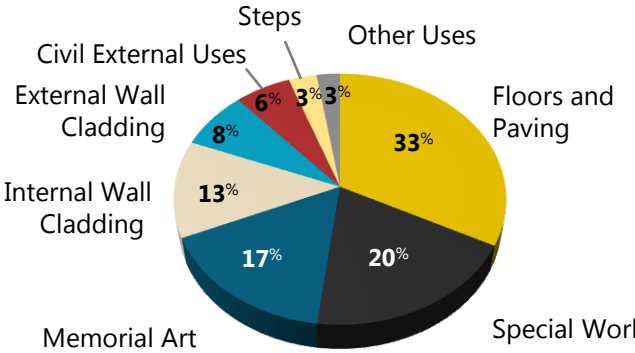
Processed Production (mn. tons)*



Stone Exports in 2014*



Application of Granite (%)*



*Source -XXVI world marble and stones report 2015

Global Granite Industry

Stone in building material is mainly used for

Countertop



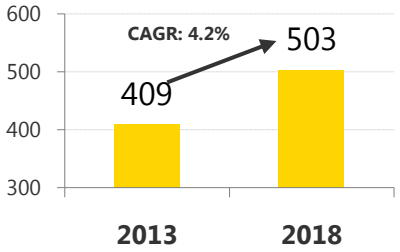
Flooring



Walls

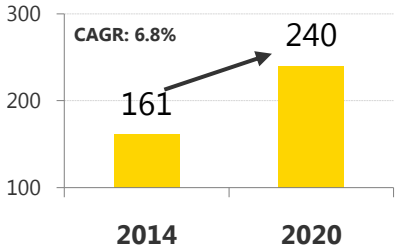


Global Countertop Demand (mn. sq. mtr)

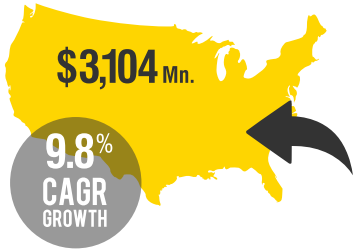


Source: Stone-idea.com

Global Flooring Demand (bn. sq. ft)

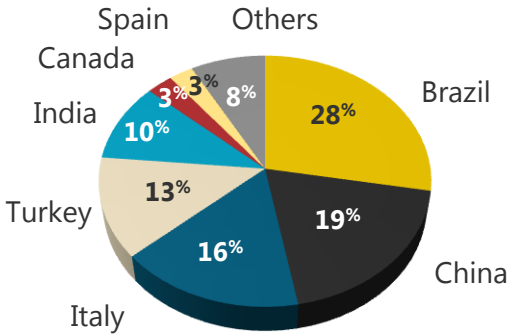


Source: Grand View Research, inc



USA imported $3,104 mn. of stone in 2014, increasing at CAGR 9.8% since 2009

USA Import of Processed Stone 2014



Source - XXVI world marble and stones report 2015

Indian Granite Industry

20%
Accounts for 20% of the world's granite resources

66%
Has more than 66% of around 300 shades available in the world

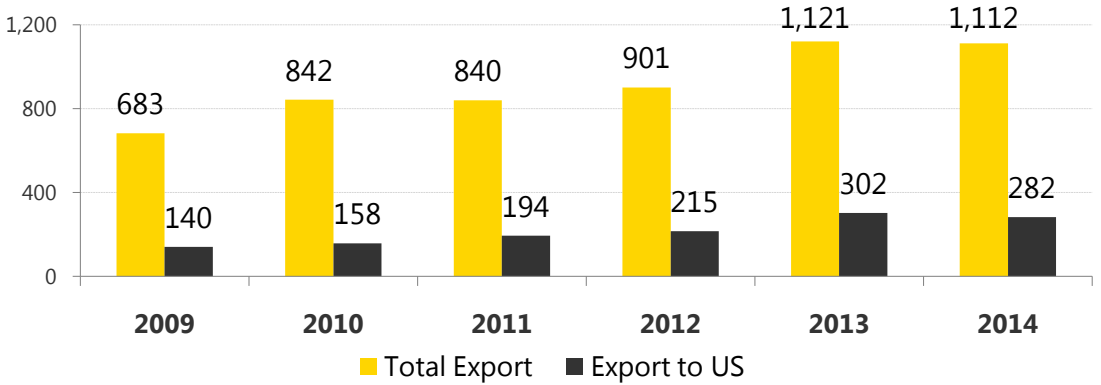
97%
97% of the total granite resources are untapped

$2.62Bn
Market size approximately $2.62 bn.

