



Aro granite industries Ltd.

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

Date: 19.09.2018

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

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

Re: Submission of Annual Report under regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

Dear Sir,

Pursuant to the provisions of Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith the copy of the Annual Report for the year ended 31.03.2018 approved and adopted in the Annual General Meeting held on 17.09.2018

Kindly take the same on your record.

Thanking you,

Yours faithfully
For Aro granite industries Ltd.


Company Secretary

Encl.: a/a

CORP. OFF. & WORKS :

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



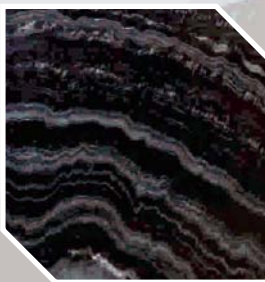
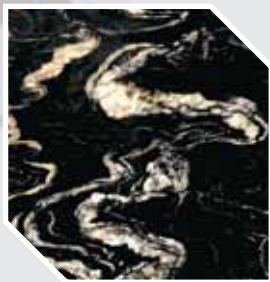
30th Annual Report

2017-18



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







Board of Directors

Sunil K Arora
Managing Director

Dinesh Chandra Kothari
Director

Rahul Gupta
Director

Sujata Arora
Director

K Raghavendra Acharya
Executive Director

Vanita Sood
Director

Sahil Arora
Whole Time Director

Sundareshwara G. Sastry
Director

Company Secretary

Sabyasachi Panigrahi

Chief Financial Officer

S. Sundararajan

Statutory Auditors

M/s VAPS & Company, New Delhi

Internal Auditors

M/s Sreekantha & Co., Hosur

Secretarial Auditor

Ms. Latika Jetley, New Delhi

Bankers

Bank of Baroda

Registered Office

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

Phone: 91-11-41686169

Fax: 91-11-26941984

E-mail: investorgrievance@arotile.com

Website: www.arotile.com

CIN: L74899DL1988PLC031510

Corp. Off. & Works

Koneripalli Village, Via: Shoolagiri,

Taluk: Hosur,

Dist. Krishnagiri,

Tamil Nadu 635117, India

Tel: 91-4344 252100

Fax: 91-4344 252217

Registrar & Share Transfer Agent

M/s Alankit Assignments Ltd

Alankit Heights, 4E/2, Jhandewalan Extension

New Delhi 110055

Scrip Codes

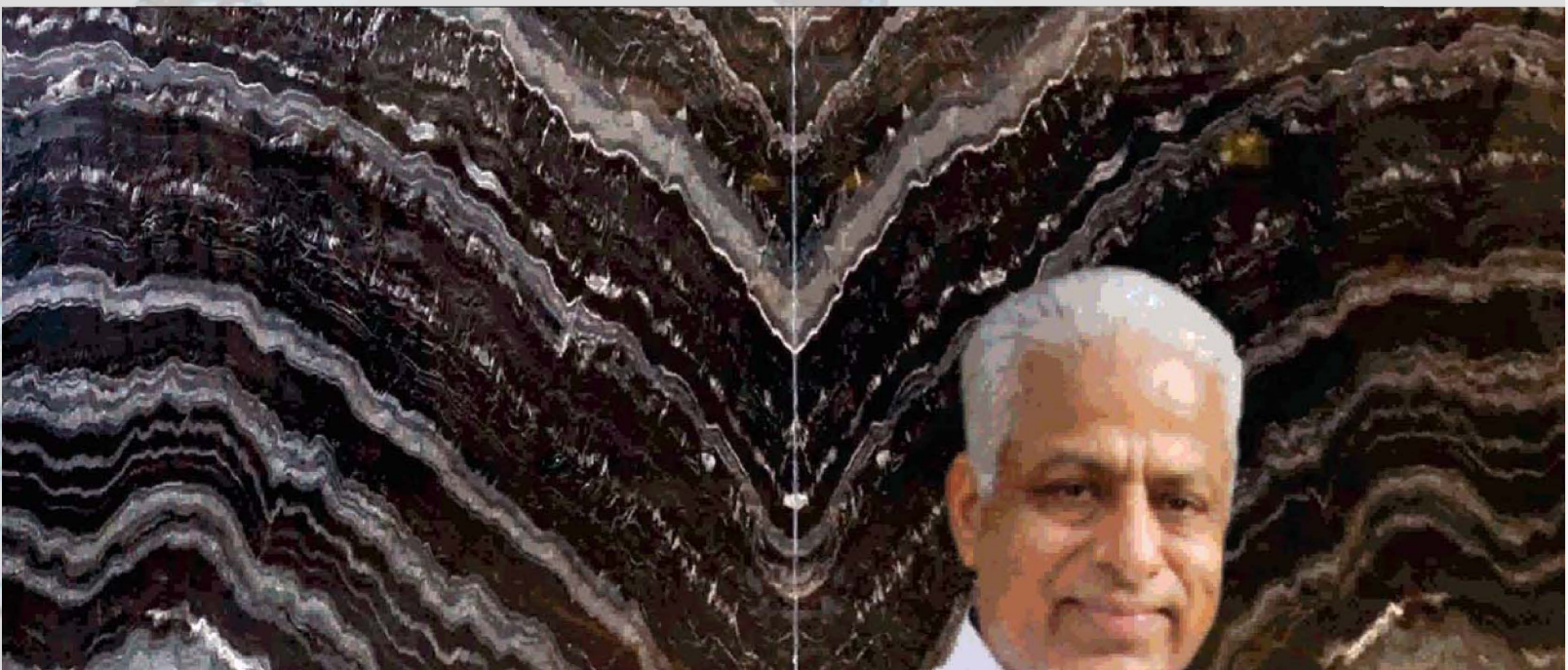
BSE Limited: 513729

National Stock Exchange of India Limited: AROGRANITE/EQ

ISIN No.: INE210C01013



From the desk of the Managing Director



Dear Shareholders,

Financial year 2017-18 was a tough year with many macro headwinds impacting the operational performance of the company. The revenue of our company declined by 15.89% from Rs.238.65 Cr in FY17 to Rs. 200.72Cr in FY18. The profitability of the company was also impacted, with its EBITDA declining by 55.08% from Rs.30.68 Cr in FY17 to Rs.13.78 Cr in FY18. Our Net Profit declined from Rs 12.62 Cr in FY17 to Rs 1.17 Cr in FY18.

The realisations in granite slabs business declined by 9.70% to Rs.3,960 per sq meter due to increasing competition from engineered stones and adverse currency movements. While our investment in the new warehouse has been successful, its impact has been diluted by the headwinds that the overall granite processing business is facing.

There is a growing demand for engineered stone i.e. Quartz, which in turn is impacting the demand for natural granite stone. In our main export markets like USA, UK and Australia Quartz engineered stone has captured significant market share over the last few years. Quartz is largely popular in the white color shades. This trend of preference

for white colors has been playing out over the last couple of years and for us the challenge is that supply of white material slabs in India is very limited. However the availability of White shades from Rajasthan has helped us increase the sales in the US.

Availability of Raw material remained challenge during the year. We source 60% of our raw material from within India, of which 15% is source from Tamilnadu. In the last couple of years a large number of quarries were shut down due to their inability to get environmental clearance, which in turn has created raw block shortages and upward movement in raw material price. We have been forced to source raw



materials from Rajasthan, which in turn has impacted our margins due to huge transportation cost, which itself adds upto 30% of the rough block costs. We import 40% of our raw material requirement from Brazil, Norway, Finland, Africa, Iran and Ukraine. There is a long lead time for these blocks to reach our processing unit and here also transportation costs are very high.

In order to mitigate these issues we are planning to set up a smaller processing unit in Rajasthan, which will handle raw blocks sourced in and around Rajasthan. This unit will be able to process 1,50,000 sq mtrs of granite slabs. The expected capex for this expansion would be Rs.55-60 Cr. It will take around 18 months to become operational from the ground breaking ceremony. We expect this expansion will give us competitive edge in terms of better pricing and margins. This plant will enable us to half the total cost of transportation per container.

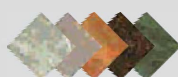
Our business further was significantly impacted due to GST. GST mechanism has hit our business by creating a working capital crunch. EOUs are not exempt from GST, but in the current GST regime exporters have to pay GST on material and services and then claim a refund. EOUs are forced to pay GST upfront and to avail refund of Input Tax Credit on a later date. These refund claims haven't been processed smoothly since July 2017, and this in turn has blocked a huge amount of funds which in turn has resulted in working capital crunch for us. As on 31st March, 2018 the company has a total of Rs. 7.0 Cr stuck with government as GST refund claims. The PNB LOA scam has further impacted the cash flows of your company. After PNB scam the banks are taking four to five days in clearing payments, due to extra documentation and approval from multiple desks within the bank, which in turn is adding to the working capital requirements. Being a Cash and Carry Market, this working capital crunch has impacted our purchase and bargaining power with quarries. Many popular quarries now prefer to export rough blocks to China and Italy as they get immediate remittances from them. Indian factories are suffering with the Working Capital Blockage by GST.

To counter this adverse effect we started processing Quartzite, a premium product with sale value three times that of granite. Quartzite is very expensive and brittle material which cannot be cut properly by traditional gang saws. We imported a 72 wire Multiwire machine with diamond wires to process Quartzite and installed it in the Hosur Plant. Most of the quartzite blocks are imported from Brazil. Quartzite market is quality driven and price plays second fiddle to quality and timely delivery. We expect this segment to help us improve not only exports but Domestic Sales as well as these quartzite are in the hands of only a few around the globe.

Our domestic sales were 5% of revenue. The domestic sales remained lower due to lower demand in India for higher priced quality granite products. The Tax of 10.3% customs duty + 18% GST also makes it difficult for us to compete against the unorganised sector.

Given the current head winds we expect the FY19 also to be challenging for us. Competition from Brazil, shortage of raw material and working capital crunch due to GST implementation remain major concern for the company. For the coming year we are focusing on Cutting costs and improving the bottom line. We are trying to cut down on our transportation costs by setting up a new unit in Rajasthan. With the global market demand is currently skewed towards engineered stone, we expect this trend to change back to natural stone in the coming years.

Sunil K. Arora
Managing Director



Financial Highlights



10 Years at a Glance

(Rs. in Lacs)

Description	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Sales	11,610.98	13,113.30	15,022.52	15,920.80	18,725.68	25,133.83	25,477.97	21,558.84	23,865.18	20,072.15
EBITDA	2,540.12	2,282.20	2,014.51	2,032.76	2,504.25	3,886.82	3,380.55	2,112.09	3,067.7	1,378.25
Depreciation	427.99	430.48	439.79	417.84	470.00	516.13	858.75	912.09	909.55	865.03
Tax	160.78	235.30	270.17	318.00	380.01	743.83	738.47	312.46	376.02	11.26
Profit After Tax	1,198.28	1,063.97	949.42	877.87	1,125.93	2,109.21	1,668.85	586.14	1,262.31	117.33
Gross Block	9,424.53	9,513.14	9,901.20	11,904.24	12,490.33	11,869.22	11,406.51	12,193.88	14,903.85	16,245.57
Net Worth	9,105.04	9,737.66	10,491.22	11,250.54	12,261.87	14,192.08	15,469.12	15,865.93	16,947.42	17,059.77
Reserves & Surplus	7,996.69	8,701.59	9,471.22	10,230.54	11,241.87	12,662.08	13,939.12	14,335.93	15,417.42	15,529.77
Equity Share Capital	1,108.35	1,036.07	1,020.00	1,020.00	1,020.00	1,530.00	1,530.00	1,530.00	1,530.00	1,530.00
Dividend (%)	10	10	10	10	10	10	10	10	10	0
Dividend Payout Ratio (%)	9.25	9.74	10.74	11.62	9.06	7.25	9.17	26.11	12.12	0
EPS (Rs)	10.81	10.27	9.31	8.61	11.04	17.11	10.91	3.83	8.25	0.77
Book Value Per Share (Rs.)	82.15	93.99	102.86	110.30	120.21	92.76	101.11	103.70	110.77	110.50
R O C E (%)	13.30	12.02	9.20	8.00	10.89	12.84	8.83	3.70	8.63	0.69
R O N W (%)	13.16	10.93	9.05	7.80	9.18	14.86	12.26	3.69	7.45	0.70



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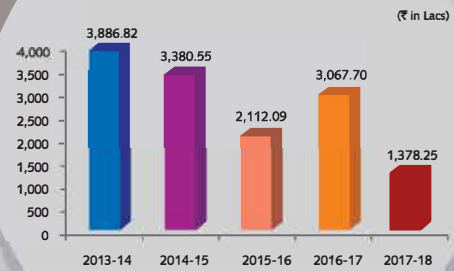


Financial Metrics

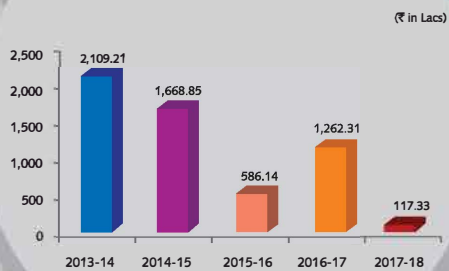
NET SALES



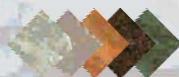
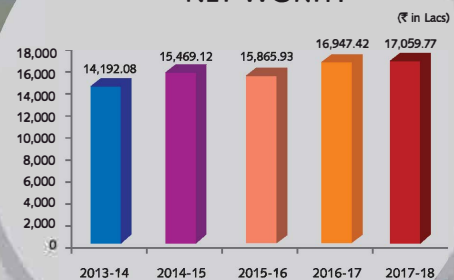
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PROFIT AFTER TAX



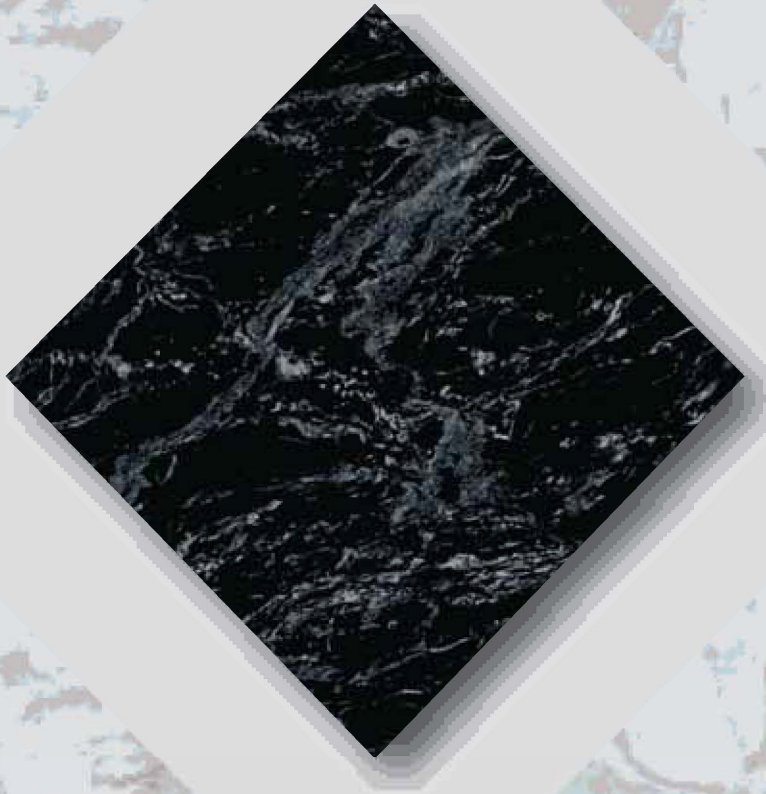
NET WORTH



Operating Metrics



Millstones



- 2007
- 2006 Initiated Expansion Gangsaw Machinery
- 2005 Initiated Implementation of ISO System at Unit II. Turnover : Rs. 654.00 lakhs
- 2004 Added 2 more Gang saws, with other required machinery installed capacity to 295,000 Sq.Mtrs.
- 2003 Added one more Gang Saw Machine. Turnover : Rs. 654.00 lakhs
- 2002 Unit I upgraded to ISO 9001:2000 Quality Management Systems. Unit II by RWTUV, Germany within 1½ years from starting Commercial Production
- 2001 Expanded facilities for processing Slabs with 3 Gang Saws. Construction, Erection Machinery completed in record time of 6 months. Turnover : Rs. 2,971.00 lakh
- 1999 -2008 Received CAPEXIL 'Special Exports Awards' 1999-00, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 & 2009-10.
- 1998 Achieved Certification for ISO 9002 Quality Management Systems.
- 1996-99 Received Certificates of Merit from CAPEXIL for 3 consecutive years.
- 1995 The Company went Public and expanded Unit I. Turnover : Rs. 654.00 lakhs in 1990-91.
- 1991 Started commercial production in Unit I (Tiles) with a turnover of Rs. 61.17 lakhs in 1990-91.





2018 Multi-wire Machine Operational

2017 Cut-to-size Machine Operational

2016 Commissioning of Warehouse

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

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

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

2011 CE certification through TUV Nord

2009 Received the STAR EXPORT HOUSE certificate from Ministry of Commerce and Industry

2008 Turnover : Rs. 11, 709 Lakhs in 2008-09

Listed on National Stock Exchange of India Limited. Received Certificate of Appreciation for best export performance amongst 100 % EOUs from Madras Export Processing Zone (MEPZ) for 2005-06. Turnover : Rs. 10,214 Lakhs in 2007-08.

in, Doubled Tiling Capacity and added 2 more
es. Turnover : Rs. 10, 452 lakhs in 2006-07.

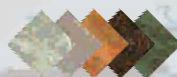
ISO 14000 Environment Management
Rs. 7,819.00 lakhs in 2005-06

ired machinery, increasing the

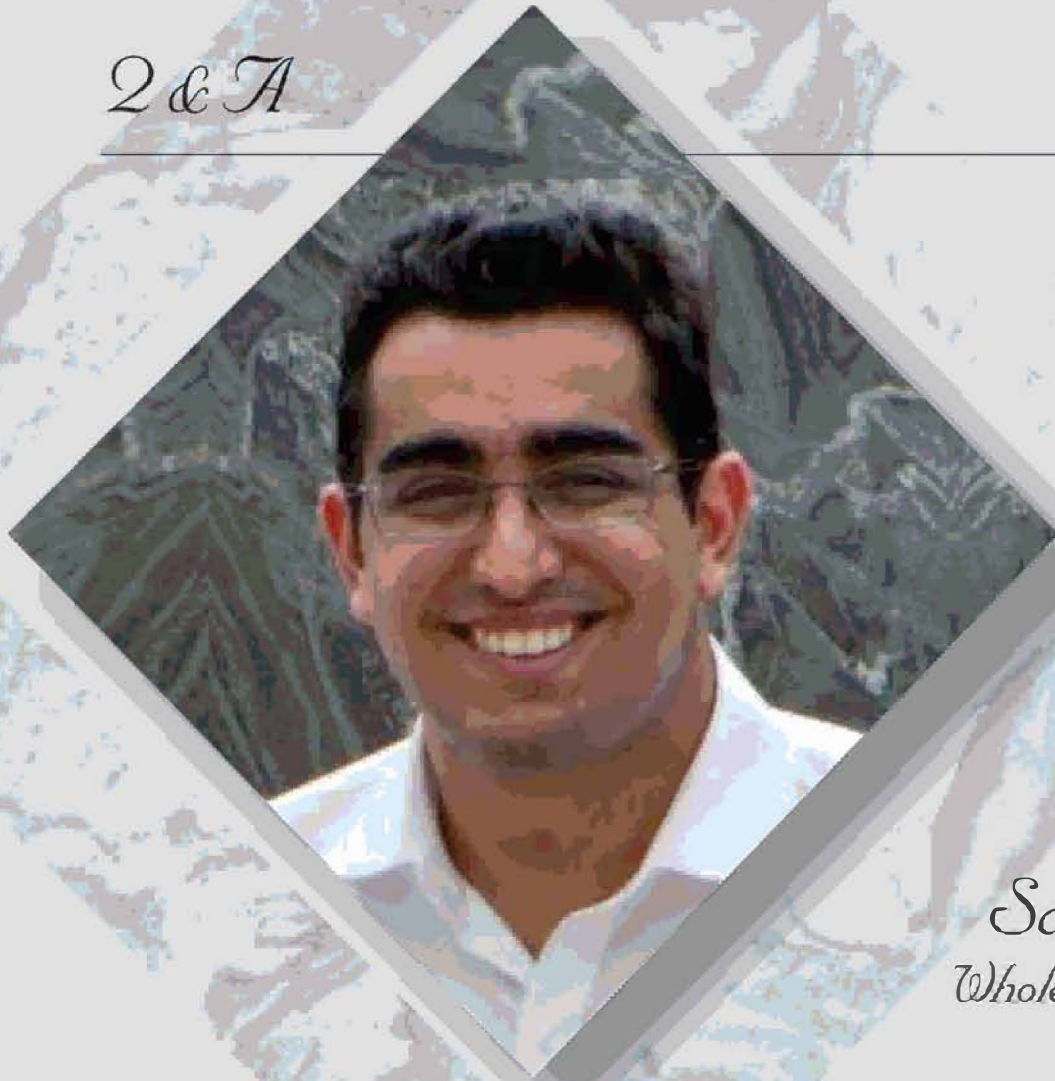
Rs. 5,114.00 lakhs in 2003-04.

certified for ISO 9001 : 2000 Quality Management Systems
on. Recognised as EXPORT HOUSE.