9%
Accounts for more than 9% of the world stone exports

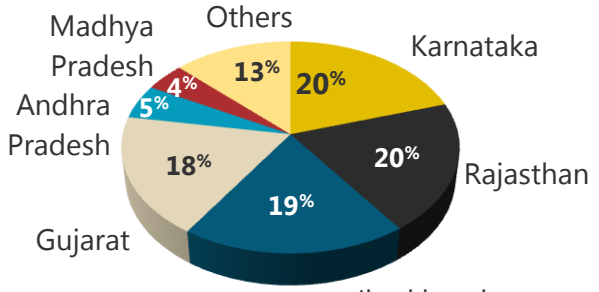
India Processed Stone Export

Figures in USD $ Mn.



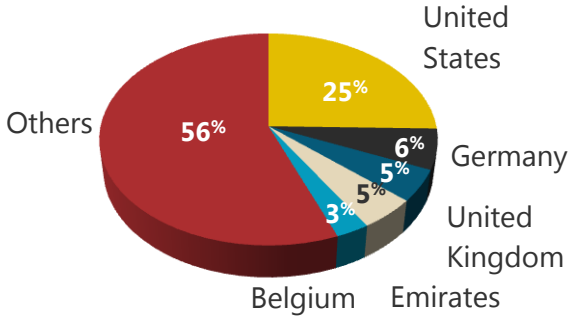
Source - XXVI world marble and stones report 2015

Statewise Granite Reserves



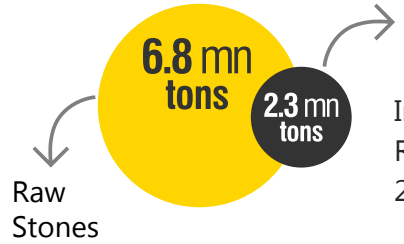
Source – Indian Mineral Yearbook 2013

India Stone Export (%)



Source - XXVI world marble and stones report 2015

Indian Granite Industry



India exported 6.8mn. tons of Raw stones in 2014 against 2.3mn. tons of Finished stones

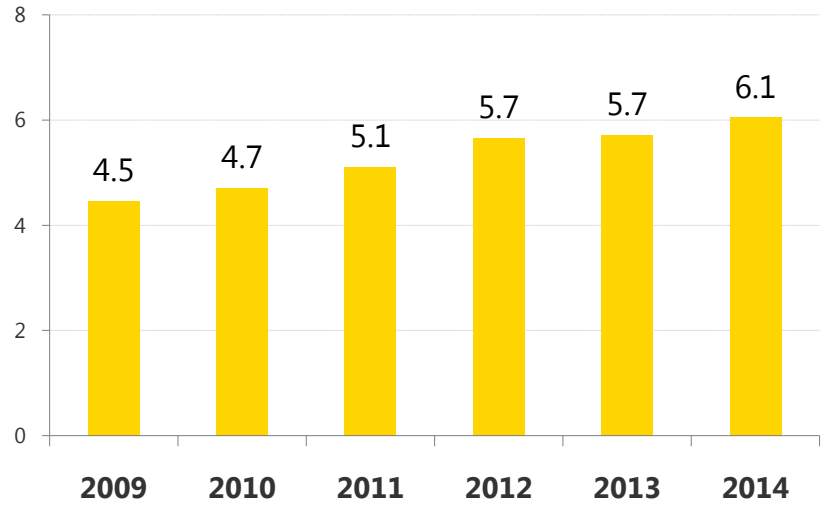


USA is largest market for Finished Indian granite, 25% of the total granite were exported to USA