& Commissioning of Plant &
s in 2001-02.



2 & A



*2&A with
Sahil Arora
Whole Time Director*

1. Your performance during the year was not well, especially after sales rebounded in 2016-17. Can you explain this?

The first half of the year saw the continual growth of engineered stone especially Quarts. Sales were dampened in Australia, UK and US. The share of quartz has risen to 80% of the market from 20% half a decade earlier. Sales were further effected due to the poor availability of blocks in the White, Grey and Black shades. Our Realisations in Rupees Terms was also impacted by the Strong INR. Unable to change USD prices due to market pressures, we were effectively forced to sell to our existing customers at lower INR realisations. For the year we saw a decline in Euro up to 12% and 6.5% in USD.



The second half of the Year saw the implementation of GST. GST had a big negative impact on EOUs and exporters. In the GST Regime, EOUs have to pay GST upfront on input goods and services and reclaim the same on a later date. This impacted our cash flows and in turn our ability to purchase Raw materials on cash. Quarry owners preferred to sell blocks to Chinese and Italian Companies to get payments upfront instead of supplying to the Indian domestic players. As of 31st March the cash blocked in GST amounted to more than 7cr.

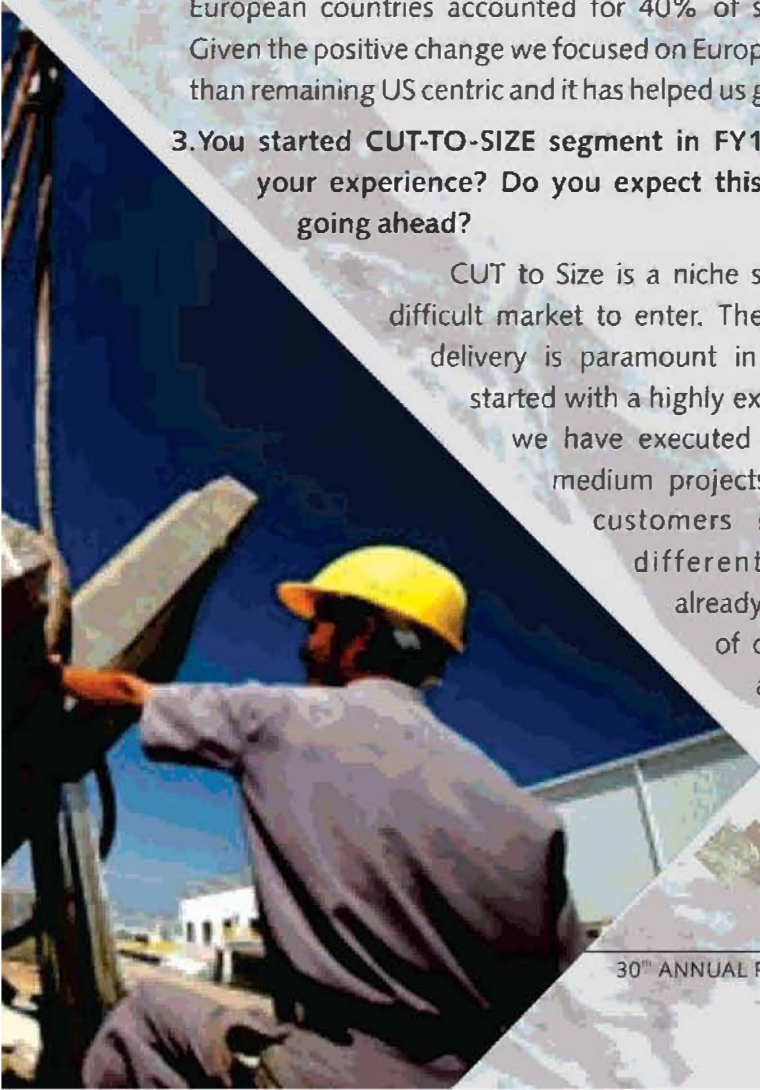
2. USA has been your main exports market for a long time. How did you perform there?

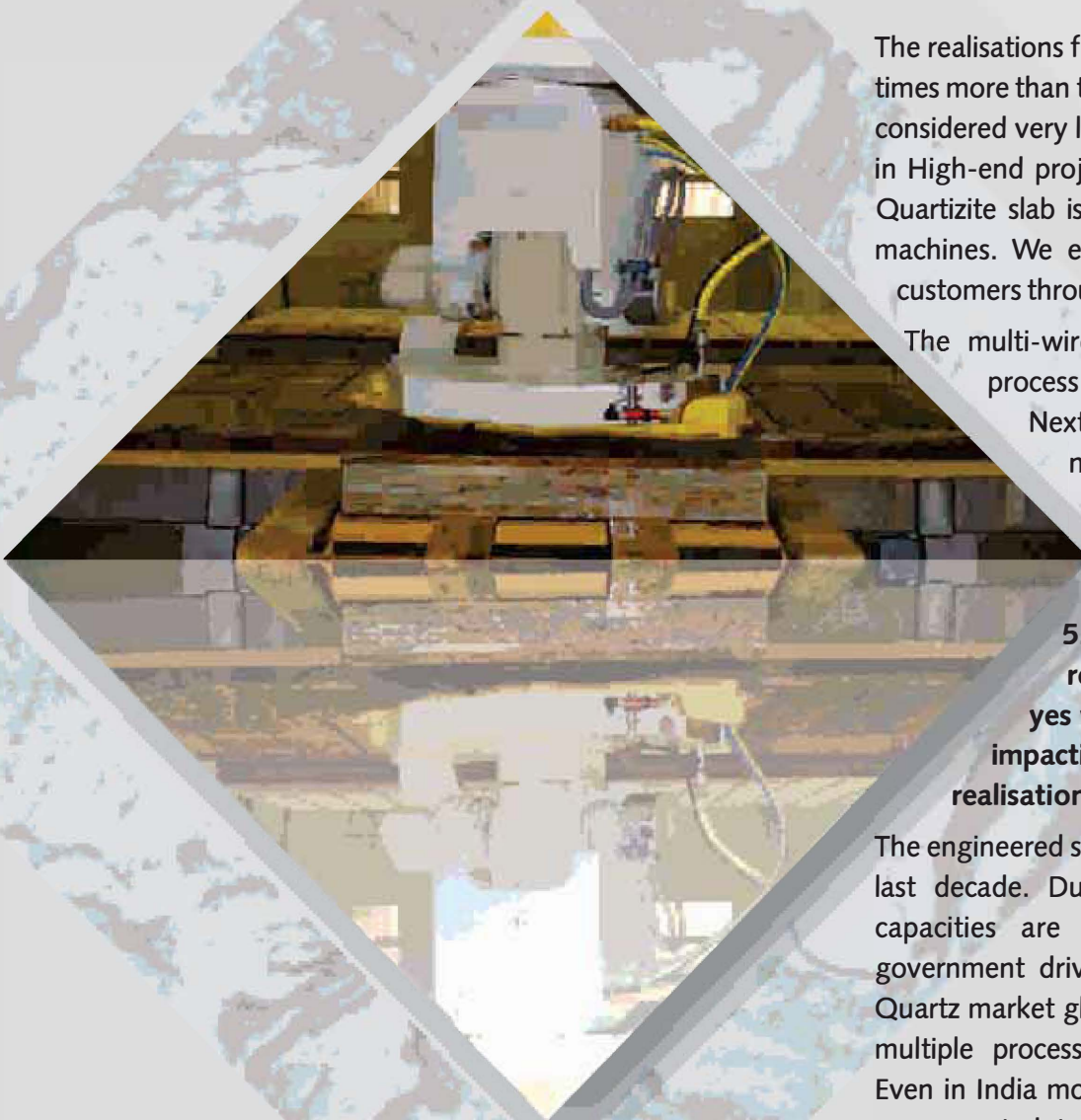
In USA the business became challenging due to increased competition from Quartz and unhealthy price competition. Another challenge was the rising bad debts in the Industry. While we ourselves did not have any bad debts, we turned cautious in the market, and changed our strategy to focus on doing business only with existing customers. Our sales in US were declined by 23% in FY2017-18. USA accounted for 15% of our sales in FY2017-18 as compared to 19% in FY2016-17.

The competition from Quartz has declined a bit in Europe and popularity of granite is rising again. We increased our focus in Europe and it has become our largest market. After USA, 6 European countries accounted for 40% of sales in FY2017-18. Given the positive change we focused on European countries rather than remaining US centric and it has helped us grow our sales there.

3. You started CUT-TO-SIZE segment in FY17? How has been your experience? Do you expect this business to grow going ahead?

CUT to Size is a niche segment and a very difficult market to enter. The quality and timely delivery is paramount in this segment. We started with a highly experienced team and we have executed over 40 small and medium projects for over a dozen customers located in many different countries. We already see positive impact of our timely deliveries and have started getting the word of -





mouth referrals. We are further training a new set of technicians and expect to see this segment grow.

4. You started a new product line of Quartzite slabs. Can you explain in detail about this product? What was the capex for this line?

Quartzite is natural stone, but harder and denser than Granite. Natural Quartzite stones are typically white, brittle, hard, and resistant to acid and other corrosive materials and require very little maintenance. To start processing of Quartzite we installed a Multi Wire (72 diamond wires) cutting machine as it is very hard to cut with traditional gangsaws.

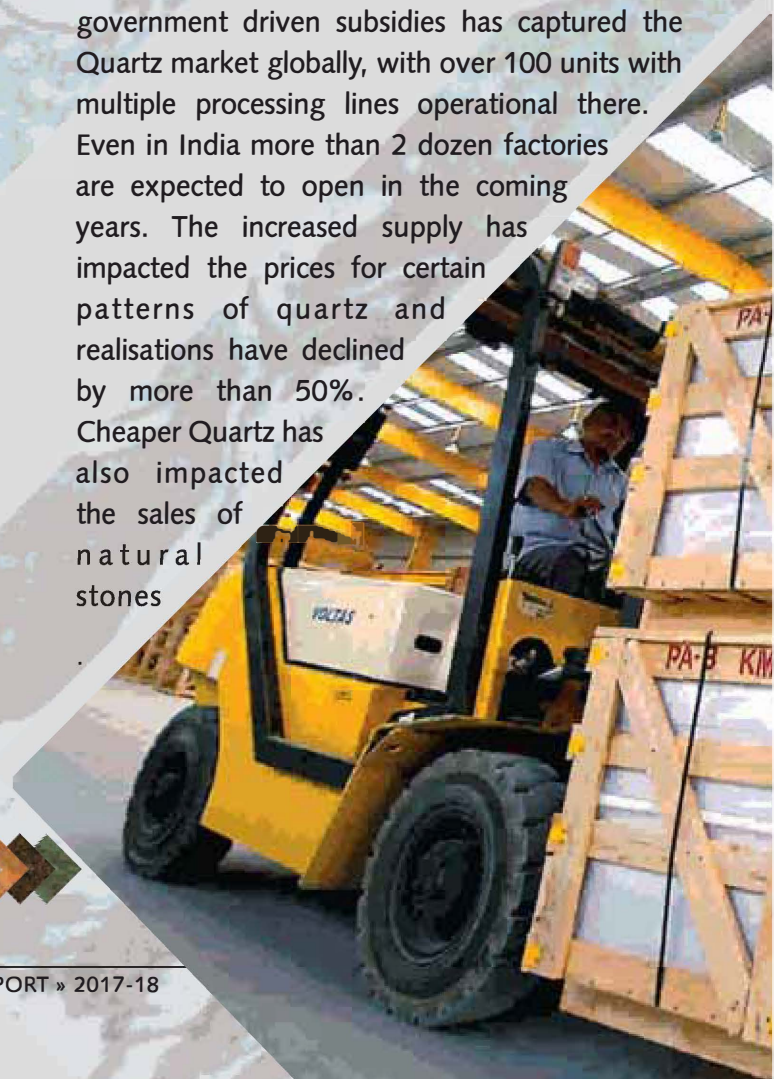
The realisations from Quartzite are generally 2-3 times more than that of granite slabs. Quartzite is considered very luxurious and much sought after in High-end projects. Finishing and polishing of Quartzite slab is done on the existing polishing machines. We expect to sell it to our existing customers through same distribution channels.

The multi-wire machine has enabled us to process 75 new colors in our portfolio.

Next year we aim to double it to 150 new colors. We also hope this range of new colors will also help us to grow our domestic sales.

5. Are the engineered stone realisations falling globally? If yes what are the trends? How is it impacting the processed granite slabs realisations?

The engineered stone has become very popular in last decade. Due to the rising demand new capacities are coming up. China with its government driven subsidies has captured the Quartz market globally, with over 100 units with multiple processing lines operational there. Even in India more than 2 dozen factories are expected to open in the coming years. The increased supply has impacted the prices for certain patterns of quartz and realisations have declined by more than 50%. Cheaper Quartz has also impacted the sales of natural stones.



The market share of natural stone is shifting towards Quartz.

We feel that if prices of Quartz keep falling, the resultant intense price conception will be unhealthy and wholesalers would then prefer to come back to natural stone where they can focus on products that are unique and does not succumb to unhealthy price pressures.

We feel that with the addition of new capacities the supply of quartz will further increase, which will further dampen the realisation. Due to decreased realisation and unhealthy competition wholesaler would also prefer to choose granite over Quartz. The natural stone due to uniqueness and limited supply will be preferred by wholesalers and customers.

6. You are planning to expand in Rajasthan, what is you thinking behind the expansion?

We sourced our 60% of raw material from within India and large part of it was sourced from Tamilnadu and Andhra Pradesh. Over the last few year quarries are shrinking in this area due to unplanned closures. Especially last year there was severe crackdown over quarries and many were unable to get environmental clearances and so shut down. Due to shortage of raw material in this area we started sourcing our raw material from Rajasthan. Rajasthan being 1500 KM away from our processing plant, transportation costs added up to 40% our block cost. By setting up plant in Rajasthan we can effectively reduce the total transportation cost of containers by 50%.

Our strategy is to buy and process in Rajasthan and sell from our warehouse in H o s u r .





Rajasthan is rich in granite resources, and with more and more quarries being discovered there is huge availability of raw material for future.

7. How much of capacity will be enhanced after the expansion, can you share capex plans and timeline of the project?

Currently we have installed capacity of 7,35,000 sqm for Granite slab and 3,60,000 sqm for Granite tiles.

The proposed capacity of the Rajasthan Plant is 150,000 sqm per annum. Total planned capex for this plant is Rs.56Cr which shall be funded by mix of internal accrual and borrowings. We shall start production from this plant within 18 months of financial closure.

8. How your business was impacted after GST? Do you see any improvement in the refund claims over the last few months?

GST has created a huge working capital shortage for us and other EOUs. We have to pay tax on input material and services upfront but refunds mechanism is extremely slow. Large part of our working capital has stuck with government agency which in turn has impacted our day to day operations.

With over 7cr being stuck in GST the cycling of cash flow has severely affected our purchasing power with quarries. Refunds have not improved over time, and with the E Wallet system being delayed by 6 months, there is no relief in sight.

9. Has your market share of processed granite stone exports out of India increased in the last year? What has driven this increase/decrease in market share?

The exports of granite from India have declined in last year. During the year Indian granite exporters faced severe shortage of raw material. In later part of the year quarries were closed in Tamil Nadu region for the want of environmental clearance. The exporters started sourcing raw material from Rajasthan but due to high transportation cost it impacted the competitiveness of products in exports market.





So effectively we would have gained some market share as the decline in sales of other exporters seems to be more than ours. However it's not a happy state of affairs and we want the overall market to grow.

10. You export to more than 50 countries, which are the new countries that you exported for the first time?

For the last 6 months we have focused more on Asian countries where payment is received upfront before dispatch. These markets however are very price conscious so realisations are lower. But due to the GST Cash Crunch, we prefer to sell to these markets so cash can be rotated quicker and GST cash crunch mitigated. Countries like the US usually have payment terms of over 90 days from BL which is often delayed by the whole sales due to slower sales of Natural Stone and higher share of engineered stones.

11. How do you see the demand for natural stone in future, do you see natural stone coming in fashion again?

In the long run we do see the natural stone market coming back. Once some of the quarries currently closed open up after getting clearances, the raw material position will improve and reduce cost pressures. A change in the trend from Monochrome Colours ie Black, Grey and White back to Coloured materials will drive the popularity of Natural Stones and it will flourish once again.





Aro granite industries ltd.

(CIN: L74899DL1988PLC031510)

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

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

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

Notice

NOTICE is hereby given that the 30th Annual General Meeting of the members of **ARO GRANITE INDUSTRIES LIMITED** will be held on Monday, the 17th September 2018 at 10.00 A.M. at Lakshmipat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Accounts for the financial year ended 31st March 2018 and the Reports of the Directors and Auditors thereon.
- 2 To appoint a Director in place of Sujata Arora, who retires by rotation and being eligible, offers herself for re-appointment.
- 3 To consider and, if thought fit to pass, with or without modification(s), the following as **Ordinary Resolution**
“**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act 2013 (the Act) and The Companies (Audit and Auditors) Rules 2014 including any statutory modification(s) or re-enactment thereof for the time being in force, the Company hereby ratifies the appointment of M/s VAPS & Company, Chartered Accountants, New Delhi (Firm Registration No 003612N) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the thirty-first Annual General Meeting to be held in the year 2019 and that the Board of Directors be and is hereby authorised to fix the remuneration payable to them for the financial year ending 31st March 2019 as may be determined by the Audit Committee in consultation with the Auditors, and that such remuneration as may be agreed upon between the Auditors and Board of Directors”.

SPECIAL BUSINESS

- 4 To consider and, if thought fit to pass, with or without modification(s), the following as **Special Resolution**
“**RESOLVED THAT** pursuant to the provisions of Sections 190, 196, 197, 198, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 (the 'Act') (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, Shri K Raghavendra Acharya (DIN 06923476), be and is hereby re-appointed as Wholtime Director with the designation as Executive Director for a period of three years with effect from 1st November 2017 on the terms of remuneration as recommended by the Nomination & Remuneration Committee of Directors and approved by the Board of Directors of the Company and in the event of inadequacy or absence of Profits under Section 198 of the said Act in any financial year or years, the remuneration comprising salary, perquisites, allowances and benefits, as approved herein, be paid as minimum remuneration to the said Whole Time Director, for a period not exceeding three years in the aggregate subject to requisites approvals under the said Act.
“**RESOLVED FURTHER THAT** the Board of Directors or a Committee thereof be and is hereby authorised to vary and/or revise the terms and conditions of appointment including remuneration of the said Whole Time Director within the overall limits approved herein and settle any question or difficulties in connection therewith or incidental thereto without any further approval of the Company in general meeting”.
- 5 To consider and, if thought fit to pass, with or without modification(s), the following as **Ordinary Resolution**
“**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any of the Companies Act 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force Shri Sahil Arora (DIN 07970622) who was appointed as an Additional Director of the Company with the designation of Executive Director pursuant to Section 161 of the Companies Act 2013 and who hold the office up to the date of this Annual General Meeting of the Company and in respect to whom the Company has received a notice in writing from a member pursuant to the provisions of Section 160 of the Companies Act 2013 proposing the candidature of Mr. Sahil Arora for the office of Director, be and is hereby appointed as a Director of the Company with the designation of Whole Time Director and whose period of office shall not be liable to determination of retirement of Directors by rotation.
- 6 To consider and, if thought fit to pass, with or without modification(s), the following as **Special Resolution**
“**RESOLVED THAT** pursuant to the provisions of Sections 190, 196, 197, 198, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 (the 'Act') (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, Shri Sahil Arora (DIN 07970622), be and is hereby appointed as Whole Time Director for a period of three years with effect from 1st November 2017 on the terms of remuneration as recommended by the Nomination & Remuneration Committee of Directors and approved by the Board of Directors of the Company and in the event of inadequacy or absence of Profits under Section 198 of the said Act in any financial year or years, the remuneration comprising salary, perquisites, allowances and benefits, as approved herein, be paid as minimum remuneration to the said Whole Time Director, for a period not exceeding three years in the aggregate subject to requisites approvals under the said Act.
“**RESOLVED FURTHER THAT** the Board of Directors or a Committee thereof be and are hereby authorised to vary and/or revise the terms and conditions of appointment including remuneration of the said Whole Time Director within the overall limits approved



herein and settle any question or difficulties in connection therewith or incidental thereto without any further approval of the Company in general meeting”.

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Mr. Sundareswara G. Sastry (DIN 00165762), Additional Director of the Company in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 160 of the Companies Act 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years with effect from 28th October 2017”.

For & on behalf of the Board

Place: Hosur
Date: 21st July, 2018

(Sunil K. Arora)
Managing Director

NOTES:

- 1 **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/ authority, as applicable.
- 2 The Share Transfer Books and Register of Members of the Company shall remain closed from **12.09.2018 to 17.09.2018 (Both days inclusive)**
- 3 Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars etc. from the Company electronically.
- 4 **Voting through electronic means (E-Voting)**

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and as substituted by the Companies (Management and Administration) Amendment, Rules 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members facility to exercise their right to vote at the 30th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). E-voting is optional.

The instructions for Shareholders voting electronically are as under:

- (i) The voting period begins on 14th September 2018 at 10.00 a.m. and ends on 16th September 2018 at 5.00 p.m. During this period shareholders of the Company holding shares either in physical form or in dematerialised form as on cutoff date of 10.09.2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.e-votingindia.com.
- (iii) Click on Shareholder/Member
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login
- (vi) If you are holding shares in demat form and had logged on to www.e-votingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) - Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. - In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. If both the details are not recorded with the depository or Company, please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on “**SUBMIT**” tab.
 - (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (xi) Click on EVSN of **Aro granite industries ltd.**
 - (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - (xiv) After selecting the resolution you have decided to vote on, click on “**SUBMIT**”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK” else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the voting page.
 - (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the Captcha Code and click on Forgot Password & enter the details as prompted by the system.
 - (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Stores and the Windows Phone Stores respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
 - (xix) Note for Non-Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.e-votingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.e-voting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.e-voting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.e-votingindia.co.in under help section or write an e-mail to helpdesk.e-voting@cdslindia.com.
 - (xxi) Any person who acquires shares of the Company and become a Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. **10thSeptember 2018** may follow the same instructions as mentioned above for e-voting.
 - (xxii) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the **cut off date i.e. 10thSeptember 2018**.
 - (xxiii) Ms. Latika Jetley, Practising Company Secretary (CP No. 3074) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - (xxiv) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than two days of conclusion of the Meeting, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
 - (xxv) The Result shall be declared after the AGM of the Company. The result declared along with the Consolidated Scrutinizer’s Report shall be placed on the Company’s website www.arotile.com and on the website of CDSL immediately.
- 5** As per Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 brief resume of Smt. Sujata Arora, whose appointment as Director liable to retire by rotation (proposed at Item No. 2) is given hereunder:
- Smt. Sujata Arora** is a graduate from Institute of Home Economics, Delhi. She does not hold any other Directorship. She holds 589572 (3.91%) Equity Shares in the Company.



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

ITEM NO 4

Shri K Raghavendra Acharya had been appointed as the Whole Time Director of the Company with the designation of Executive Director for a period of three years with effect from 01.11.2014 on the terms & remuneration determined by the nomination & remuneration committee and approved by the members at the Annual General Meeting held on 11.09.2015. Considering his depth of knowledge, expertise in the granite business and his contribution for the all round growth and development of the Company, the Board of Directors in its meeting held on 28.10.2017 re-appointed Shri K Raghavendra Acharya as Whole Time Director with the designation of Executive Director for a further period of three years w.e.f. 01.11.2017 subject to the approval of the shareholders, in the ensuing Annual General Meeting of the Company on the following terms of remuneration as approved/recommended by the nomination and remuneration committee of Directors and subject to requisite approvals under the said Act. The resolution is accordingly recommended as Special Resolution for the approval of the shareholders of the Company

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

Statement as required under Schedule V of the Companies Act 2013

I General Information

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

Particulars for the Financial year ended 31 st March 2018	Rs. In Crores
Net Sales and Other Income	201.97
Operating Profits (Before Interest, Depreciation and Tax)	13.78
Profit before Tax	1.29
Profit after Tax	1.17

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

II. Information about the Appointee:

1. Background details: K. Raghavendra Acharya, aged 50 years, is a Commerce Graduate from Bangalore University having done Post Graduation in Foreign Trade Management from International Institute of FTM affiliated to Bangalore University (IIFTM). He has a total professional experience over 25 years in the Granite industry in the field of International Sales & Procurement under the Management Cadre. Has handled the overseas sales operations and have travelled extensively around the globe in promotion of the natural Granite Slabs and Tiles. With professional experience behind, he has also been carrying out the job of procuring overseas natural granites/ Quartzite in the block form from different parts of the world.
2. Past Remuneration: The Company had appointed Shri K. Raghavendra Acharya as the Whole Time Director of the Company for a period of three years w.e.f. 01.11.2014 and same had been approved by the shareholder in the Annual General Meeting held on 11th September 2015 with a Basic Salary of 55000/- per month with such increments as may be decided by the Board of Directors of the Company from time to time in the salary grade of Rs 55000-5500-66000 per month
3. Job Profile and his Suitability: Shri K. Raghavendra Acharya, Whole Time Director of the Company is vested with the overseas sales operations and have travelled extensively around the globe in promotion of the natural Granite Slabs and Tiles. With professional experience behind, he has also been carrying out the job of procuring overseas natural granites/ Quartzite in the block form from different parts of the world.
4. Remuneration proposed: The nomination and remuneration committee and Board of Directors of the Company at their respective meetings held on 28th October 2017 have approved the following terms of remuneration of Shri K. Raghavendra Acharya for a tenure of 3 years w.e.f. 01.11.2017 subject to the approval by the shareholders in the ensuing Annual General Meeting to be held on 17th September 2018, as under:
 - A. Salary: Basic Salary of 66000/- per month with such increments as may be decided by the Board of Directors of the Company from time to time in the salary grade of Rs 66000-5500-77000 per month.
 - B. Perquisites, allowances and benefits: Perquisites comprising provision of residential accommodation or house rent allowance in lieu thereof Conveyance allowance, Education allowance, Children Education allowance, Uniform Maintenance Allowance, Books and Magazines Allowance, Medical Reimbursement and Special Allowance, Premium on Personal Accident Insurance, car(s) with driver, telephone etc. and other perquisites, allowances and benefits as per the schemes, policies, and the rules of the Company as applicable from time to time subject to any change as may be decided by the Board of the Directors of the Company. The perquisites will be evaluated as per the actual cost or income tax rules, as applicable.

- C. Contribution to Provident Fund as per rules of the Company.
- D. Gratuity at the rate of 15 days Salary for each completed year of service.
- E. Encashment of un-availed leave as the rules of the Company.
- F. The Board may from time to time increase or vary the Salary range, subject to the overall ceiling prescribed under the Companies Act 2013,
- G. In the event of inadequacy or absence of profits under section 198 of the Companies Act 2013 in any financial year or years, the Executive Director of the Company shall be entitled to such remuneration as he may be then drawing, as specified in paras A and B above as minimum remuneration and also entitled to perquisites mentioned in paras C, D, and E above.

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

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

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

III Other Information:

- 1. **Reasons of loss or inadequate profits:** The Company, being a 100% Export Oriented Unit, is highly effected by global business scenario. Globally India competes with Brazil, Italy and China for granite exports. The realisations in granite slabs business declined due to increasing competition from engineered stones and adverse currency movements. There is a growing demand for engineered stone i.e. Quartz, which in turn is impacting the demand for natural granite stone. In our main export markets like USA, UK and Australia, Quartz engineered stone has captured significant market share over the last few years. Quartz is largely popular in the white color shades. This trend of preference for white colors has been playing out over the last couple of years and for us the challenge is that supply of white material slabs in India are very limited.

Availability of Raw material remained challenge during the year. We source 60% of our raw material from within India, of which 15% is source from Tamilnadu. In the last couple of years, a large number of quarries were shut down due to their inability to get environmental clearance, which in turn has created raw block shortage and upward movement in raw material price. We have been forced to source raw materials from Rajasthan, which in turn has impacted our margins due to huge transportation cost, which itself adds upto 30% of the rough block costs. We import 40% of our raw material requirement from Brazil, Norway, Finland, Africa, Iran and Ukraine. There is a long lead time for these blocks to reach our processing unit and here also transportation cost are very high.

- 2. **Steps taken or proposed to be taken for Improvement and Expected increase in the productivity and profits in the measurable in terms:**

In order to mitigate these issues, we are planning to set up a smaller processing unit in Rajasthan, which will handle raw blocks sourced in and around Rajasthan with a capacity to process 1,50,000 sq.mtrs. of granite slabs. It will take around 18 months to become operational from the ground breaking ceremony. We expect this expansion will give us competitive edge in terms of better pricing and margins. This plant will enable us to half the total cost of transportation per container. Steps being taken to improve the performance of the Company includes construction of New Display Warehouse, foray into natural quartzite, installation of new machines for value added products, expansion of operations into new geographies, Better inventory and Working Capital Management and Cost optimization. With these steps the Company is expected to grow further for better revenue & profitability.

ITEM NO 6

Pursuant to provisions of Section 161 of the Companies Act 2013, Shri Sahil Arora (DIN 07970622) was appointed as an Additional Director of the Company with effect from 28.10.2017. Subsequently the Board of Directors had appointed him as Whole Time Director of the Company for a period of three years with effect from 01.11.2017 subject to the approval of the shareholders in the ensuing Annual General Meeting on the following terms of remuneration as recommended by the Nomination & Remuneration Committee of Directors and approved by the Board of Directors of the Company subject to requisite approvals under the said Act. The resolution is accordingly recommended as Special Resolution for the approval of the shareholders of the Company

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

Statement as required under Schedule V of the Companies Act 2013

I. General Information

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

Particulars for the Financial year ended 31 st March 2018	Rs. in Crores
Net Sales and Other Income	201.97
Operating Profits (Before Interest, Depreciation and Tax)	13.78
Profit before Tax	1.29
Profit after Tax	1.17

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

II. Information about the Appointee:

1. Background details: Shri Sahil Arora, aged 30 years, holds a Post Graduate Programme in Family Business (MFAB) from Indian School of Business (ISB). He has got 10 years first-hand experience in the granite industry. He is looking after the international marketing segment as well as domestic market.
2. Job Profile and his Suitability: Shri Sahil Arora, Whole Time Director of the Company is vested with managerial power under the superintendence, control and direction of the Board of Directors. He is also involved in policy planning, vision and strategy and long term developmental activities of the Company. He has in-depth knowledge, expertise in the granite business, having more than 10 years of experience, which has evolved the all round growth of the Company.
3. Remuneration proposed:
 - a) Salary: Basic Salary Rs.120000 – 20000 -140000
 - b) Commission upto 5% of the net profits of the Company computed under section 198 of the Companies Act 2013 or any statutory modification thereto or any re-enactment thereof subject to a ceiling of 100% Annual Salary.
 - c) In addition to the above benefits, the following perquisites will be extended to you.
 - i) Residential accommodation or House Rent Allowance @ 50% of the salary.
 - ii) Expenses pertaining to gas, electricity, water and other utilities will be borne / reimbursed by the Company.
 - iii) Company shall provide such furniture and furnishings as may be required.
 - iv) Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family.
 - v) Reimbursement of all the expenses i.e. travel fare, lodging, boarding, conveyance and other expenses incurred for self and family members during the leave travel holidays period whenever undertaken whether in India or abroad.
 - vi) Subscription or reimbursement fee for clubs in India or abroad including admission and life membership fee. Personal Medical/Accident Insurance of an amount, the annual premium of which shall not exceed Rs. 20,000/- per annum.
 - vii) Any other benefits, facilities, allowances and expenses as may be allowed under Company rules / schemes and available to other employees.
 - d) Contribution to Provident Fund and Superannuation Fund or Annuity Fund Will not be included in the ceiling of perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - e) Gratuity payable shall not exceed half a month's salary for each completed year of service.
 - f) Entitled for leave with full pay or encashment thereof as per the rules of the Company.
 - g) The Board or the nomination and remuneration committee thereof may, from time to time, increase, or vary the salary range, subject to the overall ceiling prescribed under the companies act, 2013.
 - h) In the event of inadequacy or absence of profits under section 198 of the Companies Act, 2013 in any financial year or years, the Whole time Director of the Company shall be entitled to such remuneration as he may be then drawing, as specified above, as minimum remuneration and be also entitled to perquisites mentioned in Paras c,d,e and f above.

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

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

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

III Other Information:

1. **Reasons of loss or inadequate profits:** The Company, being a 100% Export Oriented Unit, is highly effected by global business scenario. Globally India competes with Brazil, Italy and China for granite exports. The realisations in granite slabs business declined due to increasing competition from engineered stones and adverse currency movements. There is a growing demand for engineered stone i.e. Quartz, which in turn is impacting the demand for natural granite stone. In our main export markets like USA, UK and Australia, Quartz engineered stone has captured significant market share over the last few years. Quartz is largely popular in the white color shades. This trend of preference for white colors has been playing out over the last couple of years and for us the challenge is that supply of white material slabs in India are very limited.

Availability of Raw material remained challenge during the year. We source 60% of our raw material from within India, of which 15% is source from Tamilnadu. In the last couple of years, a large number of quarries were shut down due to their inability to get environmental clearance, which in turn has created raw block shortage and upward movement in raw material price. We have been forced to source raw materials from Rajasthan, which in turn has impacted our margins due to huge transportation cost, which itself adds upto 30% of the rough block costs. We import 40% of our raw material requirement from Brazil, Norway, Finland, Africa, Iran and Ukraine. There is a long lead time for these blocks to reach our processing unit and here also transportation cost are very high.

2. **Steps taken or proposed to be taken for Improvement and Expected increase in the productivity and profits in the measurable in terms:**

In order to mitigate these issues, we are planning to set up a smaller processing unit in Rajasthan, which will handle raw blocks sourced in and around Rajasthan with a capacity to process 1,50,000 sq.mtrs. of granite slabs. It will take around 18 months to become operational from the ground breaking ceremony. We expect this expansion will give us competitive edge in terms of better pricing and margins. This plant will enable us to half the total cost of transportation per container. Steps being taken to improve the performance of the Company includes construction of New Display Warehouse, foray into natural quartzite, installation of new machines for value added products, expansion of operations into new geographies, Better inventory and Working Capital Management and Cost optimization. With these steps the Company is expected to grow further for better revenue & profitability.

ITEM NO 7

Pursuant to provisions of section 161 of the Companies Act 2013, Shri Sundareshwara G. Sastry (DIN 00165762) was appointed as an Additional Independent Director of the Company with the effect from 28th October 2017. Accordingly, Shri Sundareshwara G. Sastry would hold office up to the date of this Annual General Meeting. A notice has been received from a Member of the Company proposing his candidature for being appointed as a Director of the Company.

Shri Sundareshwara G. Sastry, aged around 56 years, is a Diploma holder in Diploma in Mechanical engineering. He has got profession qualification of Lead assessor in Quality, Environmental and Safety Management having more than 17 years of experience. He has got more 20 years of Consulting Experience to his credit. He has imparted Management Coach for more than 100 companies facilitating Business Process Re-engineering.

Shri Sundareshwara G. Sastry has given requisite declaration that he meets the criteria of Independence as prescribed under section 149(6) of the Companies Act 2013 and has given his consent to act as an Independent Director of the Company. Shri Sundareshwara G. Sastry is also not disqualified from being appointed as Director in terms of Section 164 of the Companies Act 2013. In the opinion of the Board Shri Sundareshwara G. Sastry fulfills the conditions of his appointment as an Independent Director of the Company specified in the Act & Rules made thereunder. Shri Sundareshwara G. Sastry being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term up to 27th October 2022."

None of the Directors except Shri Sundareshwara G. Sastry or their relatives or Key Managerial person or their relatives has any nature of concern or interest, financial or otherwise, directly or indirectly in respect of proposed resolution.



FOR THE ATTENTION OF THE SHAREHOLDERS

- 1 Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Annual General Meeting.
- 2 Please check the pin code in the address slip printed on the envelop and advise correction, if any therein. Also please do indicate the pin code number of your delivery post office while notifying change in your address to the Company where shares are held in physical form.
- 3 Transferee(s) seeking transfer of shares in physical form should furnish copy of PAN card to the Company/RTA for registration of transfers.
- 4 Shareholders having multiple folios are requested to write to the Company for consolidation of the Folios to save the administrative or servicing costs.
- 5 Requests for transfer of Shares and related correspondence should be addressed to the Company's **Registrar & Share Transfer Agent M/s Alankit Assignments Limited, Alankit House, 4E/2, Jhandewalan Extension, New Delhi 110055**. The shareholder may approach their Depository Participant for getting their shares dematerialised and in respect of the shares already held in dematerialised mode for registration of change in their addresses, bank mandates and nominations etc. For any further clarifications and other matters kindly write to the **Company Secretary at 1001, 10th Floor, DLF Tower A, Jasola, New Delhi 110025 or E mail: investorgrievance@arotile.com**. Please quote your folio no/DP ID/Client ID and number of shares for prompt attention.
- 6 **Transfer of Unclaimed Dividend to Investor Education and Protection Fund:** Pursuant to Section 125 of the Companies Act 2013, the unclaimed dividend for financial year ended 31.03.2011 will be transferred to the Investor Education and Protection Fund. Therefore those shareholders who have not yet encashed the dividend warrants may write to the Company for revalidation/issue of fresh dividend warrants quoting their folio no/DP ID/Client ID. Shareholders who have not encashed their dividend warrants for the financial years 2011-12 to 2016-17 are requested to send the same for revalidation to the Company at the address given at point No. 5 above.
- 7 **Nomination:** Pursuant Section 72 of the Companies Act, 2013 individual Shareholders holding shares in the Company singly or jointly may nominate an individual to whom all the rights in the shares in the Company shall vest in the event of death of the sole/all joint Shareholders.
- 8 **Dematerialisation of Share and Liquidity:** Members may in their own interest consider dematerialisation of their shareholding in the Company held in physical form through their respective Depository Participants with one of the Depositories, namely, NSDL and CDSL. Company's ISIN No. is INE210C01013.
- 9 Pursuant to Section 101 of the Companies Act 2013 and the Rules made there under, the Company is permitted to send various notice/documents under the Companies Act 2013, to its shareholders, through electronic mode. We request to Members to support this initiative and register their E-mail addresses in respect of shares held in: (1) dematerialised mode, with their Depository Participants; and (2) physical mode with Alankit Assignments Limited (RTA). Please quote the following particulars in the E-mail Registration Request: Folio No./DP ID –Client ID, PAN, Name (s) of Registered Holder(s), Address, Telephone and E-mail Address (to be registered for sending future communications through E-mail) and send the same under your signature(s).
- 10 The Securities and Exchange Board of India (SEBI) has mandated the submission of permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

The Securities and Exchange Board of India (SEBI) vide SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 and BSE vide its Circular No. list/comp/15/2018-19 dated 5th July 2018 mandated that after 5th December 2018, requests for transfer of securities in physical form shall not be processed unless the securities are held in the dematerialised form with a depository. Hence you are requested to dematerialize your securities at the earliest possible date but not later than 5th December 2018. Dematerialisation facility is available both on NSDL and CDSL. Company's ISIN No. is INE210C01013. For the purpose of dematerialization, you are requested to contact your Depository Participant (DP) with whom you have opened your Demat Account. In case you have not yet opened your Demat Account, you are requested to open a Demat Account with any one of the DP of your local area and dematerialize the securities held by you in physical form.