Large players finished products are

Aro granite industries limited	Pokarna Ltd	Bannari Amman Sugars Ltd	Pacific Industries Ltd

Internal Use of Stone In India (mn. Tons)



Source -XXVI world marble and stones report 2015

Current Challenges

Raw Material Shortage

- Closure of Mine
- Delay in opening new quarries
- Prices of raw material are increasing
- Difficulty in obtaining Environmental Clearance for Existing Quarries thus Quarries have to half Operations

Government Policy

- Delay in opening new quarries
- No incentives for export
- No restriction on import of finished products from China

Exchange Rate

- Brazilian and European currency fell more than Indian Rupee
- Prices in Brazil fell by more than 40%
- Share of India shifting towards Brazil
- Ceramic/Porcelain Tiles from Spain/Italy became cheaper and more attractive

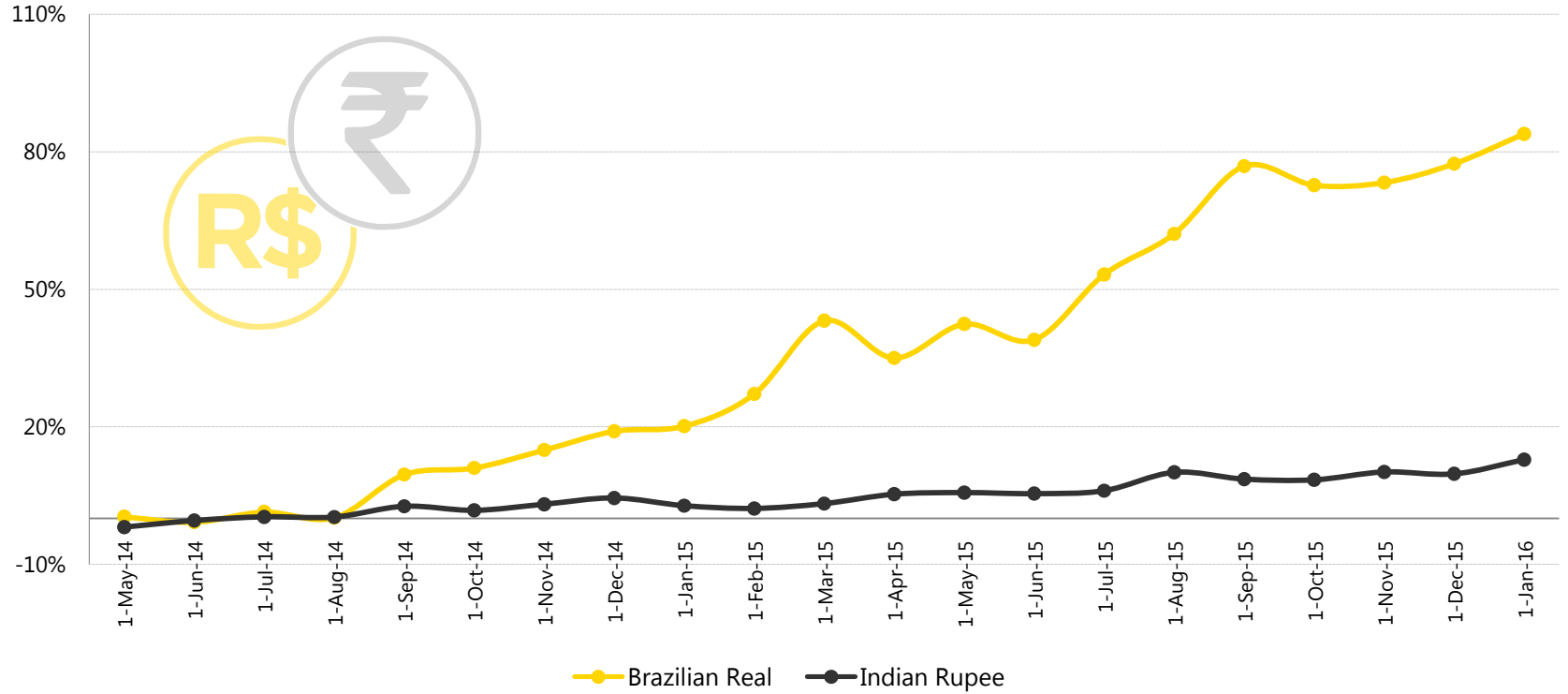
Oil Prices

- Oil producing countries are facing cash shortage problems
- Order From Russia which is big market has declined sharply due to Sanctions from the western countries