Green Initiative in Corporate Governance: Register E-mail Address

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

Directors' Report

The Directors' have pleasure in presenting the 30th Annual Report together with Audited Accounts of the Company for the year ended on 31st March 2018.

FINANCIAL RESULTS

(Rs. in lacs)

	31.03.2018	31.03.2017
Gross Profit before Depreciation	993.63	2547.88
Depreciation	865.03	909.55
Profit before Tax	128.60	1638.33
Provision for Tax	-	-
Current	54.02	640.21
- MAT Credit	-	243.94
- Deferred	(42.75)	(20.25)
Surplus available for appropriation	117.33	1262.31
Dividend (including Dividend Tax)	-	184.15
Amount transferred to General Reserve	-	200.00
Surplus carried to Balance Sheet	112.35	878.16

WORKING RESULTS

Financial year 2017-18 was a tough year with many macro headwinds impacting the operational performance of the Company. The revenue of your Company declined by 15.89% from Rs.238.65 Cr in FY16-17 to Rs. 200.72Cr in FY17-18. The profitability of the Company was also impacted, with its EBITDA declining by 55.08% from Rs.30.68 Cr in FY16-17 to Rs.13.78 Cr in FY17-18. Our Net Profit declined from Rs 12.62 Cr in FY16-17 to Rs 1.17 Cr in FY17-18. We commenced commercial production from our 72 wire - Multi Wire which has enabled us to enter the high value market of Quartzite's. These quartzite have a lower level of competition where focus is more on Quality than Price. Due to the Cash Flow crunch caused by the delayed refunds of Input Credit in the GST regime, we are taking several steps into our cash flow management, the effect of which will be seen in FY 2018-19. Our Cut to Size division is picking up with over 40 projects being completed during the year. This will help us further in the coming years as our reputation in this line grows.

Though the Industry is going through its most difficult time in over three years, we have been able to maintain above industry average sales and that is largely due to the success of our new warehouse. The 11,000sqm showroom enables us to display all our stocks which helps us make sales even better in these difficult times.

DIVIDEND

In view of the lower profitability, the Board of Directors of the Company has not recommended any Dividend for the year 2017-18.

FIXED DEPOSIT

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

LOANS, GUARANTEES AND INVESTMENTS

The Company has not granted any Loans, Guarantees and made any Investments during the year.

RELATED PARTY TRANSACTIONS

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

DIRECTORS

During the year Shri Sahil Arora (DIN 07970622) appointed as an Additional Director with the Designation of Whole Time Director for the period of three years with effect from 01.11.2017. Shri Sundareshwara G. Sastry (DIN 00165762) appointed as an Independent Director for a period of Five years with effect from 28.10.2017.

Shri Kanwaljit Singh, Independent Director resigned from Board of Directors of the Company with effect from 16th November 2017. The Board records its appreciations for the valuable services contributed by him.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;



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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

AUDITORS AND AUDITORS' REPORT

(a) Statutory Auditor

M/s VAPS & Company., Chartered Accountants, New Delhi was appointed as the Statutory Auditors of the Company for a period of Five Years from the Conclusion of Twenty Ninth Annual General Meeting. The Notes on the financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualifications, reservations or adverse remark.

(b) Secretarial Auditor

Practising Company Secretary Ms. Latika Jetley (CP No. 3074) was appointed as the Secretarial Auditor by the Board for the financial year 2017-18 to conduct the Secretarial Audit. The Secretarial Audit Report for the year 2017-18 is annexed herewith as **Annexure II**. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remark.

(c) Internal Auditor

The Board had appointed M/s Sreekantha & Co., Chartered Accountants, Hosur as the Internal Auditor of the Company for the year 2017-2018.

Auditors' Certificate on Corporate Governance

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Auditors' Certificate on Corporate Governance is enclosed as **Annexure III** to the Boards' Report. The Auditors' Certificate for the year 2017-18 does not contain any qualifications, reservations or adverse remarks.

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

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

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

PARTICULARS OF REMUNERATION

Statement of particulars of employee pursuant to the provisions of section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March 2018.

Employed throughout the financial year, ended 31st March 2018 in receipt of remuneration not less than One Crore two Lakh rupees per annum.

Name	Age	Qualification	Experience	Date of Commencement Employment	Designation	Remuneration	Last Employment
Mr. Sunil K Arora	59 Years	B.Sc	31 Years	03.05.1988	Managing Director	16488088	Since Inception

Pursuant to the provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the details regarding the ratio of remuneration of each Director to the median employee's remuneration and such other details as required therein are as under:

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year: The Board of Directors of the Company comprises of Non-Executive Directors who has been paid commission in the form of

Remuneration and sitting fee from the Company.

Sl. No.	Name	Ratio to median remuneration
1	Shri Sunil K Arora, Managing Director	659.392
2	Shri Sundareshwara G Sastry	3.999
3	Shri Dinesh Chandra Kothari	2.599
4	Shri Rahul Gupta	8.798
5	Smt. Sujata Arora	5.999
6	Shri K Raghavendra Acharya, Executive Director	63.333
7	Smt. Vanita Sood	7.998
8	Shri Sahil Arora	35.993

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary, in the financial year: The Board of Directors of the Company comprises of Non-Executive Directors who has been paid Commission and sitting fee from the Company.

Sl. No.	Name	% Increase in Remuneration
1	Shri Sunil K Arora, Managing Director	-3.46
2	Shri Dinesh Chandra Kothari	44.44
3	Shri Rahul Gupta	15.79
4	Smt. Sujata Arora	-86.82
5	Shri K Raghavendra Acharya, Executive Director	4.14
6	Smt. Vanita Sood	1.00
7	Shri Sabyasachi Panigrahi, Company Secretary	4.14
8	Shri S Sundara Rajan, CFO	4.14

3. The percentage increase in the median remuneration of employees in the financial year: (-) 14.17.
4. The number of permanent employees on the roll of Company: 137
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year ended 31st March 2018 was 7.00%.
6. The Company affirms that the remuneration is as per the remuneration policy of the Company.

CORPORATE GOVERNANCE including details pertaining to Board Meetings, Nomination and Remuneration Policy, Audit Committee and Vigil Mechanism

Your Company re-affirms its Commitment to the highest standards of Corporate Governance practices. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.

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

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

INTERNAL FINANCIAL CONTROLS

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

LISTING

The Equity Shares of the Company are listed in BSE Limited and National Stock Exchange of India Limited. Listing fees for the year 2018-2019 have already been paid to BSE Limited and National Stock Exchange of India Limited.

ACKNOWLEDGEMENT

Your Directors wish to thank and acknowledge the Banks, Government Authorities, Dealers, Suppliers, Business Associates and the Company's Valued Customers for their assistance and cooperation and the esteemed Shareholders for their continued trust and support. The Directors also wish to acknowledge the committed and dedicated team of Aro Granite whose unstinted work, efforts and ideas have taken the Company on a path of steady growth and development.

For and on behalf of the Board

Place: Hosur
Date: 21.04.2018

Sunil K Arora
Managing Director

Sujata Arora
Director

ANNEXURE I TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2017-18

1	A brief details of the Company's CSR Policy including overview of projects or programmes proposed to be undertaken and a reference to the web link to the CSR policy					Refer to the section of this Report and disclosure		
2	Average net profits of the Company for the last three financial years					Rs. 1419.49 Lacs		
3	Prescribed CSR expenditure (2% of the Average net profits of last three financial years)					Rs. 28.39 lacs		
Details of the CSR spent during the year								
4	Total Amount spent for the financial year 2017-18					Rs. 25.15 lacs		
5	Amount unspent, if any,					Rs.81.56 Lacs		
6	Manner in which the amount was spent during the year							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs.)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (Rs.)	Cumulative expenditure upto the reporting period (Rs.)	Amount spent Direct or through implementing agency (Rs.)	
1	Rural Health Care (Aro Charitable Trust)	Rural Area	Local Area Hosur Krishnagiri District Tamil Nadu	2,839,000/-	2,515,413/-	2,515,413/-	-	

RESPONSIBILITY STATEMENT

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

Sunil K Arora
Managing Director

Dinesh Chandra Kothari
Chairman CSR Committee

21.04.2018

ANNEXURE II TO THE DIRECTORS' REPORT

MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March 2018

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

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

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

I report Further:

- a) Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit
- b) I have followed the audit practices and processes as we are appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. I believe that processes and practices, I follow provide the reasonable basis of our opinion.
- c) The Compliances of provisions of the Corporate and other applicable laws, rules, regulations, standard is the responsibility of the Management. Our examination was limited to the verification procedures on test check basis.
- d) I have not verified the correctness and appropriateness of the Financial Statements of the Company.
- e) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Based on my verification of the Company Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit. I hereby report that in my opinion the Company has during the Audit Period covering the financial year ended on 31st March 2018 (Audit Period) complied with the Statutory Provisions listed hereunder and also that the Company has proper Board-Processes and compliance-mechanism in place to the extent, in the manner and subject the reporting made here in under:

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of:

- (i) The Companies Act 2013 (the Act) and the Rules made there under:
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and Rules made there under.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (iv) Foreign Exchange Management Act 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act 1992 (SEBI ACT)
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations Act 2011, there are transfer of Equity shares inter-se amongst the promoters group.
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992.
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during the Audit Period**).
 - d. The Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999 and The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations 2014 notified on 28th October 2014. (**Not applicable to the Company during Audit Period**).
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008. (**Not applicable to the Company during the Audit Period**).
 - f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulation 1993 regarding the Companies Act and dealing with the client.
 - g. The Securities and Exchange Board of India (Delisting of equity shares) Regulations 2009 (**Not applicable to the Company during the audit period**).



- h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations Act 1998 (**Not applicable to the Company during the Audit Period**).

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

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

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

I Further Report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the compositions of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. During the year Company has provided Rs 28.39 Lacs for CSR activities and has spent Rs 25.15 lacs under the Corporate Social Responsibility as per the relevant provisions of the Companies Act 2013. The amount remained unspent Rs. 81.56

During the year there is related party transactions at arms-length.

Company has passed the resolution by circulation for resignation of Director and noting has been made in the Board Meeting. Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed Notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meeting and Committee Meetings are carried out unanimously as recorded in the minutes of the meeting of the Board of Directors or Committee of the Board, as the case may be. During the year Various Committee are re-constituted as and when required.

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

- 1. Factories Act 1948
- 2. Industries (Development and Regulation) Act, 1951
- 3. Labour laws and Incidental laws related to Labour and Employees appointed by the Company either on its payroll or on contractual basis as related to Wages, Gratuity, Provident Fund, ESIC, Compensation etc.,
- 4. Acts prescribed under Prevention and Control of pollution
- 5. Acts prescribed under Direct and Indirect taxes
- 6. Land Revenue laws of respective States
- 7. Labour welfare Act of respective States
- 8. Legal Metrology Act 2009
- 9. Acts as prescribed under Shops and Establishment Act of Various Local Authorities.

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

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

Place: New Delhi
Date: 21st April 2018

ANNEXURE III TO THE DIRECTORS' REPORT

Auditors' Certificate on Corporate Governance

To,
The Members,
Aro granite industries limited,

We have examined the compliance of conditions of Corporate Governance by Aro granite industries limited, for the year ended 31st March 2018, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

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



In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

For M/s VAPS & Company
Chartered Accountants,
Firm Reg. No. 003612N

Place: Hosur
Date: 21.04.2018

(P.K.Jain)
Partner M No. 082515

ANNEXURE IV TO THE DIRECTORS' REPORT

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

(i) CONSERVATION OF ENERGY

The plant installed by the Company is of latest technology and energy efficient. Power consumption of the Company is very low. During the year under consideration a total 1,25,31,695 units were consumed and the per Sq. mt. power consumption cost only Rs. 156.49p.

(ii) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

(iii) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Form No. MGT-9

Extract of Annual Return as on financial year ended 31.03.2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS:

i	CIN	L74899DL1988PLC031510
ii	Registration Date	03.05.1988
iii	Name of the Company	Aro granite industries Ltd.
iv	Category / Sub-Category	Public Company / Limited BY Shares of the Company
v	Address of the Registered office and contact details	1001, 10th Floor DLF Tower A Jasola New Delhi 110025 Phone No. 011-41686169 Fax: 011-26941984 E-mail : arodelhi@arotile.com
vi	Whether listed Company Yes/ No	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Alankit House, 4E/2, Jhandewalan Extension New Delhi-110055 Phone No. 91-11-23541234, 91-11-42541234 Fax: 91-11-23552001 E-mail ID: info@alankit.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual /HUF)	6264631	0	6264631	40.950	6282856	0	6282856	41.064	0.114
b) Central Govt/ State Gov(s)	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	6264631	0	6264631	40.950	6282856	0	6282856	41.064	0.114
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	6264631	0	6264631	40.950	6282856	0	6282856	41.064	0.114
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	12688	0	12688	0.083	180772	0	180772	1.182	1.099
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	271103	0	271103	1.772	51188	0	51188	0.334	-1.438
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Other (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	283791	0	283791	1.855	231960	0	231960	1.516	-0.339
2. Non Institutions									
a) Bodies Corp.									
i) Indian Corp.	1736587	15499	1752086	11.452	1630449	13711	1644160	10.746	-0.705
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	3105423	499968	3605391	23.565	3827164	420674	4247838	27.764	4.199
ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lakh	3005308	0	3005308	19.643	2756044	0	2756044	18.013	-1.629
c) Other (specify) NRI/ OCB	370195	18598	388793	2.541	118544	18598	137142	0.896	-1.645
Sub total (b) (2)	8217513	534065	8751578	57.200	8332201	452983	8785184	57.420	0.220
Total Public Shareholding (B)= (B)(1)+(B)2	8501304	534065	9035369	59.055	8564161	452983	9017144	58.936	-0.119
C. Share held by Custodian For GDRS & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	14765935	534065	15300000	100.000	14847017	452983	15300000	100.000	0.000

(ii) Shareholding of Promoters

No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to Total Shares	
1	Sunil K Arora	4869315	31.83	0	4887540	31.945	0	0.119
2	Sujata Arora	598572	3.91	0	598572	3.91	0	0
3	K.L. Arora	34267	0.22	0	0	0	0	-0.224
4	Kusturi Lal Arora	346983	2.27	0	0	0	0	-0.268
5	Kusturi Lal Arora	1125	0.01	0	0	0	0	-0.007
6	Sudershan Arora	186603	1.22	0	186603	1.22	0	0.000
7	Aman Arora	33	0.00	0	33	0.00	0	0.000
8	Geeti Arora	1350	0.01	0	1350	0.009	0	0.000
9	Ravi Kumar Arora	1383	0.01	0	1383	0.01	0	0.000
10	Sahil Arora	112500	0.74	0	303688	1.985	0	1.250
11	Shivani Arora	112500	0.74	0	303687	1.985	0	1.250
	TOTAL	6264631	40.95	0	6282856	41.064	0	0.199

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

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

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

Sl. No.	Top Ten Shareholders	Shareholding at the beginning of the year 1st April 2017		Shareholding at the end of the year 31st March 2018	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Dilip Kumar Lakhi	1164888	7.61	1606966	10.50
2	Surefin Financial Consultants Pvt Ltd	290338	1.90	242961	1.59
3	Bharat Pitti	364906	2.39	364906	2.39
4	Amrit India Value Fund Ltd	271103	1.77	0	0.00
5	Amit Shantilal Motla	157635	1.03	0	0.00
6	Archit Exim Pvt Ltd	219322	1.43	206791	1.35
7	Winfin Financial Consultants Pvt Ltd	426794	2.79	381794	2.50
8	Meenaz Kassam	167143	1.09	0	0.00
9	Subramanian P	197635	1.29	197635	1.29
10	Amitabh Singhi	125786	0.82	0	0.00
11	Surinder Mohan Laroia	0	0.00	84375	0.55
12	IL and FS securities Services Limited	0	0.00	75018	0.49
13	Axis Bank limited	0	0.00	68790	0.45
14	Rashmi sharma	0	0.00	67228	0.44
15	Bharat Pitti	0	0.00	97513	0.64

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of Directors and KMP	Shareholding at the beginning of the year 1st April 2017		Shareholding at the end of the year 31st March 2018	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Sunil K Arora	4869315	31.83	4887540	31.95
2	Sujata Arora	598572	3.91	598572	3.91
3	K.L.Arora	382375	2.50	0	0.00
4	Sahil Arora	0	0.00	303688	1.99

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	142091040.00	0.00	0.00	142091040.00
ii) Interest due but not paid				
iii) Interest accrued but not Due				
Total (i + ii + iii)	142091040.00	0.00	0.00	142091040.00
Change in Indebtedness during the financial year				
• Addition	35187299.00	0.00	0.00	35187299.00
• Reduction				
Net Change	35187299.00	0.00	0.00	35187299.00
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not Due	106903741.00	0.00	0.00	106903741.00
Total (i + ii + iii)	106903741.00	0.00	0.00	106903741.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Sunil K. Arora Managing Director	Sahil Arora Whole Time Director	K Raghavendra Acharya Executive Director	
1	Gross salary				
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act 1961	16200000.00	900000.00	1583638.00	18683638.00
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	288088.00	143485.00	0.00	431573.00
c)	Profits in lieu of salary under section 17(3) Income Tax Act. 1961	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00
4	Commission-as % of the Profit Other, specify Others. Please Specify	0.00	0.00	0.00	1500000.00
	Total (A)	16488088.00	1043485.00	1583638.00	19115211.00

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

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Dinesh Chandra Kothari	Rahul Gupta	Vanita Sood	Sundaresh-wara G Sastry	
1	Independent Directors					
•	Fees for attending Board/ Committee Meetings	65000.00	220000.00	200000.00	100000.00	585000.0
•	Commission	0.00	0.00	0.00	0.00	0.00
•	Other, Please specify	0.00	0.00	0.00	0.00	0.00
	Total (1)	65000.00	220000.00	200000.00	100000.00	585000.00

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Sujata Arora				
2	Other Non-executive Directors					
	• Fees for attending Board/ Committee Meetings	150000.00	0.00	0.00	0.00	150000.00
	• Commission	0.00	0.00	0.00	0.00	0.00
	• Other, Please specify	0.00	0.00	0.00	0.00	0.00
	Total (2)	150000.00	0.00	0.00	0.00	150000.00
	Total (B)=(1)+(2)					735000.00
	Total Managerial Remuneration (A+B)					19850211.00

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.00	1518408.00	1518408.00	3036816.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00
4	Commission -as % of profit-others, specify	0.00	0.00	0.00	0.00
5	Other, please specify	0.00	0.00	0.00	0.00
	Total	0.00	1518408.00	1518408.00	3036816.00

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

Management Discussion and Analysis

Indian Economy

FY2018 has been big year for Indian economy due to introduction of some of the major policy reforms. Government took number of key structural initiatives to build strength across macro-economic parameters for sustainable future growth. Policy reforms like Goods and Service Tax and Insolvency and Bankruptcy code are major reforms to strengthen the momentum of Indian Economic growth.