Engineered Stone

- A composite material made of crushed stone bound together by an adhesive
- Used in place of granite and giving stiff competition to granite

Current Challenges – Dramatic Fall of Brazilian Real



Percentage Fall of Brazilian Real And Indian Rupee Against USD from 01 Apr 2014

Business Strategy

Manufacturing Facility

- State-of-the-art manufacturing facility
- Machines sourced from World class suppliers like Pedrini and Gaspari
- Strategically located manufacturing facilities

Exports

- 92% of revenue comes from exports
- We have exports in more than 50 countries
- Major exports operations are in USA, Germany, Italy, Poland, Japan, Australia

Raw Material

- Supply more than 100 colors ranges
- Source raw material not only from India but around the globe

Customer Relations

- We have very strong relation with our customers
- 95% of our customers are repetitive

Competitive Advantage

- Located at Hosur near to Granite Hub conveniently located near Bangalore
- Access to Granite Mines in South Indian states



- Our presence in Hosur gives us easy access
- We have overseas suppliers for raw material

- Our Managing Director Sunil Kumar Arora has more than 30 years of experience in Stone Industry

- We have good relation with various overseas customers
- Our fair and transparent transaction has helped us improved relation with clients

Our Infrastructure

Over 35,000 sqm of covered shed area

Handling Equipment	
Gantry Cranes	3
EOT Cranes	20

Tile Plant	
53 Blade cutting Centre	4
Topping Centre	1
Calibration Line	1
Epoxy line	1
20 Head Polishing line	1
Cross cutting machine	4
Chamfering Machine	1

Slab Plant	
Jumbomatic Gangsaws	12
20 Head Polishing Line	3
12 head Grinding line	1
Flaming machine	1
Epoxy lines	3









New Infrastructure



Warehouse

- 11,000 sqm Warehouse to store and display entire range of products
- 8 EOT Cranes and dedicated inspection areas



Cut-To-Size

- 2 nos. CNC Bridge cutting machines

Business Segments

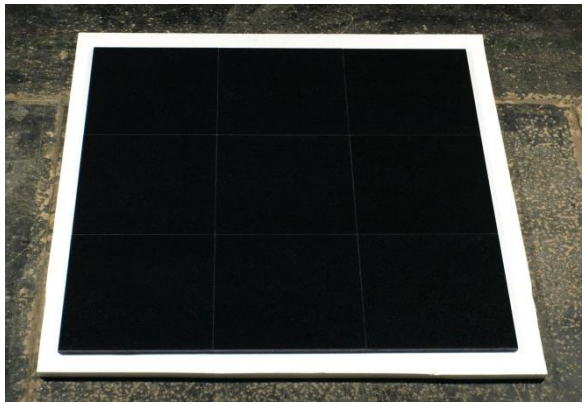
Slab

- Contributes 81% of our sales
- Installed capacity 5,85,000 Sq. mtr per annum,
- Capacity utilization 92%
- Process larger block for granite slab and sell them to wholesaler



Tile

- Contributes 19% of our sales
- Installed capacity 3,60,000 Sq. mtr per annum,
- Capacity utilization 67%
- Processed tiles are ready for site installation