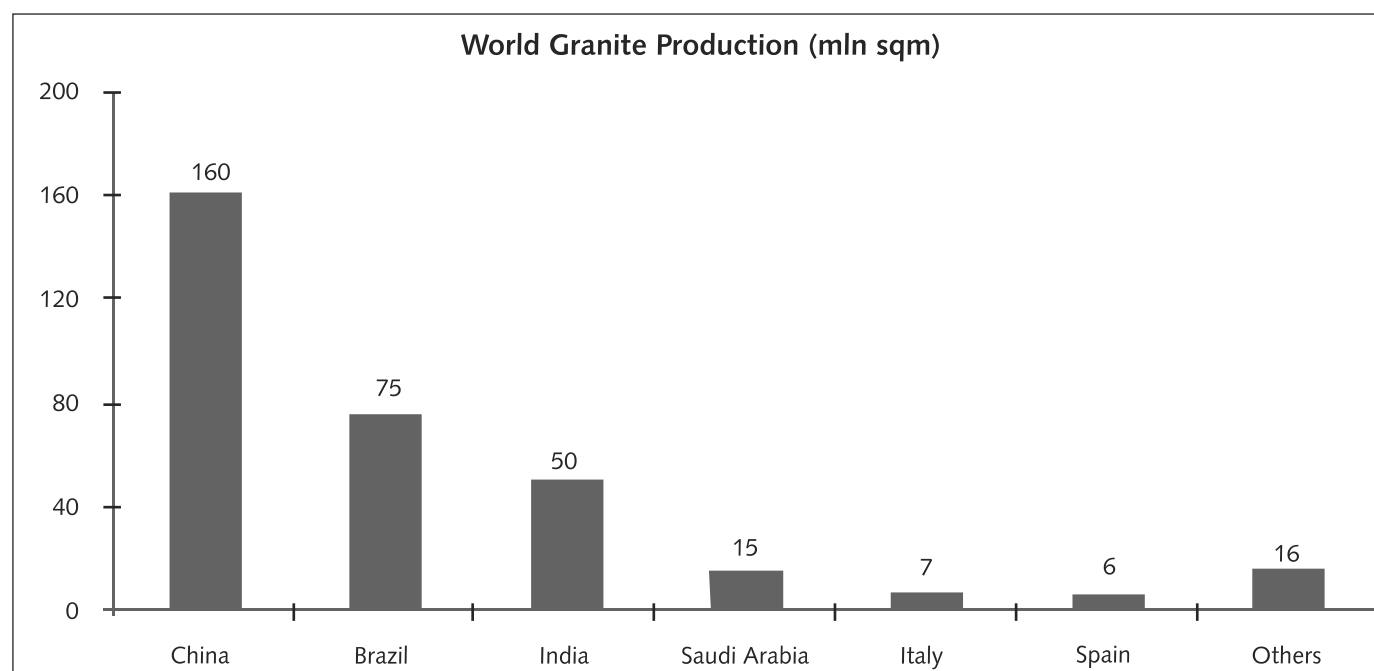
Growth in the first half of the FY2018 suffered due to lingering effects of demonetization despite of global tailwinds of higher growth. The GDP growth was muted at 5.6% and 6.3% in Q1FY18, Q2FY18 respectively. In the second half the growth was back on track and Indian GDP grew by 7.00% and 7.7% in Q3FY18 and Q4FY18 respectively. Overall as per estimates of CSO India, Indian economy has grown by 6.7% during FY18. The GDP growth of India has averaged 7.3% for the period from FY2015-2018, which is the highest among major economies in the world. The changes brought about the new GST Tax regime and the lingering NPA issues of PSU banks have impacted the overall growth of the organised sector and with limited private sector CAPEX, the Indian Economy is yet to see the demand led growth that powered its economy a decade back.

Global Granite industry

Granite is one of the oldest building materials in the world. Granite has been one of the most popular and premium stone used in buildings since thousands of years. Invention of modern tools which can mould and polish granite slabs better has further increased the use of granite. Together with high compressive strength and longevity it is also used for interior designing.

As per India Mineral yearbook 2018, world's granite production was estimated to be around 329 million sqm in 2014. Top five producing countries were China, Brazil, India, Saudi Arabia and Italy. These top five countries accounted for 93% of global production. Brazil has the largest granite reserves of the world, and is largest granite exporter in USA. India is largest granite exporter in terms of volume. 75% of Indian granite is exported in raw block and only 25% comprises of polished granite. China is largest exporter of granite in the world. It imports raw granite block to process from India, Brazil and other countries.

As per world Natural stone association India was third largest producer of Granite with a production of around 50 million sq mtr in 2014.



Source - World Natural stone association

Threat from Quartz

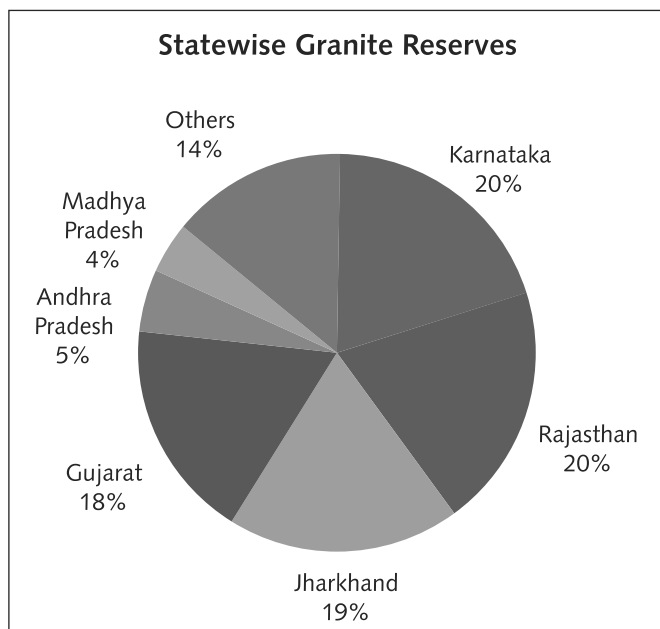
Global granite industry is facing stiff competition from rising popularity of engineered stone like Quartz. Quartz is manmade stone and comprises of quartz aggregate chips, resin binder, pigments and additives. It is taking market share from material like granite, ceramic tiles, laminate, marble, limestone and concrete. It mainly finds its application in interior designing and used largely for countertops. In recent times the trend for countertops has changed. Color basket has reduced to only white, grey and black from more than 20 colors. Quartz is manmade material and has wide variety of colors and shades, on the other hands Granite and other natural stones are unique and vary from quarry to quarry.

Quartz in some countries like USA, Australia, Canada and Israel have captured substantial market share. In Quartz stone Chinese players are dominant players. In USA, the value of Chinese imports of quartz products surged from \$6 million a year in 2010 to nearly \$460

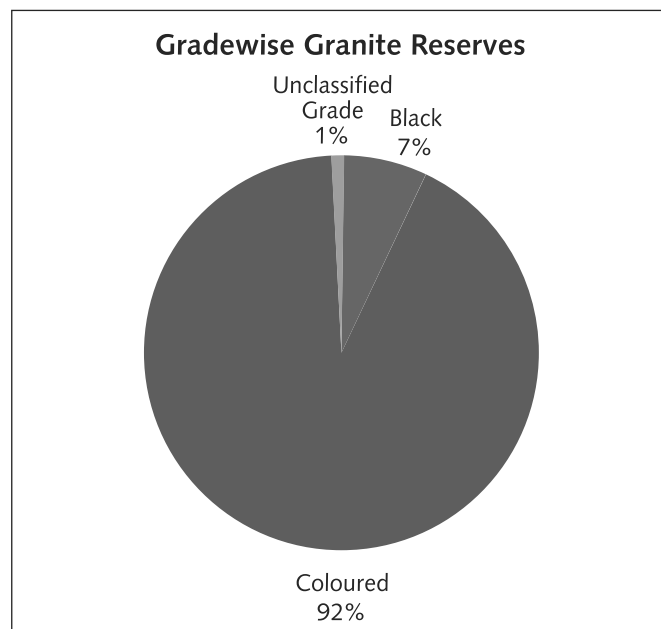
million a year in 2017. Chinese producers benefit from more than 20 subsidy programs provided by the Chinese Government, including grants, loans, tax breaks, and the provision of land, electricity, and raw material inputs at below-market prices. The heavy exports from China have impacted Quartz industry in USA, and prices have substantially declined in past years. Cheaper competitive products have impacted demand of Granite in its largest market in USA.

Granite Industry in India

India is one the richest country in Granite resources. It is endowed with abundant resources of wide variety of granite comprises over 200 shades. India accounts for 20% of granite reserves in the world. Total reserves of Granite dimension stone of all types in India have been estimated at 46,320 million cubic meters, of which 99% are under resource category.



Source - India Mineral yearbook 2018



Source - India Minral Yearbook 2018

India regardless of having huge granite reserves facing stiff competition from China and Brazil in granite exports. Granite industry in India face challenges in terms of government export unfriendly policies and competition from other countries. Granite is a minor mineral under the MMDR Act 1957. The respective states governments have all the powers to make rules and regulations for leasing and operating of quarries. The state governments had earlier granted licenses without standard procedures. The poor licensing policies have led to illegal mining in various states. In recent times, state governments in Tamil Nadu and Andhra Pradesh has taken action against illegal quarrying and closed many operational quarries. Also in second half of 2017 large numbers of quarries were closed due to their inability to secure environmental clearances. Raw material shortage has been biggest concern for the industry. It has forced players to source from import or other states.

Exporters of processed granite slabs and tiles are facing stiff competition from China and Brazil. China has substantial market share in low value processed granite. It imports raw block and exports after processing. China has an advantage because of huge economies of scale and government support through various subsidies. The Indian granite exporters are unable to compete with China in terms of pricing in exports market for similar product lines. So they focus on unique high value products that are in demand in the developed markets. In USA processed granite slabs from China are so cheap that local companies have filed for Anti Dumping Duty.

Brazil has one of the largest granite reserves in world and also one of the largest exporters of granite globally. It has huge reserves of granite with large varieties of colors and textures which has helped it in becoming a major player in USA. It has a significant market share in USA granite import. It scores over China in terms good quality and exotic range of granite reserves and geographical proximity the US Mainland. India faces major competition from Brazil from its wide variety of colors and shades. Also Brazil has gained significant market shares due to fall in its currency by 47.22% from April 2014 to Mar 2018. Fall in Brazilian currency has given room to reduce their prices and remain competitive in the USA market.

GST

Implementation of GST was considered as an opportunity by Indian granite processors. It was expected to open new business opportunities in India by removing unorganised players and make a level playing field. The way GST has been implement on the other hand has become a big challenge for the Indian granite exporters in FY18. Since exports EOU were enjoy exemption from domestic taxes while on paper there is no impact of taxes, but in reality it has resulted in blocking large amounts of money as refunds. The exporter has to pay tax on input material and services upfront. Under GST, refund mechanism has been very slow. The Government is unable to process the refunds timely, due to the complexity involved and confusion around the amount and timings of refunds. Huge amount of working capital of granite exporter have stuck with government. This has resulted in serious working capital issue for the industry.



Our Company

Aro granite is the largest processed granite exporter in India. It has 100% EOU plant located in Hosur, Tamil Nadu. The Company has a vast experience of more than 35 years in granite industry. The Company has exports in more than 50 countries. Company has received the “Star Export House” certification from the ministry of commerce and industry. It has also been awarded with “Special Export Award” by CAPEXIL for 7 years in a row.

It has strong relationship with its customers spread across the globe. It commands premium over competition due to vast experience and knowledge of best quality material, timely delivery, ethical and transparent dealing. It has very good relationship with customers and has able to maintain very strong relationships for more than 25 years with some customers.

Aro has granite processing plant in Hosur, near granite hub of India, as well as Chennai Port. In its plants it has processing facilities for Granite slabs, Granite Tiles and Cut to Size blocks. It has state of the art Machines imported from world class suppliers. The Company has a installed capacity of 7,35,000 sq mtr for Granite slabs and 3,60,000 sq mtr for Granite tiles. It has also an 11,000 sqm warehouse near to its current processing unit in Hosur. This warehouse has a storage capacity of 20,000 slabs. It is equipped with 8 state of the art cranes for material movement and inspection and 4 loading bays for dispatch. Over the last few years the granite industry in India has shifted to stock & sell model. The buyers place and order only for product in stock, to cut down on the delay in dispatches. The warehouse has proven to be good investment as it has enabled the Company to display entire product portfolio. During the previous year Company started its Cut-To-Size segment under its tile segment. It bought 2 CNC machines and 1 edge polishing machine.

Performance during the year

Previous year was challenging for the Company, with multiple headwinds impacting the overall business. Our Company faced challenges in procuring raw material due to mines closure in Tamilnadu, liquidity crunch created by GST implementation, and enhanced scrutiny of export payments triggered by PNB Bank LOA scam. We also faced challenges in our key market USA from rising popularity of Quartz and other engineered stones.

GST and liquidity crunch

GST has been a ground breaking tax reform in India. It subsumed multiple taxes and removed cascading effect by smooth flow of input credit tax. But for export oriented units it has created its own challenges. Due to confusion around the various provision of GST, government is unable to process input tax credit properly for export oriented units. Our business was significantly impacted by implementation of GST. With over 95% of our revenue coming from exports market, this blocking of refunds has created a big working capital issue for us. Under the GST regime, Exports are exempt from local taxes. Exporters need to pay tax upfront on material and services they consume. Our Company being a processor of granite buys all its raw material from market and pay taxes on purchases. Large part of our working capital was stuck in taxes paid and due to be refunded. Furthermore PNB LOA scam increased the compliance requirements in banks which in turn lead to delay in processing our export remittances. Due to extra documentation and approval from back offices the banks were taking 5-7 days in processing our payments which earlier used to be processed in 1 day. Our business faced severe crunch in liquidity and in turn we were forced to limit our raw material procurement. This in turn impacted our Sales, as we were constrained to make payments in a spot market for procuring raw granite blocks.

Closure of Granite Quarries

Our Company is a processor of granite. We buy granite blocks from quarries for processing. Company sources granite block from India and other countries. Around 60% of the raw material requirement is sourced from Indian quarries. During the current year, our business was further impacted due to closure of additional quarries in Tamil Nadu. A large number of quarries were closed in second half of the year due to their inability to secure environmental clearances. Over the past decade, Rajasthan has emerged as a big source of various natural stones in India, and over the last few years a large number of granite quarries have opened which have shades that in demand globally. We have started sourcing raw blocks from Rajasthan which is more than 1500 km away from our processing unit. The transportation cost from Rajasthan accounts for 40% of material cost. The increased transportation cost has led to increase in cost procurement and thus squeezed our margins.

Competition from Quartz

On the selling front, our major market USA remained challenging throughout the year. USA accounts for 15% of our total revenue and is largest market for building material in world. Engineered stone like Quartz are becoming popular and market share of granite is constantly shrinking. As per Freedonia, demand for quartz-surface/engineered-stone countertops grew 28% per year from 2012-2017. The Quartz has significantly impacted our sales in USA, UK and Australia.

Chinese players are dominant in the engineered stone market. Chinese quartz is Cheaper due to low cost manufacturing and huge government subsidies. Dumping of Cheap Chinese quartz in USA has led to sharp fall in realisations. Quartz being substitute of Granite has impacted granite demand significantly. Realisations and demand of granite has declined. In USA, local quartz producers are hugely impacted by the cheap Chinese exports and have filed for anti dumping duty on cheap value exports from China. We expect the anti dumping duty will curb the excessive supply from China, which in turn will improve demand for natural Granite slabs.

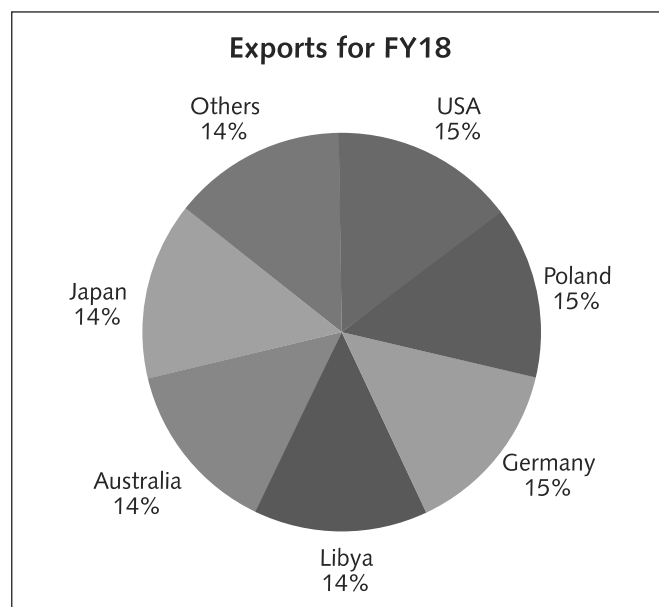
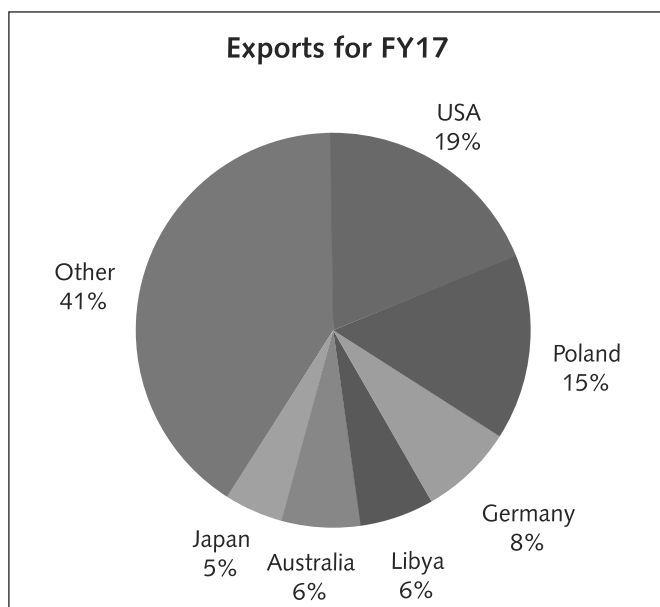
Granite is a premium, unique and durable natural product. Unlike Quartz which is environmentally degrading and difficult to dispose. Granite designs and colors are unique, where each slab is unique with its subtle shade variations and design intricacies unlike Quartz, which is manmade and have similar designs. Given the recent architectural trends, colors like Black, white and Grey are in demand. The

colors and shades for Blacks, white and Grey found in India are unique and cannot be found anywhere in world. We think that its innate feature and uniqueness makes it a product which can never go out of style.

Exports

Our Company is export oriented unit and exports accounts for 95% of our revenue. We exports to more than 50 countries around the world. Our major markets are USA, Poland, Germany, Libya, Australia and Japan. USA being our largest market remained challenging due to rising popularity of Quartz. We during the year forayed in Asian Markets. We regularly participate in stone fares which helps us to showcase our product portfolio and win new clients. We participated in Xiamen stone fare in China and the Moscow fair.

Europe is becoming major market for us. Top 6 countries in Europe accounts for 40% of revenue. The popularity of Quartz is waning in Europe after a significant rise. This is a trend that can help us gain more market share in Europe over time. We are continuously focusing on Europe market and increasing our penetration to capture more market.