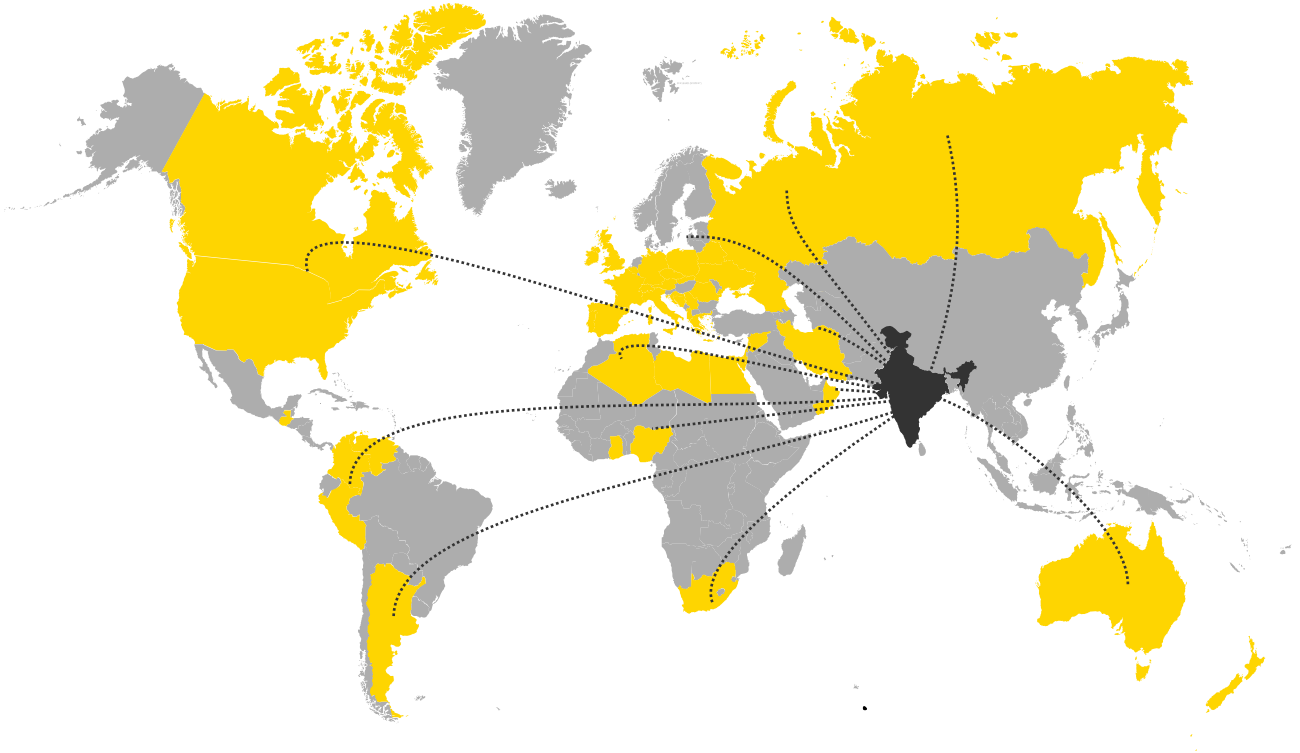
New Business Segment: Cut-to-Size

- These are pre designed countertop, tabletop or stairs which are available as ready to use in the market

- We have purchased 2 CNC Bridge cutting machines to deliver value added services through Cut-To-Size by supplying ready to install materials for Projects and Homes, both Domestically and Internationally.
- Our operation in this segment will start from Q1FY17