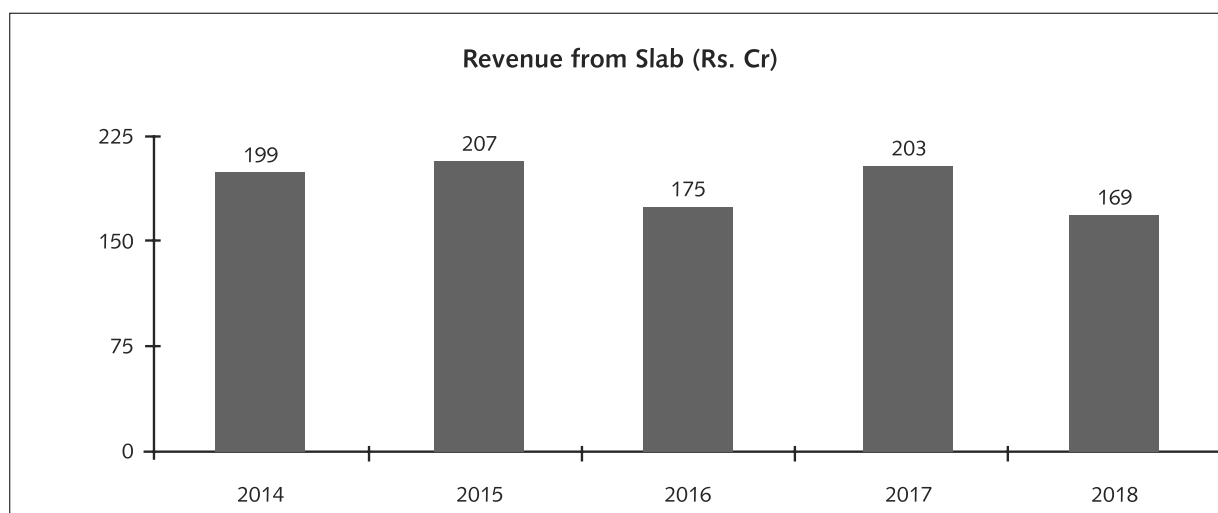


Financial performance during the year

During the year our operations were impacted due to many macro headwinds. Revenue of the Company declined to Rs. 200.72Cr in FY2018 from Rs.238.65Cr in FY2017. Our sales volume declined by 6.08% from 6.20 lakh sqm to 5.70 lakh sqm. Increased competition from Quartz impacted our realisations and margins. Our EBITDA declined by 55.08% from Rs.30.68 Cr in FY17 to Rs.13.78 Cr in FY18. Our Net Profit declined from Rs 12.62 Cr in FY17 to Rs 1.17 Cr in FY18.

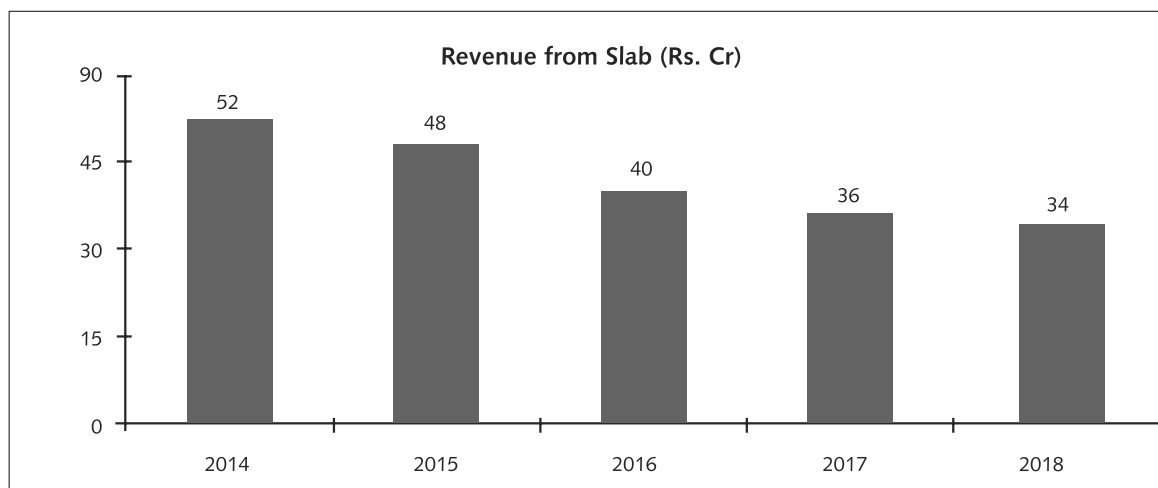
Slabs

Slabs are major part of our business and contributed 83.74% of our revenue. We have installed capacity of 7,35,000 sq mtr for Granite slabs. Our realisation declined by 9.70% to Rs.3,960 per sq mtr due to increase in competition.



Tiles

Tiles are relatively smaller part of our business and contributes 16.26% of our revenue. The Company has a installed capacity of 3,60,000 sq mtr for Granite tiles.



Cut to Size is small and new segment so we include Cut-To-Size segment in the tiles segment. This segment is project based, and we participate in tenders for large construction projects like hotels, malls, resort and airports etc. In this segment granite slabs are cut in specific size and shape as per customer requirements at our processing unit and dispatched for use without need for further processing.

With the every improving processing technology and more importantly better developed epoxies processing difficult and felspar materials has become easier. With many Felspar quarries in White shade popping up all over Rajasthan, there is a gap in the processing sector.

Rajasthan is the traditional home of Marble supply and thus the factory and quality standards there are for marbles being supplied into the domestic markets. Hence there is room for an established and well connected (Infrastructure, and supply chain) player. With an investment of Rs 55-60 cr we propose to set up a factory with a single multi wire ie 1,50,000 m² per annum production. This factory will help reduce the cost of transport (per container - Inland and FOB Costs) by more than half. This with the ever increasing diesel (transport) cost will make our offering more competitive.

Further being located in an SEZ we will get the benefits on Income Tax for 15 years. The benefits of having a zero rated supply when it comes to GST. The later is a factor that is currently affecting cash flows of our EOU unit.

New Initiatives During the year

Quartzite

During the year Company has planned to process one new products "Quartzite". It is harder and denser than Granite. Natural Quartzite stones are typically white, brittle, hard, and resistant to acid and other corrosive materials and require very little maintenance. It is more expensive than marble or granite. Because of its brittleness and high costs of raw blocks it needs high quality cutting machines and skilled workforce to process. It commands a much higher premium than Granite. Sale value of Quartzite is 3 times of granite with better margins.

We bought 1 Multi-wire cutting machine which is a relatively new technology and use diamond wire to cut raw blocks. We currently have capacity of processing 50,000 sqm of quartzite slabs with the current installed Multi-wire cutter. (The capacity of a multi wire is 150,000 m² per annum cutting granites. While for cutting quartzite the capacity is only 50,000 or 1/3rd of granite capacity). We are working to establish our credentials in the quartzite export market and expect this part of the business to grow over the coming years.

New processing plant in Jaipur

The raw material availability remained concern for the Company which escalated cost and squeezed margins. We are sourcing our raw material requirement from Rajasthan. Transportation cost of sourcing raw material from Rajasthan is as high as 40% of cost of material. In this competitive environment we felt the need to make our products more competitive in pricing and achieve better turnaround times. To reduce the transportation costs and enhance margins we are aiming to establish a new granite slab processing plant in Jaipur, Rajasthan. This plant shall have capacity of 1,50,000 sq mtrs slabs per annum. This plant shall reduce the transportation cost by more than half and make our prices and offering more competitive in the market. The Planned Capex for this project is Rs.55-60 Cr which shall be funded by mix of internal accrual and borrowings. This project shall take another 18 months from ground breaking ceremony to become operational.

Outlook

The current environment remains full of challenges. We are continuously making efforts to keeps our cost minimum, increasing our offerings to remain competitive. We have been in the industry for more than 35 years and have faced many down cycles. The initiatives taken in the past years and this year shall strengthen the position of the Company and help us to remain profitable.

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

2. BOARD OF DIRECTORS:

The Board of Directors presently consists of Eight Directors comprises of Five Non-Executive Directors (NED) of which Four are Independent. The Board does not have a permanent Chairman. At each Board Meeting, Directors present elect one amongst themselves as the Chairman of the Meeting. Four Board Meetings were held during the Financial Year ended 31st March 2018 on 22nd April 2017, 22nd July 2017, 28th October 2017 and 21st January 2018. Attendance and other details are given below:

Name of the Director	Category	No. of Board Meetings attended	Whether last AGM Attended (18.09.2017)	Outside Directorships and Committee positions			Shareholding in the Company as on 31.03.2018
				Directorships [#]	Committee Membership*	Committee Chairmanship*	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Shri Sunil K Arora Managing Director (00150668)	Executive	4	YES	1	1	–	4887540
Shri Sahil Arora (07970622)	Executive	1	No	1	–	–	303688
Shri Dinesh Chandra Kothari (00195609)	Non-Executive & Independent	2	No	3	4	1	NIL
Shri Rahul Gupta (00024732)	Non-Executive & Independent	4	YES	1	2	2	NIL
Smt. Sujata Arora (00112866)	Non-Executive	4	NO	1	–	–	598572
Shri K. Raghavendra Acharya (06923476)	Executive	3	NO	1	–	–	NIL
Smt. Vanita Sood (06926832)	Non-Executive & Independent	4	NO	1	1	–	NIL
Shri Kanwaljit Singh@ (01388140)	Non-Executive & Independent	–	NO	1	2	–	NIL
Shri Sundareshwara G. Sastry (00165762)	Non-Executive & Independent	1	NO	1	2	–	NIL

@ Resigned w.e.f. 16th November 2017. As per Section 165 of the Companies Act, 2013 and

Regulation of 25 of the SEBI (Listing Obligations and Disclosure Requirements)

* Regulations 2015 Only covers Memberships/Chairmanships of Audit Committee and Stakeholders Relationship Committee.

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

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

3. AUDIT COMMITTEE

The Company has an Audit Committee of Directors. The "Terms of Reference" of the Committee are in conformity with the provisions of Section 177 of the Companies Act 2013 & Rule 6 of Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee is consisting of Four Non-Executive Directors namely Shri Dinesh Chandra Kothari, Shri Rahul Gupta (Chairman of the Committee), Smt. Vanita Sood and Shri Sundareshwara G. Sastry, all are Independent Directors. Company Secretary acts as the Secretary of the Committee. During the Financial Year ended 31.03.2018, four meetings of the Audit Committee were held. Date of meetings (number of members attended): 22.04.2017(3), 22.07.2017(2), 28.10.2017(2) and 21.01.2018(4).



4. NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Committee. The "Terms of Reference" of the Committee are in conformity with the provisions of Section 178 of the Companies Act 2013 & Rule 6 of Companies (Meetings of Board and its Powers) Rules 2014 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee is consisting of Four Non-Executive Directors namely Shri Dinesh Chandra Kothari, Shri Rahul Gupta (Chairman of the Committee) Smt. Vanita Sood and Shri Sundareshwara G. Sastry all are Independent Directors. Company Secretary acts as the Secretary of the Committee. During the Financial Year ended 31.03.2018, One meeting was held. Date of Meeting (number of members attended): 28.10.2018 (2)

5. NOMINATION AND REMUNERATION POLICY

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

Criteria for recommending a person to become Director:

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

Qualification & Experience:

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

Attributes/Qualities:

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

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

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

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

Director's Compensation

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

Evaluation

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

Board Diversity

The Committee will review from time to time Board diversity to bring in professional performance in different areas of operations, transparency, corporate governance, financial management, risk assessment & mitigation strategy and human resource management in the Company. The Company will keep succession planning and Board diversity in mind in recommending any new name of Director for appointment to the Board. It will be Committee's Endeavour to have at least one Director from the following fields:

- a) Accounting and Corporate Finance
- b) Legal and Corporate Laws
- c) Business, Management and Corporate Strategy

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

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

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

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

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

7. CSR COMMITTEE

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

8. REMUNERATION OF DIRECTORS

- Executive Directors: The aggregate amount of Salary, HRA paid during the Financial Year ended 31st March 2018 to Shri Sunil Kumar Arora, Managing Director was Rs. 1,64,88,088/- Shri Sahil Arora Whole Time Director was Rs 1,043,485 and Shri K. Raghavendra Acharya, Executive Director was paid Salary, HRA & other allowances for Rs.1,583,638/-.
- Non-Executive Directors: During the year 2017-2018, the Company has paid sitting fees of Rs. 5,85,000 /- to all the Independent Directors. Other Non-Executive Directors Mrs. Sujata Arora were paid sitting fees of Rs. 1,50,000 /-

9. GENERAL BODY MEETINGS:

Location and time for the last three Annual General Meetings (AGMs) of the Company were:

Year	Location	Date	Time	Whether Spl. Resolution passed
2014-15	Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	11 th September 2015	10.30 A.M.	YES
2015-16	Lakshmipat Singhanian Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	10 th September 2016	10.00 A.M.	YES
2016-17	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi-110003	18 th September 2017	10.00 A.M.	NO

10. OTHER DISCLOSURES

- Related party transactions: All transactions entered into with related parties as defined under the Companies Act 2013 and Regulation 23 of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 during the financial year were in the ordinary course of business. These have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link <http://www.arotile.com>
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three financial years 2014-15, 2015-16 and 2016-17 respectively: **Nil**
- The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link <http://www.arotile.com>



4. The Company has also adopted Policy on Determination of Materiality for Disclosures and Policy for Preservation of Documents. The said policy has been also put up on the website of the Company at the following link <http://www.arotile.com>
5. Reconciliation of share capital audit: A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.
6. Code of Conduct: The members of the board and senior management personnel have affirmed the compliance with Code applicable to them during the year ended March 31, 2018. The annual report of the Company contains a certificate by the CEO and Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management.

11. MEANS OF COMMUNICATION

Quarterly, Half-yearly and Annual results are normally published in the leading English newspaper, namely, Financial Express, MINT, Pioneer and Veer Arjun, having wide circulation and promptly furnished to the Stock Exchanges for display on their respective websites. The financial results are also displayed on the Company's website www.arotile.com. "Management Discussion and Analysis" and 'Shareholders Information' forms part of the Annual Report.

12. GENERAL SHAREHOLDERS' INFORMATION

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

(ii) Annual General Meeting

- (a)

Day & Date	:	Monday, the 17 th September 2018
Time	:	10.00 A.M.
Venue	:	LakshmiPat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016
- (b) As required under Regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a brief resume and other particulars of the appointment of Directors retiring by rotation at the aforesaid Annual General Meeting and seeking re-appointment are being given in the Notes to Notice convening the said meeting.

(iii) Financial Calendar (Tentative)

Financial Reporting

• for the quarter ending 30.06.2018 • for the half-year ending 30.09.2018 • for the quarter ending 31.12.2018 • for the year ending 31.03.2019 (If unaudited) (If audited)	}	Within 45 days of the end of the quarter
• Annual General Meeting for the Financial Year ending 2018-19		Between July and September 2019

- (iv) **Date of Book Closure** : From 12.09.2018 to 17.09.2018 (both days inclusive)
- (v) **Listing on Stock Exchange** : The Equity Shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited (NSE). Annual Listing Fee for the Financial Year 2018-19 has been paid to BSE and NSE.
- (vi) **Security Code for Company's Equity Shares** : **BSE:** 513729,
NSE: AROGRANITE/EQ
ISIN No.: INE210C01013

(vii) Stock Market Price Data

	Bombay Stock Exchange (BSE)		National Stock Exchange of India Limited (NSE)	
Month (2017-18)	HIGH	LOW	HIGH	LOW
APRIL 2017	89.90	72.05	89.90	72.10
MAY 2017	79.00	67.20	79.00	66.75
JUNE 2017	84.15	70.00	84.00	70.00
JULY 2017	81.70	67.60	81.80	67.20
AUGUST 2017	70.00	59.15	70.00	58.80
SEPTEMBER 2017	74.80	63.50	74.65	64.00
OCTOBER 2017	74.75	57.00	72.00	58.95
NOVEMBER 2017	75.70	61.00	75.80	61.00
DECEMBER 2017	86.00	58.00	86.80	66.20
JANUARY 2018	98.40	67.00	97.90	66.60
FEBRUARY 2018	74.65	59.30	75.00	58.20
MARCH 2018	66.35	54.10	66.75	54.00

(viii) Distribution of Shareholding as on 31ST March 2018

Category (No. of Shares)	No. of Equity Shares	%	No. of Shareholders	%
1-500	1369535	8.951	10393	83.404
501-1000	858973	5.614	1094	8.779
1001-5000	1706766	11.155	829	6.653
5001-10000	518370	3.388	73	0.586
10001 and above	10846356	70.891	71	0.578
TOTAL	15300000	100.00	12461	100.00

(ix) Shareholding Pattern as on 31ST March 2018

Sr. No.	Shareholders	No of Shares	% of Shareholding
1	Directors & Relatives	6282856	41.06
2	Non-Residents Individuals/OCBs	187330	1.22
3	Private Corporate Bodies	1622140	10.60
4	General Public	7207674	47.12
	Total	15300000	100.00

(x) Share Transfer System:

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



(xi) Dematerialisation of Shares & Liquidity:

Trading in the Equity Shares of the Company is permitted only in dematerialised form. Shareholders may therefore, in their own interest, dematerialise their holdings in physical form, with any one of the Depositories namely NSDL and CDSL. The ISIN No. for Equity Shares of the Company for both the depositories is INE210C01013. As on 31st March 2018, 97.04% the Equity Shares stands dematerialised. It may be noted that in respect of shares held in demat form, all the requests for nomination, change of address, ECS, Bank Mandate and rematerialisation etc. are to be made only to the Depository Participant (DP) of the Shareholders.

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

(xiii) Corp. Off. & Works

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

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

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

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

13. DECLARATION

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

Sunil K Arora
Managing Director

Managing Director Certification

To,
The Board of Directors
Aro granite industries Ltd.

1. I have reviewed Financial statements and the cash flow Statement of Aro granite industries Ltd for the financial year ended 31st March, 2018 and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material factor contain any statements that might be misleading;
 - (ii) these statements together present true and fair view of the Company's affairs and are in Compliance with the existing accounting standards, applicable Laws and regulations.
2. They are to the best of the our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. I accept the responsibility for establishing and maintaining internal controls for Financial reporting and I have evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting. I have not come across any reportable deficiencies in the design or operation of such internal controls.
4. I have indicated to the Auditors and Audit Committee:
 - i. that there no significant changes in internal control over the financial reporting during the year.
 - ii. that there are no significant changes in accounting policies during the year; and
 - iii. that there are no instances of significant fraud of which I have become aware.

(Sunil K. Arora)
Managing Director

Independent Auditors' Report

To the Members of ARO GRANITE INDUSTRIES LTD.

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **ARO GRANITE INDUSTRIES LTD.** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.