Exports



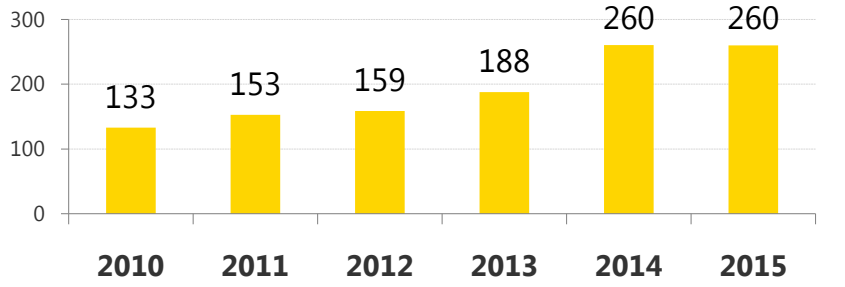
Aro Export destinations

Aro granite industries limited exports to over 50 countries

Financial Overview

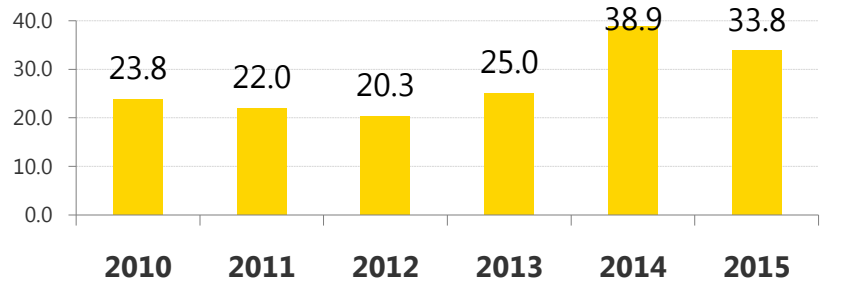
Revenues

Figures in INR Cr.



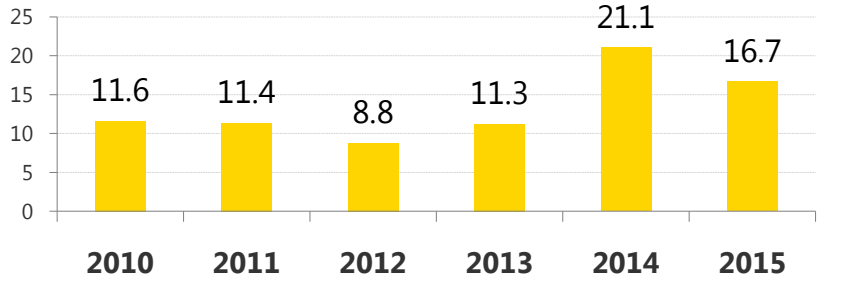
EBITDA

Figures in INR

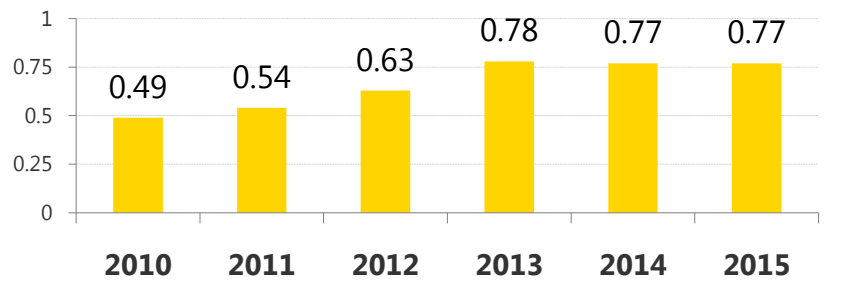


Profit After Tax

Figures in INR Cr.



Debt/Equity



Balance Sheet

Figures in INR Cr.

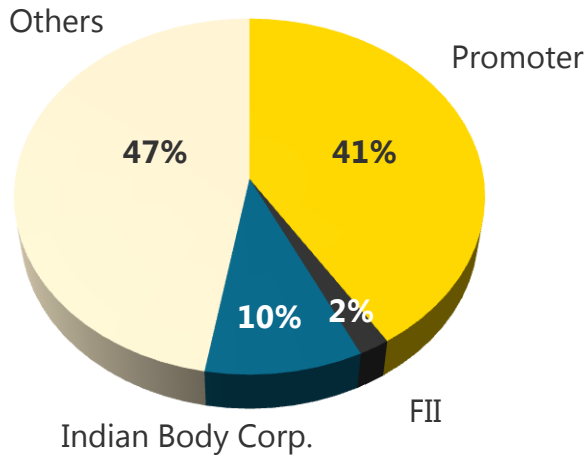
	2015	2014	2013	2012	2011	2010
Share Capital	15.30	15.30	10.20	10.20	10.20	10.36
Total Reserves	139.39	126.62	112.42	102.31	94.71	87.02
Secured Loans	10.16	0.00	6.98	3.12	4.84	47.43
Trade Payables	18.69	21.25	15.03	24.27	11.54	13.73
Short Term Borrowings	108.77	109.19	88.36	68.11	52.08	0.00
Gross Block	114.07	118.69	124.90	103.82	99.01	95.13
Inventories	112.15	90.69	74.96	66.71	56.87	50.24
Sundry Debtors	84.60	88.21	72.13	56.18	44.99	41.49
Cash and Bank	20.27	15.76	3.25	3.77	10.02	1.30