- d) in our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **VAPS & COMPANY**
Chartered Accountants
(FRN.: 003612N)

P.K. JAIN
Partner
(Membership No. 82515)

Hosur, April 21, 2018

Annexure “A” to the Independent Auditors’ Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Aro Granite Industries Ltd. of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **ARO GRANITE INDUSTRIES LTD.** (“the Company”) as of March 31, 2018 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the Standalone financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **VAPS & COMPANY**
Chartered Accountants
(FRN.: 003612N)

P.K. JAIN
Partner
(Membership No. 82515)

Hosur, April 21, 2018



Annexure 'B' to the Independent Auditors' Report

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

- i. In respect of the Company's fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- ii. According to the information available to us that physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies is noticed on physical verification between the physical stocks and the book records.
- iii. The Company has not granted any loans to the parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act')
- iv. According to the information and explanations given to us the company has not given any guarantees for loans taken by others from Banks or Financial institutions.
- v. The Company has not accepted any public deposit, so clause (v) is not applicable.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148 (1) of the companies act 2013 for the business activities carried out by the company. Thus Reporting under clause 3(vi) of the order is not applicable to the company.
- vii.
 - (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess are in arrears, as at 31st March, 2018 for a period of more than six months from the date they become payable.
 - b. According to the information and explanation given to us, there are no dues of any statutory dues which have not been deposited on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to banks and other financial institution
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **VAPS & COMPANY**
Chartered Accountants
(FRN.: 003612N)

P. K. JAIN
Partner
(Membership No. 82515)

Hosur, April 21, 2018

Balance Sheet as at March 31, 2018

(All amounts are in Indian Rupees unless otherwise stated)

Rs (in lakhs)

PARTICULARS	Note	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
ASSETS				
Non-current assets				
Property, Plant and Equipment	1	8,978.40	9,056.10	7,255.36
Capital Work-in Progress	1	555.17	246.31	2,066.11
Financial Assets				
Investment	2	89.65	1.87	1.87
Other Financial Assets	3	211.63	190.35	144.62
Other Non Current Assets	4	124.84	62.35	74.32
Total Non Current Assets		9,959.69	9,556.97	9,542.28
Current assets				
Inventories	5	10,832.35	11,235.36	11,060.37
Trade receivables	6	6,998.37	8,226.93	8,081.10
Cash and cash equivalents	7	1,131.71	1,092.16	1,663.63
Loans	8	14.09	3.27	3.25
Other Financial Assets	9	287.85	403.32	362.58
Other Current Assets	10	1,144.48	311.81	211.93
Total Current Assets		20,408.85	21,272.85	21,382.86
Total Assets		30,368.54	30,829.82	30,925.14
Equities & Liabilities				
Equity				
Equity Share Capital	11.1	1,530.00	1,530.00	1,530.00
Other Equity	11.2	15,529.77	15,417.42	14,335.92
Total Equity		17,059.77	16,947.42	15,865.92
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	12	713.21	1,065.68	1,500.23
Deferred Tax Liabilities (Net)		709.67	755.49	775.74
Provisions	13	186.94	180.62	152.87
Total Non-Current Liabilities		1,609.82	2,001.79	2,428.84
Current Liabilities				
Financial Liabilities				
Borrowings	14	8,543.90	9,112.47	10,034.76
Trade Payables	15	2,307.13	1,616.39	1,763.83
Other Financial Liabilities	16	156.19	656.09	102.85
Other Current Liabilities	17	691.73	426.14	674.44
Income Tax Liabilities (Net)		-	69.52	54.50
Total Current Liabilities		11,698.95	11,880.61	12,630.38
Total Equity and Liabilities		30,368.54	30,829.82	30,925.14
Statement on Significant Accounting Policies	25			

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date

for **VAPS & COMPANY**

FIRM REG NO. 003612N

CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

P.K. JAIN

PARTNER

M No. - 082515

Place: Hosur

Date: 21.04.2018

[SUNIL K. ARORA]

MANAGING DIRECTOR

DIN NO. - 00150668

[SUJATA ARORA]

DIRECTOR

DIN NO. 00112866

[S PANIGRAHI]

COMPANY SECRETARY

FCS NO. 4522

[S SUNDARARAJAN]

CFO

CMA No. - 37236



Statement of Profit & Loss for the year ended March 31, 2018

(All amounts are in Indian Rupees unless otherwise stated)

Rs (in lakhs)			
PARTICULARS	Note	Year ended March 31, 2018	Year ended March 31, 2017
Revenue			
Revenue from operations	18	20,072.14	23,865.18
Other income	19	124.77	133.26
Total Income		20,196.92	23,998.44
Expenses:			
Cost of materials consumed	20	13,387.21	15,524.56
Purchases of Stock-in-Trade		244.39	207.59
Changes in Inventories of finished goods work-in-progress and Stock-in-Trade	21	(918.68)	(1,258.86)
Employee Benefits Expenses	22	1,460.87	1,463.96
Finance Costs	23	384.62	519.83
Depreciation and Amortization Expenses	10	865.03	909.55
Other Expenses	24	4,644.88	4,993.46
Total expenses		20,068.32	22,360.09
Profit/(Loss) before tax before exceptional item		128.60	1,638.35
Tax expense:			
Current tax Payable		54.02	640.21
Less : Mat Credit Entitlement		-	243.94
Net Current Tax Liability		54.02	396.27
Deferred tax		(42.75)	(20.25)
Profit/(Loss) for the period		117.33	1,262.33
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss on subsequent period			
- Items will be reclassified in Profit & Loss		2.67	-
- Income tax expenses relating to above items		0.21	-
Total Comprehensive Income		120.21	1,262.33
Basic and Diluted Earnings per share (equity shares, par value Rs. 10/- each)		0.79	8.25
Notes on Accounts	25		

Statement on Significant Accounting Policies

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date

for **VAPS & COMPANY**

FIRM REG NO. 003612N

CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

P.K. JAIN

PARTNER

M No. - 082515

Place: Hosur

Date: 21.04.2018

[SUNIL K. ARORA]

MANAGING DIRECTOR

DIN NO. - 00150668

[SUJATA ARORA]

DIRECTOR

DIN NO. 00112866

[S PANIGRAHI]

COMPANY SECRETARY

FCS NO. 4522

[S SUNDARARAJAN]

CFO

CMA No. - 37236

Cash Flow Statement for the Year ended March 31, 2018

(All amounts are in Indian Rupees unless otherwise stated)

(Rs. In Lacs)

PARTICULAR	Year ended March 31, 2018	Year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary item	128.60	1,638.33
Adjustments For		
Depreciation Provision	865.03	909.55
Loss/(Profit) on sale of assets	-	0.04
Interest received	(55.50)	(69.51)
Foreign currency fluctuation (Gain/Loss (unrealised))	243.80	(162.84)
Operating Profit before working capital changes	1,181.92	2,315.57
Adjustment for Working Capital Changes		
Decrease/(Increase) in Inventories	403.00	(174.98)
Decrease/(Increase) in trade receivables	1,228.56	(145.83)
Decrease/(Increase) in other current financial assets	115.47	(43.25)
Decrease/(Increase) in other current assets	(832.67)	(99.88)
Decrease/(Increase) in investment	(87.79)	-
Decrease/(Increase) in other non current assets	(62.49)	11.97
Decrease (Increase) in Loans	(10.82)	2.50
Decrease/(Increase) in other non current financial assets	(21.28)	(45.73)
(Decrease) Increase in Provisions	6.32	27.76
(Decrease) Increase in Trade Payables	690.74	(147.44)
(Decrease) Increase in Current Liabilities	265.60	(95.30)
(Decrease) Increase in other financial Liabilities	(499.90)	400.24
Cash from Operations	2,376.65	2,005.62
Less : Income Tax & Other Taxes Paid (Net)	157.41	377.96
Net Cash flow from operating activities	2,219.23	1,627.66
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Assets	(887.23)	(891.12)
Sale of assets	1.01	0.63
Interest Received	55.50	69.51
Net cash flow from investing Activities	(830.71)	(820.98)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long term Borrowings (Secured)	(352.47)	(434.55)
Proceeds from Short term Borrowings (Secured)	(568.57)	(922.29)
Payment of Dividend including Dividend Tax	(184.15)	(184.15)
Net Cash from financing Activities	(1,105.19)	(1,540.99)
D. NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENT		
Cash equivalent during the year before adjustment for foreign		
Currency fluctuation (A+B+C)	283.34	(734.31)
Adjustment for foreign currency fluctuation (gain)/loss	(243.80)	162.84
Cash equivalent during the year after adjustment for foreign		
Currency fluctuation	39.54	(571.48)
Cash & Cash equivalents at the beginning of the year	1,092.16	1,663.63
Cash & cash equivalent at the end of the Period	1,131.70	1,092.16

As per our report of even date

for **VAPS & COMPANY**

FIRM REG NO. 003612N

CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

P.K. JAIN

PARTNER

M No. - 082515

Place: Hosur

Date: 21.04.2018

[SUNIL K. ARORA]

MANAGING DIRECTOR

DIN NO. - 00150668

[SUJATA ARORA]

DIRECTOR

DIN NO. 00112866

[S PANIGRAHI]

COMPANY SECRETARY

FCS NO. 4522

[S SUNDARARAJAN]

CFO

CMA No. - 37236



Notes to the Financial Statements for the year ended March 31, 2018

(All amounts are in Indian Rupees unless otherwise stated)

1 Property Plant and Equipment

	Plant & Equipment	Buidings	Furniture & Fixtures	Office Equipment	Vehicle	Capital Work-in Progress	Land	Total
Gross Block								
As at April 01, 2017	8,881.02	5,220.15	42.24	83.30	370.51	246.31	306.63	15,150.15
Add : Addition	715.46	-	7.56	7.63	56.67	974.63	-	1,761.96
Less : Disposals	-	-	-	-	0.76	665.77	-	666.53
As at March 31,2018	9,596.48	5,220.15	49.80	90.93	426.42	555.17	306.63	16,245.58
Accumulated Depreciation								
As at April 01, 2017	4,603.67	949.77	29.81	65.38	199.12	-	-	5,847.75
Add : Charge For the year	641.85	167.79	3.94	8.43	43.01	-	-	865.02
Less : Disposals	-	-	-	-	0.76	-	-	0.76
As at March 31,2018	5,245.52	1,117.56	33.75	73.81	241.37	-	-	6,712.01
Net Block								
As at April 1, 2017	4,277.35	4,270.38	12.43	17.92	171.38	246.31	306.63	9,302.40
As at March 31, 2018	4,350.96	4,102.59	16.05	17.12	185.05	555.17	306.63	9,533.57

The company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2017 (the transition date) measured as per the previous GAAP as its deemed cost as of the transition date. Accordingly, the gross block as at April 1, 2016 is net of accumulated depreciation.

(Rs. In Lacs)

PARTICULARS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
2 INVESTMENT			
Investment in Equity Instrument as per FMV	6.15	1.87	1.87
Investment in Equity Shares of Tulip Renewable Powertech Pvt Ltd	83.50	-	
(8,35,000 Shares @ Rs. 10 each (At Cost) (See Foot Note *))	89.65	1.87	1.87
* (The company has made investment in TRPL in line of agreement and the investment has been taken at cost i.e face value of equity share)			
3 OTHER FINANCIAL ASSETS			
Non Current			
Security Deposits	211.63	190.35	144.62
(Unsecured Considered Good)			
	211.63	190.35	144.62
4 OTHER NON CURRENT ASSETS			
Non Current			
Capital Advances	124.84	62.35	74.32
	124.84	62.35	74.32
5 INVENTORIES			
Raw Materials and components	1,451.54	2,726.73	3,954.26
(Valued at Actual Cost)			
Work-in-progress (Valued at Actual Cost)	533.18	612.72	378.45
Finished goods (Valued at Actual Cost)	7,629.88	6,631.65	5,607.06
Stores and spares (Valued at Actual Cost)	567.00	488.70	435.31
Packing Material (Valued at Actual Cost)	53.04	60.08	60.19
Consumable (Valued at Actual Cost)	597.71	715.48	625.10
	10,832.35	11,235.36	11,060.37
6 TRADE RECEIVABLES			
Outstanding for a period less than six month from the	5,785.77	7,002.62	6,566.17
date they are due for payment			
(Unsecured Considered Good)			
Other Receivable	1,212.60	1,224.31	1,514.93
(Unsecured Considered Good)			
	6,998.37	8,226.93	8,081.10

(Rs. In Lacs)

PARTICULARS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
7 CASH AND CASH EQUIVALENTS			
Balances with banks			
In current and deposit accounts	1,116.42	1,086.73	1,654.99
Cash in Hands	15.29	5.43	8.65
	1,131.71	1,092.16	1,663.63
Balance With Banks in Unpaid Dividend Accounts	21.11	20.65	19.98
Balance With Banks held as margin money deposits against bank guarantee	575.12	531.03	1,542.95
Letter of credit and Bill Discounting)			
8 LOANS			
Current			
Unsecured Considered Good			
Loan to Employees	1.32	1.73	1.71
Security Against Rent	12.77	1.54	1.54
	14.09	3.27	3.25
9 OTHER FINANCIAL ASSETS			
Advances other than capital Advance	255.17	377.25	331.96
(Payment to vendors for supply of Goods)			
Prepaid Expenses	32.68	26.07	30.63
	287.85	403.32	362.58
10 OTHER CURRENT ASSETS			
Material In Transit & others	2.50	24.54	20.07
Excise Duty Receivable	-	2.73	2.75
Interest Accrued But Not Due	0.47	0.47	-
Income Tax (Net of Taxes)	26.00	-	-
Service Tax/GST Receivable	1,046.19	124.76	55.03
VAT & Sales Tax Receivable	69.32	159.31	134.09
	1,144.48	311.81	211.93

(Rs. in Lacs)

PARTICULARS	As At March 31, 2018		As At March 31, 2017		As At March 31, 2016	
	Number	Amount	Number	Amount	Number	Amount
11.1 SHARE CAPITAL						
(a) AUTHORISED						
1,96,00,000 (PY 1,96,00,000) equity shares of Rs. 10 each	1,96,00,000	1,960.00	1,96,00,000	1,960.00	1,96,00,000	1,960.00
40,000, 10% Convertible Cumulative Preference Shares						
(CCPS) of Rs. 100 each (PY 40,000 CCPS)	40,000	40.00	40,000	40.00	40,000	40.00
	1,96,40,000	2,000.00	1,96,40,000	2,000.00	1,96,40,000	2,000.00
ISSUED, SUBSCRIBED AND PAID UP						
1,53,00,000 Equity Shares (PY 1,53,00,000 Equity Shares) of Rs. 10 each	15,30,000	1,530.00	1,53,00,000	1,530.00	1,53,00,000	1,530.00
Total	15,30,000	1,530.00	1,53,00,000	1,530.00	1,53,00,000	1,530.00
(b) Reconciliation of shares outstanding at the beginning and at the end of reporting period						
PARTICULARS	Equity Shares					
	Number		Amount			
Shares outstanding at the beginning of the year	15,30,000		1,530.00			
Shares Issued during the period	-		-			
Shares bought back during the period	-		-			
Shares outstanding at the end of the period	15,30,000		1,530.00			
(c) Shares in the company held by shareholders holding more than 5% of Shares						
Name of Shareholder	As At March 31, 2018		As At March 31, 2017		As At March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sunil Kumar Arora	4887540	31.95	4869315	31.83	4869315	31.83
Dilip Kumar Lakhi	1606966	10.50	1164888	7.61	1468628	9.60
(d) Shares issued for the period of Five Years Immediately preceeding the date of Balance Sheet. (Following disclosure should be made for each class of Shares)						
PARTICULARS	Year (Aggregate No. of Shares)					
	2017-18	2016-17	2015-16	2014-15	2013-14	
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	NIL	5,100,000	
Shares bought back	NIL	NIL	NIL	NIL	NIL	

(Rs. In Lacs)

PARTICULARS	Security premium reserve	Retained Earnings	General Reserve	Total equity attributable to equity holders of the Company
11.2 OTHER EQUITY	As At March 31, 2018			
Balance as at April 1, 2017	407.20	11,839.53	3,170.68	15,417.42
Transfer to General Reserve	-	-	-	-
Dividend (Including corporate Dividend Tax)	-	-	-	-
Previous Year Tax Adjustment	-	-7.87	-	-7.87
Profit For the Period	-	120.21	-	120.21
Closing Balance as on 31.03.2018	407.20	11,951.88	3,170.68	15,529.77
	As At March 31, 2017			
Balance as at April 1, 2016	407.20	10,958.04	2,970.68	14,335.93
Transfer to General Reserve	-	-200.00	200.00	-
Dividend (Including corporate Dividend Tax)	-	-184.15	-	-184.15
Previous Year Tax Adjustment	-	3.33	-	3.33
Profit For the Period	-	1,262.33	-	1,262.33
Closing Balance as on 31.03.2017	407.20	11,840.55	3,170.68	15,417.44
	As At March 31, 2016			
Balance as at April 1, 2015	407.20	10,761.23	2,770.68	13,939.12
Transfer to General Reserve	-	(200.00)	200.00	-
Dividend (Including corporate Dividend Tax)	-	(184.15)	-	(184.15)
Previous Year Tax Adjustment	-	(5.18)	-	(5.18)
Profit For the Period	-	586.13	-	586.13
Closing Balance as on 31.03.2016	407.20	10,959.04	2,970.68	14,335.92

(Rs. In Lacs)

PARTICULARS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
12 NON - CURRENT BORROWINGS			
Secured borrowings at amortised cost			
External Commercial Borrowing From Bank of Baroda DIFC			
Dubai (See Note No. 25 (2)(a)			
Terms of Repayment - Half Yearly	713.21	1,065.68	1,500.23
	713.21	1,065.68	1,500.23
13 PROVISIONS			
Contribution to Gratuity Fund	167.07	158.11	132.81
Contribution to Leave-encashment	19.87	22.51	20.05
	186.94	180.62	152.87
14 CURRENT FINANCIAL LIABILITIES- BORROWINGS			
Secured borrowings at amortised cost			
(a) Loans repayable on demand			
BOB CC Account	164.97	158.43	166.87
Packing Credit From BOB	7,342.97	7,553.28	7,488.43
Foreign Bill Discounted from BOB	680.13	1,045.53	1,117.20
Packing Credit From HDFC	-	-	863.18
(See Note No. 25 (2)(a)			
(b) Buyers Credit Through HSBC Loan Account	-	-	84.67
External Commercial Borrowing From Bank of Baroda	355.83	355.23	314.40
DIFC Dubai (See Note No. 25 (2)(a)			
Terms of Repayment - Half Yearly			
	8,543.90	9,112.47	10,034.76
15 TRADE PAYABLES			
Trade Payable Outstanding more than one year	24.96	22.93	25.81
Trade Payable Outstanding Less than one year	2,282.17	1,593.46	1,738.02
	2,307.13	1,616.39	1,763.83
16 OTHER CURRENT FINANCIAL LIABILITIES			
Capital Creditors	39.82	28.52	40.67
Unpaid dividends	20.50	173.04	19.37
Employee Benefits	0.02	32.63	8.12
Contribution to Gratuity Fund	19.72	9.04	4.01
Contribution to Leave-encashment	1.88	1.19	0.67
Contribution to PF & ESI	9.84	9.40	
Provision For CSR Expenses	29.56	26.32	30.00
Book Overdraft with Bank	34.85	375.95	-
	156.19	656.09	102.85
17 OTHER CURRENT LIABILITIES			
Statutory Dues Payable	97.69	29.96	54.83
Advance From Customers & Others	134.40	148.20	85.03
Tax on Dividend	-	31.15	31.15
Other Expenses Payable	459.64	216.83	503.42
	691.73	426.14	674.44



Notes to the Financial Statements for the year ended March 31, 2018

(All amounts are in Indian Rupees unless otherwise stated)

(Rs. In Lacs)

PARTICULARS	Year ended March 31, 2018	Year ended March 31, 2017
18 REVENUE FROM OPERATION		
Sales - Export	19,198.42	22,943.45
Sales - DTA	1,010.95	1,108.07
TOTAL	20,209.37	24,051.52
Less:		
Excise Duty Paid	137.22	186.34
	20,072.14	23,865.18
19 OTHER INCOME		
Interest Income	55.50	69.51
Miscellaneous Income	69.27	63.75
	124.77	133.26
20 COST OF MATERIAL CONSUMED		
(A) Raw Material Consumption		
Opening Stock	2,726.73	3,954.26
Add: Purchases	8,982.29	10,816.28
	11,709.02	14,770.54
Less: Closing Stock	1,451.54	2,726.73
	10,257.48	12,043.81
(B) Consumable Consumption		
Opening Stock	715.48	625.10
Add: Purchases	2,430.70	2,889.93
	3,146.18	3,515.03
Less: Closing Stock	597.71	715.48
	2,548.47	2,799.55
(C) Packing Material Consumption		
Opening Stock	60.08	60.19
Add: Purchases	574.22	681.09
	634.30	741.28
Less: Closing Stock	53.04	60.08
	581.26	681.20
Cost Of Material Consumed (A+B+C)	13,387.21	15,524.56
21 FINISHED GOODS & WIP		
Opening Stock	7,244.37	5,985.51
Closing Stock	8,163.06	7,244.37
	(918.68)	(1,258.86)
22 EMPLOYEE BENEFIT EXPENSES		
Salaries Wages & Bonus	1,060.77	1,046.07
Contribution to Provident and Other Funds	64.34	56.89
Staff Welfare Expenses	144.67	156.98
Managerial Remuneration	191.09	204.02
	1,460.87	1,463.96

(Rs. In Lacs)

PARTICULARS	Year ended March 31, 2018	Year ended March 31, 2017
23 FINANCE COST		
Bank Charges & Interest	87.43	98.31
Packing Credit	237.37	326.79
Cash Credit	23.38	21.70
Foreign Bills Discounted / Purchases	36.44	73.03
	384.62	519.83
24 OTHER EXPENSES		
Advertisement & Publicity	3.41	10.40
Auditors Remuneration		
- Auditor's Fee	5.20	4.73
- Tax Audit Fee	1.60	1.40
- Other Management Services	0.70	0.64
Bad Debts W/off	-	195.50
CSR Activity Expenses	28.39	26.32
Commission	1.10	-
Donation	0.35	0.30
Freight and Forwarding Charges	1,000.67	993.32
Insurance Expenses	75.78	86.77
Loss on Sale of Assets	-	0.04
Loss on Exchange Fluctuation	243.80	(162.84)
Legal Expenses	8.05	8.23
Membership & Subscription	3.10	4.81
Miscellaneous Expenses	3.41	2.25
Other Manufacturing Expenses	802.04	953.63
Printing & Stationery	17.13	20.24
Prior Period Expenses	0.15	0.43
Power & Fuel	931.02	1,153.90
Professional Service Charges	68.59	62.33
Rent Paid	7.33	1.41
Rates & Taxes	32.08	42.14
Rebate & Discount	176.36	187.26
Repairs to Buildings	47.13	83.03
Repair to Plant & Machinery	194.75	213.57
Repair & Maintenance		
- Electricals	12.92	15.35
- Vehicles	101.23	96.77
- Others	56.03	54.02
Sales Promotion	199.31	190.90
Security Service Charges	63.47	57.98
Stores & Spares Consumptions	346.10	472.40
Telephone & Telex	38.62	42.74
Travelling & Conveyance		
- Employees (Foreign Travel - 11.23 Lacs/-) (P.Y. 23.61 Lacs)	86.97	93.23
- Director (Foreign Travel - 84.06 Lacs (P.Y. 75.31 Lacs)	88.09	80.26
	4,644.88	4,993.46



NOTE - 25

1. Significant Accounting Policies

25.1 BASIS OF PREPARATION

The financial statements for the period ended March 31, 2018 have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

Up to the year ended March 31, 2017 the Company prepared in accordance with the requirements of previous GAAP, which includes Standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rule, 2014. These are the Companies first Ind AS financial statement. The date of transition to Ind AS is April 1, 2016. Refer Note for the details of first-time adoption exemption availed by the Company.