Key Ratios

	2015	2014	2013	2012	2011	2010
Earnings Per Share (Rs)	10.91	13.79	11.04	8.61	9.31	10.27
EBITM (%)	9.81	13.29	10.76	10.07	10.39	14.03
PATM (%)	6.49	8.32	5.96	5.47	6.27	8.06
ROA (%)	5.55	7.80	4.80	4.33	5.35	6.27
ROE (%)	11.25	15.95	9.58	8.08	9.39	11.29
Inventory Days	144.05	119.23	136.80	140.63	129.12	137.17
Payable days	30.72	29.88	32.37	32.68	34.99	36.46
Total Debt/Equity(x)	0.77	0.77	0.78	0.63	0.54	0.49

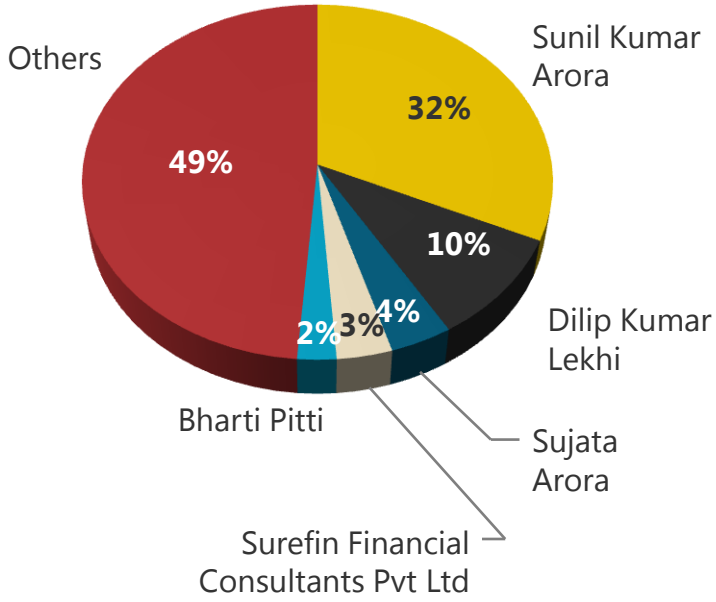
Ownership structure

Shareholding Pattern As on 31 Dec 2015



Shares Outstanding	1.53 Cr
Market Cap (as on 31 Dec 2015)	Rs 96.69 Cr
Net Worth	Rs 154.70 Cr

Top 5 Shareholders as on 31 Dec 2015



Awards & Achievements



"Star Export House"

Certification from Ministry of Commerce and Industry



Integrated Management Systems (IMS) Certification

First granite company in India



CAPEXIL

Sponsored by Ministry of Commerce & Industry, Government of India

"Top Export Award 2012-13"

"Special Export Award"

Awarded for outstanding export performance for 7 years in a row

Outlook / Future Growth Drivers

New display warehouse

Cut to Order

New machines and cranes

Import of raw blocks

Foray into natural quartzite

Expansion into new geographies

Inventory & Working Capital Management

Cost optimization

For more information, please contact

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Aro granite industries ltd.
An 100% Export Oriented Unit

Registered Office: #1001, I0th Floor, DLF Tower A, Jasola , New Delhi - 110 025. (INDIA)
Corporate Office & Works: Koneripalli Village, Shoolagiri (Via), Hosur (TK) - 635 117, Tamilnadu, INDIA.

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