The financial statements are presented in Indian Rupees (Rs.) and all values are rounded off to the nearest Rupees, except whether otherwise indicated.

These financial statements have been prepared on a going concern basis. Refer Note No. 25(2)(s) for information on the Company's adoption of Ind AS.

25.2 FIRST TIME ADOPTION

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing assets or liabilities which are not permitted by Ind AS, by reclassifying assets and liabilities from previous GAAP as required by Ind AS, and applying Ind AS in measurement of recognized assets and liabilities.

However, this principle is subject to certain exemption and certain optional exemption availed by the Company.

25.3 CURRENT VERSUS NON-CURRENT CLASSIFICATION

All assets and liabilities have been classified as current on non-current as per Company's normal operating cycles and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has determined its operating cycle as twelve months for the purpose of current-non-current classification of assets and liabilities.

25.4 PROPERTY PLANT & EQUIPMENT

Property, plant and equipment held for use in the production or supply or administrative purposes, are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation.

Properties in the course of construction for production, supply or administrative purpose are carried at cost, Cost includes professional fees and for qualifying assets, borrowing Costs capitalized in accordance with the Company's accounting policy. Such properties classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their use

The Company has elected to continue with the carrying value of all of its property, plant and equipment Recognized so as of April 1, 2016 (the transition date) measured as per the previous GAAP and use such Carrying value as its deemed cost as of the transition date.

25.5 DEPRECIATION

Depreciation on fixed assets has been provided on Straight Line Method (SLM) basis on the rates specified in schedule II of the companies Act, 2013, as applicable on the last date of the accounting period. The useful life of assets has been used as per Schedule – II of the companies Act, 2013.

25.6 INVENTORIES

Inventories are valued at the lower of the cost or net realizable value. The cost of the inventories is assigned by using At Cost Method. Raw material, Stores & Spares and Packing Materials have been valued at cost. Process Stock is valued at cost, which is determined by taking direct material, labour cost and certain related Factory Overheads, Finished Goods have been determined on full absorption cost basis which includes all direct cost, depreciation, etc.

25.7 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

25.8 REVENUE RECOGNITION

The Company follows Mercantile System of Accounting and recognizes income and expenditure on accrual basis.

25.9 FOREIGN CURRENCY TRANSACTION:

Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transactions.

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

25.10 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.

25.11 PROPOSED DIVIDEND

The Board of Director of the company has not been recommended any dividend during the years covered our audit.

25.12 CONTINGENT LIABILITIES

Contingent liabilities are not provided and are disclosed by way of notes.

25.13 RETIREMENT BENEFITS

The Company's contribution in respect of Provident Fund is charged against revenue every year.

In respect of Gratuity, the Company provides the gratuity amount based on the respective employees salary and the tenure of employment with the Company. Liabilities with regard to the Gratuity are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and Losses through re-measurement of the net defined benefit liability/(asset) are recognized in other comprehensive income and profit and loss account.

In respect of Leave encashment Gains and Losses through re-measurement of the net defined benefit liability/(asset) are recognized in other comprehensive income and profit and loss account.

25.14 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.

25.15 CORPORATE SOCIAL RESPONSIBILITY

As per section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The CSR activities undertaken by the company is to provide healthcare facilities by establishing rural health centre for the residents of all the villages surrounding the factory. A CSR committee has been formed by the company as per the Act. The funds were primarily allocated on providing the health care facilities which are specified in Schedule VII of the Companies Act, 2013. During the year Company has provided Rs. 28,39,000/- for CSR Expenses and expended Rs. 25,15,414/- for the year ended 31.03.2017.

2. NOTES TO ACCOUNTS :

(a) DETAIL OF SECURITIES AGAINST SHORT TERM & LONG TERM BORROWINGS (Refer Note 12 and 14)

(A) Working Capital From Bank of Baroda Secured by way of the following : -

- (i) Charge on the entire Current Assets of the Company.
- (ii) Charge on the of Movable Fixed Assets of the Company, both present and future.
- (iii) Charge on the Company's immovable properties including land admeasuring 10.84 acres and building situated at Kamandoddi Village, Hosur Taluk, Distt. Shoolagiri, Tamil Nadu.
- (iv) Charge on the Company's immovable properties situated at Village: Nallaganakothapalli Taluk: Hosur, Distt: Krishnagiri, Tamil Nadu.
- (v) Pledge of FDR worth Rs.2.50 Crores equivalent to 10% of FBP limit in lieu of waiver of buyer wise ECGC cover; and
- (vi) Joint and Several personal guarantees of (1) Mr. Sunil K.Arora and (2)Mrs. Sujata Arora.

(B) EXTERNAL COMMERCIAL BORROWINGS from Bank of Baroda DIFC Dubai is Secured by way of the following:-

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

- (iv) Pledge of FDR i.e. Rs. 2.50 Crores maintained by Company with Bank of Baroda, International Business Branch, 1st Floor, BOB Building, 16 Sansad Marg, New Delhi 110001.
- (v) Charge on the property in the name of company including land admeasuring 10.84 acres and building situated at Kamanadoddi Village, Hosur Taluk, District Shoolagiri, Tamil Nadu.

- (b) i. Bills of Exchange discounted **Rs.680.13** Lacs (P.Y.Rs.1,045.53 Lacs)
- ii. Guarantee & counter Guarantee Outstanding Rs. **9.61** Lacs (P.Y.Rs. 9.61 Lacs)
- iii. Letter of Credit **Rs. 348.06 Lacs** (PY. Rs.484.98 Lacs)

- (c) In compliance with **Accounting Standard – 22 relating to “Accounting for taxes on Income”** issued by the Institute of Chartered Accountants of India, the company has adjusted the deferred tax liability (net) arising out of timing difference for the period up to 31st Mar 2018 with the Balance of Deferred Tax Liability (Net) accruing during the year aggregating to Rs. 42.75 Lacs has been recognized in the Profit and Loss Account.

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

	Assets (Rs. In Lacs)	Liabilities (Rs. In Lacs)
Depreciation	–	778.62 (821.55)
Provision for Gratuity& EL	68.95 (66.05)	– –

- (e) Related Party Disclosure : As per Accounting Standard 18, the disclosures of transactions with the related parties are given below::

- (i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Sl. No.	Name of the Related Party	Relationship
1.	Mr. Sunil K Arora	Key Managerial Personnel
2	Mr. K. Raghavendra	Key Managerial Personnel
3	Mrs. Sujata Arora	Key Managerial Personnel
4	Mr. K.L. Arora	Key Managerial Personnel
5.	Shivani Arora	Relative of Key Managerial Personal
6.	Sahil Arora	Whole Time Director
7.	Aro Granite International Inc	Relative of Key Managerial Personal

- (ii) Transactions during the year with related parties :

Sl.No.	Nature of Transactions	Rs. In Lacs	
		Relative of Key Managerial Personnel	
		2017-18	2016-17
1.	Revenue from Operation	1,085.79	1,530.92
2.	Payment to Key Managerial Personnel/Relative	207.79	232.01

Disclosure in Respect of Major Related Party Transactions during the year :

		Rs. In Lacs	
Particulars	Relationship	2017-18	2016-17
1. Revenue from Operations			
Aro Granite International Inc	Relative of Key Managerial Personal	207.79	1530.92
2. Payment to Key Managerial Personnel / Relative			
Mr. Sunil K Arora	Key Managerial Personnel	164.88	170.80
Mr. K. Raghavendra	Key Managerial Personnel	15.84	15.21
Mr. Sahil Arora	Key Managerial Personnel	18.45	17.00
Mrs. Sujata Arora	Relative of Key Managerial Personnel	–	10.63
Mr. K.L. Arora	Relative of Key Managerial Personnel	–	7.37
Mrs. Shivani Arora	Relative of Key Managerial Personnel	8.62	11.00

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

	2017-18	2016-17
EPS Basic	0.79	8.25
EPS Diluted	0.79	8.25

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

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

(i) **Director's Remuneration :**

	2017-18 (Rs. In Lacs)	2016-17 (Rs. In Lacs)
I. Salary	Rs. 130.96	Rs. 117.01
II. Rent Free Accom. /HRA	Rs. 60.13	Rs. 54.00
III. Commission	Rs. –	Rs. 33.00

(j) **Director's Traveling**

	2017-18 (Rs. In Lacs)	2016-17 (Rs. In Lacs)
I. Local	Rs. 4.03	Rs. 4.95
II. Foreign	Rs. 84.06	Rs. 75.31

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

I. Licensed & Installed Capacity and Actual Production :

Class of goods	Unit	Licensed Capacity (Per annum)		Installed Capacity (Per annum)		Production	
		2018	2017	2018	2017	2018	2017
SLAB PLANT Granite Slabs	Sq.Mt	7,35,000	5,85,000	5,85,000	5,85,000	4,50,643	5,23,059
TILE PLANT Granite Tiles	Sq.Mt	3,60,000	3,60,000	3,60,000	3,60,000	1,43,961	1,64,221

(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 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2018	Year Ended 31.03.2017
Slab Plant	4,24,552	4,61,959	16,812.29	20,257.69
Tile Plant	1,44,225	1,58,116	3,259.86	3,607.50

(l) **Details of Finished Goods**

Class of Goods	Quantity (In Sq. M)		(Rs. In Lacs)	
	Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2018	Year Ended 31.03.2017
I. Details of Opening Stock :				
- Slab Plant	2,66,657	2,05,557	5,220.26	4,299.66
- Tile Plant	1,12,494	1,06,389	1,411.39	1,307.41
II. Details of Closing Stocks :				
- Slab Plant	2,92,748	2,66,657	6,077.95	5,220.26
- Tile Plant	1,12,230	1,12,494	1,385.28	1,411.39

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

SLAB PLANT				
	Cub. Mtr.	Cub. Mtr	(Rs. In Lacs)	
Indigenous	12,573.948	16,483.994	6,979.92	8,378.96
Imported	2,116.677	2,401.784	2,146.99	2,342.47
Stores, Spares, Consumables & Packing			2,796.38	3,277.23
Imported			1,361.30	1,532.98
Indigenous			1,435.08	1,744.25
TILE PLANT				
	Cub. Mtr.	Cub. Mtr	(Rs. In Lacs)	
Indigenous	3,019.935	3,717.636	982.68	1,173.41
Imported	183.673	186.104	147.88	148.96
Stores, Spares, Consumables & Packing			679.45	675.95
Imported			80.62	84.34
Indigenous			598.83	591.61

(n) Earning in Foreign Exchange :

	Year Ended 31.03.2018 (Rs. In Lacs)	Year ended 31.03.2017 (Rs. In Lacs)
Export of Goods (FOB)	19,198.42	22,753.95

(o) Expenditure in Foreign Currency :

	Year ended 31.03.2018 (Rs. In Lacs)		Year ended 31.03.2017 (Rs. In Lacs)	
Value of Imports (CIF)				
Capital Goods	433.85	13.85%	112.21	3.59 %
Raw Materials	1,030.85	32.91%	1,073.27	34.34 %
Consumables	1,302.12	41.57%	1,475.06	46.04 %
Stores & Spares	270.25	8.63%	361.12	11.55 %
Overseas Business Travelling	70.48	2.25%	102.03	3.26 %
Other Expenses	24.95	0.79%	38.16	1.22 %

(p) Auditors Remuneration:

	Year ended 31.03.2018 (Excluding GST) (Rs. In Lacs)	Year ended 31.03.2017 Including Service Tax (Rs. In Lacs)
Audit Fee	5.20	5.40
Tax Audit Fee	1.60	1.61
Other Management Services	0.70	0.74
	7.50	7.75

(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 **VAPS & COMPANY**
FIRM REG NO. 003612N
CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

P.K. JAIN
PARTNER
M No. - 082515
Place: Hosur
Date: 21.04.2018

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

[SUJATA ARORA]
DIRECTOR
DIN NO. 00112866

[S PANIGRAHI]
COMPANY SECRETARY
FCS NO. 4522

[S SUNDARARAJAN]
CFO
CMA No. - 37236

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

2018
Year

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

Public Issue
NII

Right Issue
Nil

Bonus Issue
NII

Private Placement
NII

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

Sources of Funds

Total Assets
3,036,853

Total Liabilities
3,036,853

Paid up Capital
153,000

Reserve & Surplus
1,552,977

Secured Loans
925,711

Unsecured Loans
Nil

Net Fixed Assets
953356

Investments
8965

Net Current Assets
823588

Misc. Expenditure
Nil

Accumulated Loss
Nil

IV. Performance of the Company (Amount in thousands)

Turnover
2020936

Total expenditure
2006831

Profit/Loss before Tax
12860Profit/Loss after Tax
11733

Earning Per Share
0.79

Dividend Rate
Nil

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

ITC code No.

680233

Product Description

Granite Tiles & Slabs



Aro granite industries Ltd.

(CIN: L74899DL1988PLC031510)

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

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

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



ADMISSION SLIP

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

I/We hereby record my/our presence at the 30th Annual General Meeting of the Company being held at LakshmiPat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 on Monday, the 17th September 2018 at 10.00 A.M.

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

Signature of the attending Shareholder/Proxy/Authorised Representative*

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

#Applicable for shareholders holding shares in dematerialised form.

*Strike out which is not applicable

Aro granite industries Ltd.

(CIN: L74899DL1988PLC031510)

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

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

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

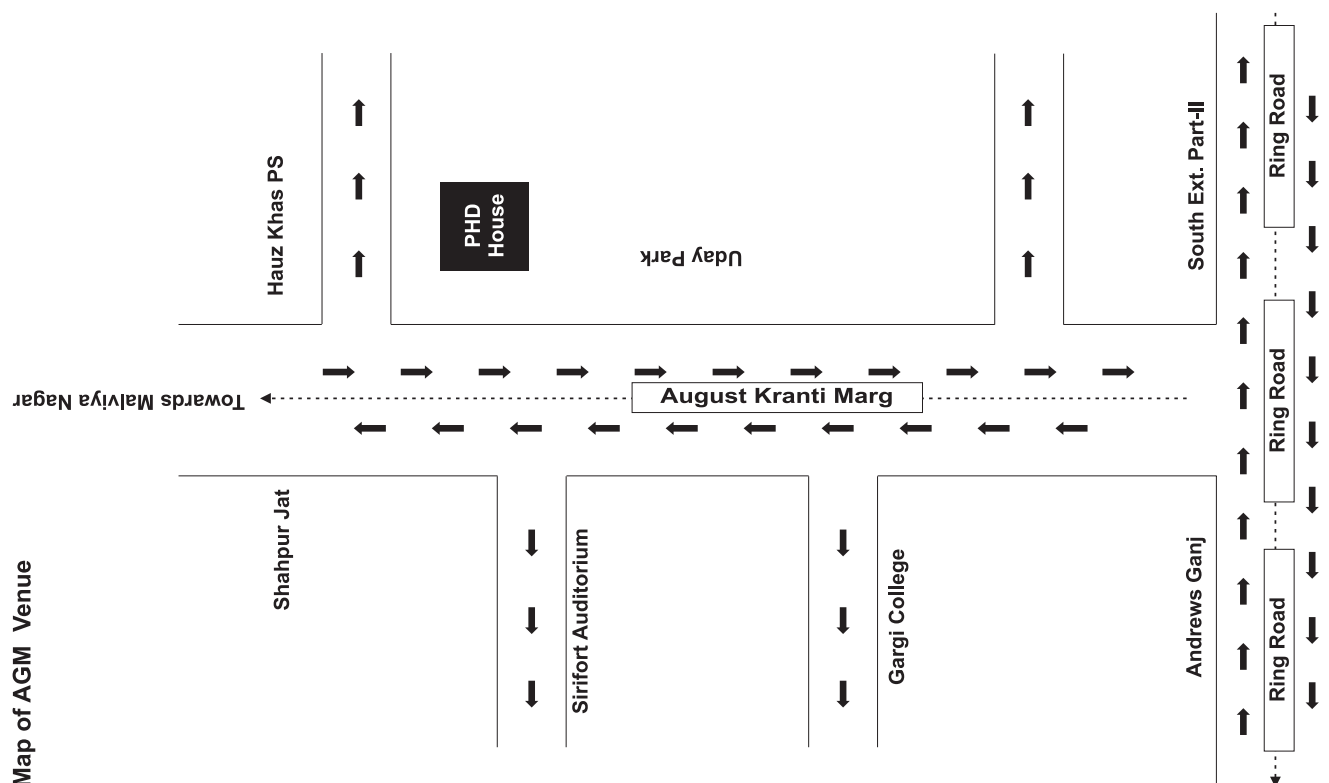
PROXY FORM

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

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

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

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on Monday, the 17th September 2018 at 10.00 A.M. at LakshmiPat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 and at any adjournment thereof in respect of the resolutions as are indicated overleaf:



Resolution Number	Resolution
ORDINARY BUSINESS	
1	Adoption of Audited Financial Statements for the year ended 31st March 2018.
2	Appointment of Smt. Sujata Arora, Director who retires by rotation and being eligible offers herself for re-appointment.
3	Ratification of the appointment of M/s VAPS & Company Chartered Accountants, New Delhi as the Statutory Auditors of the Company from the conclusion of 30th Annual General Meeting till the conclusion of 31st Annual General Meeting.
SPECIAL BUSINESS	
4	Re-appointment of Shri K Raghavendra Acharya as the Whole Time Director with the designation of Executive Director
5	Appointment of Shri Sahil Arora as the Director of the Company
6	Appointment of Shri Sahil Arora as the Whole Time Director of the Company
7	Appointment of Shri Sundareshwara G. Sastry as the Independent Director of the Company

Signed this _____ Day of _____ 2018

Signature of Shareholder

Signature of Proxy holder(s)

Affix
revenue
stamp

Notes:

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





Aro granite industries ltd.

(100% Export Oriented Unit)

Tel: 91-4344 252100

Fax: 91-4344 252217

Email: aro@arotile.com

Website: www.arotile.com